

THE IMPACT OF CHILD LABOR ON FREE TRADE

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WEDNESDAY, OCTOBER 22, 1997

**HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY
AND TRADE,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.**

The Subcommittee met, pursuant to notice, at 2:15 p.m. in room 2172, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen [chairwoman of the Subcommittee] presiding.

Ms. ROS-LEHTINEN. The Subcommittee will now come to order.

We are here to discuss the abhorrent practice of child labor, a problem that for far too long has been viewed as history, a problem often thought about within the context of Dickens' "Oliver Twist" and the actions of the evil Fagin, a problem many assumed or wanted to believe had been eradicated in 1959 with the U.N. Convention on the Rights of the Child, or certainly by 1973, with the Minimum Age Convention of the International Labor Organization.

The reality was that the exploitation of children for financial gain was reaching epidemic proportions, as current estimates confirm. Today, there are an estimated 200 to 250 million child workers worldwide, 190 million of whom are in the 10-14 age group, according to UNICEF.

Yet, until recent years, child labor would remain a silent epidemic. The veil of secrecy had become difficult to remove as financial gains, economic interests, and global trade patterns became the lead news stories. Whatever attention was given to the problem of child labor was done in peripheral fashion and limited to discussions of human rights or ethical or moral dilemmas.

In extreme cases, the argument was made that development, economic empowerment, and growth could not come to underdeveloped or developing countries unless they were permitted to operate in the manner most appropriate or efficient for them, even if that entailed using child labor.

The problem was simplified to a choice between starving and surviving, with child labor the only choice for families in the developing world. A related argument stated that U.S. or other outside involvement to help curb the spread of child labor was extraterritorial interference and was, in itself, an abuse of power.

In the abstract world, perhaps these arguments could carry more weight. But in the real world, one is motivated and compelled to action by graphic pictures and documentation of children suffering, of innocent boys and girls who are branded or blinded by their

masters, of children who work 50-plus-hour weeks in unsafe and unsanitary conditions.

According to UNICEF officials who were quoted in a September 25 article of *The Palm Beach Post*, the answer lies in "the power of the idea of buying cheap and selling dear." This translates into the laws of the market, into the objective of economic liberalism which seeks to maximize profits and benefits by minimizing cost, into the new law of supply and demand. In essence, it reseals a significant connection between child labor and purely economic factors. It not only underscores the impact of child labor on global trade but also helps demonstrate how international economic demands may spur the use of child labor.

Consumers the world over are accustomed to paying the best price for the products they purchase. They want their money to go a long way. That is, as we Americans say, "the best buy for your buck." The competition then begins among businesses to give consumers what they want. Turn to the international arena, and the competition is magnified. U.S. companies, for example, must not only compete with each other but must face challenges from foreign competitors who are trying to capture not only global markets but the U.S. market as well.

Add to the equation that in order for the United States to continue to create jobs and opportunities for our own people and maintain our world leadership, we have to continue to expand exports, as President Clinton recently pronounced, and a vicious, never-ending cycle is now created.

Thus, the issue of child labor transcends its definition as solely a human rights or labor issue. It quickly becomes an international trade issue, for it affects prices and is linked to wage disparities, displacement, shifts in production, competitive advantage, among many other things.

The dilemma becomes, how do we protect the children? How do we keep them from being exploited? How do we protect American business interests? How do we reconcile our moral and ethical obligations with the need to succeed, to compete, and, in some cases, to survive? Does free trade mean trade in spite of or regardless of anything else? Where should we draw the line? Where do we begin?

We begin here and now, addressing the problem of child labor from multiple perspectives, illustrating its impact on global trade and helping to define the role it should play in U.S. foreign and trade policy. This is the beginning of the quest for answers and recommendations, recommendations on what steps we in Congress could or should take. This is a call to action. Child labor is a disease of society which has infected the global community of nations. Unless a cure is found quickly, we could end up destroying the future by destroying the children in our blind drive to succeed in the present.

But what is the cure? Is it in the form of import prohibitions? Should countries who engage in this practice be sanctioned? Should the private sector adopt corporate codes of conduct? How do unilateral efforts fit into global initiatives? One thing is certain, the approach must be swift; it must be strong; it must send a clear message that the exploitation of children will not be tolerated, not now, not ever.

I would like to commend my distinguished colleague, Congressman Chris Smith, for his commitment and his determination. Congressman Smith has done a superb job, especially in recent years, in bringing the problem of child labor to the forefront. I have supported his many endeavors in this field, and I am proud, once again, to be an original cosponsor of his legislation, H.R. 2677 and H.R. 2678, which were introduced just last night.

I look forward to working with Congressman Chris Smith and others to help bring about an end to this horrible practice. And I thank him for the opportunity to do this joint hearing with his Subcommittee today.

Thank you, Chris, for your strong leadership role throughout the years. It is because of you that we are having this joint hearing. You have been a leader in the forefront of this issue for many, many years, and I am very proud to associate myself with all of your efforts, with your comments on this issue, as well as the legislation that we hope to bring to our colleagues in Congress very soon. Thank you, Chris.

With that, the chairman of the Subcommittee on International Operations and Human Rights, Congressman Chris Smith.

Mr. SMITH. Thank you very much, Ileana. And I want to thank you for offering this very important hearing, providing the witnesses that we have here today.

Ms. ROS-LEHTINEN. Chris, I am going to go vote and come back. And maybe we won't have to recess.

Mr. SMITH. [Presiding.] Would be great.

I also want to thank you for cosponsoring H.R. 2677 and 2678, which, as you know, are very close, almost to the letter, of what we tried to do in the last Congress. And we will make, I can assure you, a Herculean effort to make sure they are enacted this Congress, and I do think—and I would invite the Secretary for his comments—will receive the support of the Administration. Maybe not in total, but hopefully we can work something out to come up with legislation.

Let me also remind, as you pointed out, our Subcommittee has not been lax on this issue. We held, as you know, two hearings last summer which featured a broad range of witnesses that included the Secretary of Labor, Mr. Robert Reich. As a matter of fact, now I hear him all the time on NPR, and his comments are just as exacting and just as to the point and humorous as they were when he was here, even on difficult subjects, and I always enjoy listening to him.

Television host Kathy Lee Gifford was there, Wendy Diaz, a child laborer, and a broad range of very, very knowledgeable and expert witnesses, including Robert Hall and Anthony Freeman, who are here today to testify.

Child labor is a problem. It is a vast and complex problem, and its solution will require patience, persistence, and efforts more extensive than any single event or any single piece of legislation. And I am hopeful that today's hearing indicates a continuing congressional resolve to actually do something to help end this exploitation.

The problem of child labor is staggering. In the words of the International Labor Organization—and I quote—"Few human

rights abuses are so unanimously condemned, while being so widely practiced, as child labor." Although on paper virtually every country in the world has outlawed child labor in its cruelest forms, in reality, hundreds of millions of children are being robbed of their childhood for the profits of others.

There appears to be a broad and growing consensus that somewhere between 200 to 250 million children under the age of 14 are child laborers. UNICEF tells us that three-quarters of those laboring 10- to 14-year-olds work 6 days a week or more and one-half work 9 hours a day or more. With statistics of such magnitude, it is easy to forget that those abstractions represent the misery of real children, kids as real as our own daughters and sons.

My Subcommittee has encountered many heartbreaking images during the course of its inquiry: A 3-year-old girl forced to stitch a soccer ball for hours on end; shoeless children working amidst piles of used syringes, removing hypodermic needles for recycling; boys and girls removed from their homes and families by abusive task masters as collateral for loans that can never be repaid.

I want those of you in this room who are parents to imagine your kids in those circumstances. And many of you have, and that is why so many of you fight so hard against this cruel exploitation.

Even in its less overtly abusive forms, the full-time employment of young children denies them the opportunity for basic education, their primary hope of escape from their poverty. It reduces the demand for labor of adult wage earners, often in areas where there are high rates of adult unemployment.

Explanations that excuse child labor as a sad but necessary by-product of poverty in a developing world are overly simplistic and are often profit driven. Furthermore, child labor contravenes internationally accepted labor standards and must be resisted as an enemy of free trade. As I have stated before, if those who exploit children listen only to our dollars and cents, then let them begin speaking clearly and responsibly in the language that they understand, in dollars and cents.

I have recently introduced two pieces of legislation that Chairwoman Ros-Lehtinen mentioned, and they are intended to turn our conscientious concern about child labor into an engine for international human rights reform. One of these bills will ban the import of products made with child labor. The American people do not want to support the manufacture of products by young children who were forced to work inhumane hours in hazardous conditions.

Furthermore, we do not want to allow those who use child labor to profit, at the expense of their conscientious competitors who have chosen not to exploit vulnerable, voiceless kids as a cheaper source of labor. The threat of this ban will provide concrete incentives for industries to clean up their practices. And if this enforcement has to be done, then so be it. They deserve it.

Both bills will prohibit nonhumanitarian foreign aid to countries that do not have or do not enforce their existing child labor laws. This component is critical, because less than 5 percent of all child laborers are working in export countries to make products that would be sold abroad. Thus, no matter how much we change our spending habits as American consumers, the larger part of this

problem will go unaddressed until foreign governments begin taking seriously the human rights standards they claim to support.

The bills will also require our representatives at the World Bank and other multilateral lending institutions to oppose funding projects and industries that use child labor. For example, as we have heard in our last hearing last summer, the World Bank has spent our tax dollars to subsidize projects that exploit children in South Asia.

Finally, the bills will authorize a \$10 million annual contribution to the International Program on the Elimination of Child Labor. The House, as some of you may know, recently passed legislation that came out of my Subcommittee, and I put in language that would put the \$10 million per year over 2 years, which is the life of that bill, as a down payment to try to beef up our ILO commitment so that those strategies can be extended to countries with more personnel and more ability to get the job done. This relatively small contribution to this successful, respected effort of the ILO will go a long way in effecting lasting protection for the children of the world.

I look forward to receiving testimony from our very distinguished witnesses. I regret that Ms. Ros-Lehtinen will not be coming back. I will recess very briefly, then come back, and some of my other colleagues will be here. And then, Mr. Secretary, we will go to you.

Thank you.

[Recess.]

Mr. SMITH [presiding]. The Subcommittee will resume the hearing.

I would like to introduce our first witness, Mr. Andrew James Samet, Acting Deputy Under Secretary for International Labor Affairs. Mr. Samet is responsible for U.S. Government participation in the International Labor Organization and represents the U.S. Government on the governing body of the ILO. His bureau implements the North American Agreement on Labor Cooperation, the labor side agreement of NAFTA.

Furthermore, Mr. Samet represents the Department of Labor with such international bodies as the World Trade Organization and the Organization for Economic Cooperation and Development and is the Department's representative to the President's Export Council and the U.S. Trade Promotion Coordination Committee, which, in fact, will be releasing its report in the next couple of days.

He has had a distinguished career in government service, having served Senator Moynihan for several years before joining the Clinton Administration in 1993.

We thank you for being here today, and we look forward to your testimony.

STATEMENT OF THE HONORABLE ANDREW SAMET, ACTING DEPUTY SECRETARY FOR INTERNATIONAL LABOR AFFAIRS, U.S. DEPARTMENT OF LABOR

Mr. SAMET. Thank you very much, Chairman Smith, Members of the Subcommittee.

I am most pleased to be with you today to discuss an issue of great concern to the Department of Labor and the Clinton Adminis-

tration. That is, the exploitation of child labor around the world. And I am also encouraged to note that we have been working, with your support and encouragement, to place the issue of child labor more prominently on the international agenda.

I want to review with you how we see the scope of the problem of international child labor, what we have been able to do in the last few years to address it, and the additional steps that we will be taking in the near term to continue our efforts.

First, as you are all well aware, the exploitation of child labor is not a new problem. Indeed, for example, since 1919, the International Labor Organization has adopted some 20 conventions concerning minimum age for employment, and these international standards are now largely reflected in the international laws of most nations of the world.

Unfortunately, despite this long history of effort, the abuse of children in work, as well as child poverty, child slavery, and the commercial sexual exploitation of children are still problems to be solved. Having laws and enforcing laws are too often rather separate matters.

More fortunately, the issue is once again at the top of the international agenda, and in the last few years we have seen greater focus on this issue by governmental officials, international organizations, and private-sector participants.

As has been mentioned in the statements of the Chairs, the International Labor Organization now estimates that there are some 250 million children working in the developing world, with 120 million of these working full-time. Of course, not all these children are working under illegal or otherwise unacceptable conditions, but certainly tens of millions of them are.

It is argued that illegal, unsafe work of children, which may well rob them of their chance of an education and is often clearly dangerous for their physical well being, should not be tolerated. No rationalization is acceptable when young children are denied an education and compelled to work full-time, under very long hours, under very dangerous conditions.

Of course, at the same time that we intensify our efforts to banish intolerable child labor, we do not hold the view that no child should ever do any work of any kind. On the contrary, appropriate types of work can be beneficial. But working children must be safe, and they must not see their education compromised, for we all recognize that the education of children is central to how successful our societies will be in the next generation, and there is a strong correlation between compulsory education and declines in child labor.

Second, I want to review with you some of the things that we have been able to do to respond to our concerns about child labor. Since 1993, we have completed a series of reports on child labor issues. These include volumes that provide information on children that work in the manufacturing, mining, agricultural, and fisheries industries, and children forced into slave-like conditions. We have also published volumes on the use of codes of conduct in the apparel industry and their impact on reducing child labor and other exploitative working conditions.

A fourth report will be released shortly, and this examines the use of consumer labels to combat child labor in the hand-knotted carpet, soccer ball, footwear, and tea industries. We expect to begin a fifth report to assess the scope of progress on the child labor issue and to attempt to better identify those strategies that seemed to have had a positive impact.

Since fiscal year 1995, we have been appropriated funds to support the ILO's program for the elimination of child labor, IPEC, as Chairman Smith has mentioned his own commitment to that; and we are pleased that Congress has included additional funds in our fiscal year 1998 appropriation, which is awaiting final enactment.

Through IPEC, we have been able to fund innovative projects that have included a very important precedent-setting program to remove children from the garment industry of Bangladesh and to replace them in schools.

As a result of important collaboration of Members of Congress, including Chairman Smith, we have successfully encouraged the soccer ball importers in the United States to work with their suppliers in Pakistan to stop children from spending their days hand-stitching soccer balls and, rather, to place them in schools. Working through the IPEC program, we have this week announced the commitment of funds that will help the 7,000 children already identified by the ILO to be working in this industry.

We have also pressed for a greater focus on the child labor issue at the ILO. And in 1996, at the formal request of the former Secretary of Labor, the ILO held a special meeting of nearly 100 of the world's labor ministers to discuss additional approaches that could be taken to reduce exploitative child labor.

One result of that meeting was an agreement of the ministers to draft a new international convention that will more clearly identify those forms of child labor that are intolerable and ought to be abolished immediately. This convention will be debated this coming June, and it is expected to be completed the following June 1999.

We have also raised the child labor issue bilaterally with a number of nations, and it seems likely that our concerns have had at least some impact in the public commitments that have come from the leaders of many countries in South Asia, Latin America, and Africa to do more to eliminate child labor. Just a few years ago, these leaders were much more likely to deny the existence of such problems rather than to issue a public commitment to address them.

We also encourage initiatives in the private sector to eliminate child labor. These include voluntary codes of conduct and labeling efforts. And, at our request, the ILO has undertaken research on codes of conduct and labeling so that such information could be more widely distributed around the world.

President Clinton has also welcomed the efforts of companies, unions, and nongovernmental organizations that have come together as the Apparel Industry Partnership. This partnership has developed a workplace code of conduct which includes a prohibition on child labor and principles on monitoring.

No doubt, child labor concerns are also a prominent reason why Congress passed legislation encouraging the Administration to seek a World Trade Organization working party on labor standards

issues. Although we did not succeed in this regard at the December Singapore ministerial, we clearly saw the impact of the child labor concern, as the world's trade ministers for the first time included language in the declaration on the importance of implementing core labor standards.

We have also urged international financial institutions, such as the World Bank, to assure that their development projects are consistent with the objective of eliminating child labor. And we have been encouraged by President Wolfensohn's personal commitment to address this issue.

We also took the step of denying tariff preferences under our GSP program to Pakistan because of child labor concerns in the surgical instruments, sporting goods, and carpets sectors. The new legislation that was just enacted by the Congress will permit the Customs Service to bar entry to items produced by forced or indentured child labor, and that will give us an additional tool to ensure that governments around the world are focused on eliminating this type of abuse.

We have also used the mechanism of the North American Agreement on Labor Cooperation to engage Mexico and Canada on child labor concerns in North America. We have held two joint workshops in February and October of this year to review the scope of inappropriate child labor in the three countries and to discuss additional methods to reduce the problem.

Finally, let me conclude with a few comments about what we hope to be doing in the near future. First, we hope to undertake additional reports of the type that we have done in the past and to provide additional funds to the IPEC program.

Second, we will be working to strengthen the measures available to the International Labor Organization to hold countries accountable for exploitative child labor. In addition, in the new convention I already mentioned, the ILO is now engaged in a negotiation that might well result in the most important development in the half century in terms of the ILO's ability to bring pressure on its member states to stop child exploitation and other abusive working conditions. We will do what we can to see that succeed, and we will also continue to use other international organizations, as appropriate, to address the child labor issue.

Third, we will continue to engage other governments on this issue. For example, Secretary of Labor Herman will be meeting with the labor ministers of Central America here in Washington on November 4, and the issue of child labor will be a part of that discussion. When Secretary Herman meets with the hemisphere's labor ministers under the auspices of the Organization of American States in Chile next February, again, child labor will be a part of that discussion.

Fourth, we will encourage and support innovative partnerships in the private sector, such as the Apparel Industry Partnership, that have the potential to improve working conditions and eliminate the use of child labor. These initiatives can have positive and rapid impacts on eliminating abusive working conditions.

Fifth, the Administration supports the type of Fast Track legislation that has been approved by the Ways and Means and Finance Committees and specifically references our concern that exploita-

tive child labor be addressed in future trade negotiations. In that regard, the Administration urges the Congress to enact Fast Track legislation this year, which will help us to continue to make progress to deter exploitative child labor.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Samet appears in the appendix.]

Mr. SMITH. Thank you very much, Mr. Secretary.

Could you elaborate for us how the Administration will be implementing the Sanders amendment, which many of us were very proud to support?

Mr. SAMET. Certainly, Mr. Chairman.

As you know, that legislation has just been enacted. But we will be in contact with the Department of Treasury and the Customs Service. And I am certain that as information might be provided from the public as to items that have been produced by forced or bonded labor, the Administration will aggressively move on those allegations.

Mr. SMITH. Will there be any kind of advisories, beefed-up surveillance by Customs? As we all know, gulag-labor-made goods are also prohibited, yet, unfortunately, they still make their way to our shores, particularly from the PRC.

Is there going to be, like, a task force approach to this to really crack down on this, so if we make an example of a few egregious offenders, perhaps that might send a message that we are serious about it?

Mr. SAMET. Mr. Chairman, I am going to take your words back directly to colleagues in the Administration and make sure that we are as aggressive as we can be in implementing this law.

Mr. SMITH. OK. I appreciate that. If you get back as soon as possible, we would certainly like to make any plans, or even a sense of vision as to how you might do it, a part of this hearing record.

In terms of sanctions, as you know, H.R. 2677 has a sanction in it and it is almost identical to what we did or tried to do in the last Congress, the 104th. Do you have any sense as to how the Administration will come down on a new sanction?

Mr. SAMET. Mr. Chairman, I haven't had a chance to review your bills from yesterday.

I am familiar, obviously, with some of the similar types of bills that have been introduced in the past. I can't say today exactly where the Administration will be on that, but, as you know, the Administration was supportive of the Sanders amendment, and we are going to at least be moving to implement that as aggressively as we can.

Mr. SMITH. OK. I would ask that you take a serious look at this, because in the latter days of the 104th—and it is a bipartisan bill; Mr. Moran, Mr. Kennedy, on the Democratic side are very strong supporters—we were unable to get the bill out of this Committee because, at least the world coming back to us, there was a reluctance on the part of the Administration and some of our colleagues on the Democratic side. And when it comes to sanctions, there is no doubt that we run into a buzz saw with some people over at the Ways and Means.

But the other bill, which did not have sanctions but had the ILO monies and some of the other things, I thought was a no-brainer

and it should have gone through like, you know, a hot knife through butter. Yet it was stymied at the 11th hour, and to this day I am perplexed why.

So I would hope, if we can't get the sanctions bill moved, part two would be to try to get the secondary bill and again provide additional tools to the ILO and others and also to proscribe non-humanitarian aid to those countries that are practicing this.

Let me ask you a couple of other questions before I yield to my distinguished colleagues. At our hearing last year, the World Bank was criticized for failing to factor human rights considerations into its lending policies. What is the current status of the policy on child labor being developed by the World Bank that was discussed by its board of directors this past summer? I think you made reference to it. Has that been released? Is it going to be released? What is the status on that?

Mr. SAMET. I am not sure I can give you the ultimate answer on that question. I can tell you that I know that document continues under very active review in the World Bank. I will get you an answer as to the exact status and when it might be released.

[The information referred to had not been supplied at press time.]

Mr. SAMET. I would also note to you, Mr. Chairman, that President Wolfensohn went to address the ILO this past June. He was a featured speaker there. And I think his commitment on this question was very clear by him coming to the ILO and by the statement he made there.

So we are optimistic that we are making progress in assuring that the World Bank and other institutions are taking this issue seriously.

Mr. SMITH. The World Bank, as you know, has chosen to implement some pilot child labor projects in India. Can you tell us what you know about those projects and how the Administration might work, not just in India but elsewhere, to try to take what has been learned there to some other countries?

Mr. SAMET. I am sorry, Mr. Chairman, I am not familiar with the detail of those World Bank projects. But I would be happy to get back to you.

Mr. SMITH. For the record, if you would get back to us, that would be fine. That would be great.

[The information referred to had not been received at press time.]

Mr. SMITH. Let me yield to my good friend, Mr. Luther.

Mr. LUTHER. I just want to really thank you, Mr. Chair, for the hearing.

I don't have any particular questions. But I think this is a very timely subject, and I appreciate the time and attention that you are giving. I appreciate your testimony, and I am hopeful that this will inspire further discussion of this important issue.

Thank you very much, Mr. Chair.

Mr. SMITH. Thank you, Mr. Luther.

Mr. Manzullo.

Mr. MANZULLO. Thank you. I just have a couple of questions.

Mr. Samet, could you tell us what laws are presently on the books in the United States that prohibit the importation of exports that are manufactured or produced by child labor?

Mr. SAMET. As I was just discussing with the Chairman, there has been legislation presented, as you know, in the Congress on that question. We have just enacted legislation that will make it clear that products of forced or bonded child labor can now be barred entry. The question still remains as to products that might not be of forced or bonded child labor. Today, there is no clear prohibition on the import of those products.

Mr. MANZULLO. So there is no law on the books in this country today that prohibits the importing of material or products that are manufactured or produced by children? Is that what you are telling me?

Mr. SAMET. There is now a law, if they are children in forced or bonded situations, they could be barred entry. If it was not forced or bonded situations, that is correct, there is no law today that bars entry.

Mr. MANZULLO. So you are talking about children who are under what? What age are we talking about?

Mr. SAMET. I am sorry, Congressman?

Mr. MANZULLO. Children under what age?

Mr. SAMET. Well, "forced or bonded children" would be defined as probably under 18 years old. Children tend to be defined as under 18. International standards apply under 18 for hazardous-type work. The standard under ILO standards for children being in full-time work is at a maximum of 14 for developing countries. So it would apply to children under the age of 14.

Mr. MANZULLO. If an investigation is made into X factory in X country that children are, say, manufacturing clothing or something else, the proof indisputable, are you telling us there is no present mechanism, without the passing of additional legislation, that would prohibit the import of that unless these children are working against their will?

Mr. SAMET. As far as I am aware, Congressman, that would be correct.

Mr. MANZULLO. We have something called the Stevenson amendment that has been floating around for a long time—I think that is the name of it—that prohibits the—Chris, maybe can you help me out—the importing of material that is made in forced labor camps, prison camps. Is that correct?

Mr. SAMET. Tariff Act of 1930, section 307, I believe.

Mr. MANZULLO. Thank you.

Mr. SMITH. Mr. Manzullo, thank you very much.

Let me just ask one final question, Mr. Secretary. Sometimes important human rights issues almost have a publicity shelf life. They rise, people are all concerned; and then, when the cameras go away, unfortunately, there is a diminution of concern. And I really believed, and I believed this strongly, that Robert Reich was totally, at his core, totally committed on this issue. I attended a couple of events that he was at and just watched what he did generally on it and felt that he was making sure that this got a priority within the Administration.

And in like manner, Sonya Rosen, who is here, who gave expert testimony to our Subcommittee in June 1996, along with Maria Eschaveste from Wage and Hour, obviously are doing the day-to-day hard work of making sure that every "i" is dotted, every "t" is crossed, and that where there is a problem, to the best of their ability, they bring force to bear.

Can you assure us that the Administration continues to see this as a high priority? It seems as if the issue is not being talked about by the celebrities anymore. Yet, all of us who have worked in human rights for years know that when the cameras go away, we have to work even harder, not less, but even harder on that particular issue. And this one seems to be one of those.

Mr. SAMET. I can emphatically assure you, Mr. Chairman, that the Administration and Secretary of Labor Herman are fully engaged on this question, will be active on this question. We are very proud of the work that Sonya and others in our Bureau have done on this, and we are committed to continue to do that type of work. I don't have any doubt about that. I can assure you of that.

Mr. SMITH. I appreciate that. And I do, again, want to commend the outstanding work of Sonya Rosen that she has done as the director of the International Child Labor Studies for the U.S. Department of Labor, because it was very helpful to this Committee and this particular Member when I read everything they put together, and it is an ongoing work in progress. So we thank you.

Thank you very much, unless any other Members have questions.

Mr. MANZULLO. I have a followup.

In going through my notes here, I notice that under GSP preferences there would be a prohibition. Is that correct?

Mr. SAMET. Under GSP, Congressman, we do have the authority to withdraw the tariff preferences; in other words, restore the MFN tariff.

Mr. MANZULLO. But not prohibit the import.

Mr. SAMET. Correct.

Mr. MANZULLO. Thank you.

Mr. SMITH. Thank you, Mr. Secretary.

Mr. SMITH. I would like to invite our second panel of witnesses to the desk, beginning in the order that I would ask them to testify.

R.J. Taylor, director of the Florida Farmers and Suppliers Coalition, is a lifelong resident of Florida, where he is the president of Taylor & Fulton Inc., a family business engaged in the production and marketing of tomatoes and vegetables. Mr. Taylor earned his degree in business administration from the University of Miami.

Edward Potter, of the International Labor Council for the U.S. Council for International Business, is a partner in the Washington, DC, law firm of McGuinness & Williams, where he specializes in employment and international labor law. Mr. Potter earned his law degree from American University and also holds degrees from Michigan State and Cornell University.

Robert Hall, who is no stranger to our Subcommittee, is vice president and international trade counsel at the National Retail Federation, where he represents the retail industry as its spokesman on a wide variety of international trade issues. Mr. Hall holds

a bachelor's degree and a law degree from the University of Georgia.

And then, finally, Anthony Freeman is director of the International Labor Organization's Washington office. Mr. Freeman previously served as Deputy Assistant Secretary of State for Democracy, Human Rights, and Labor and is a U.S. Government delegate to the ILO's International Labor Committee.

Thank you for testifying. And I look forward to your testimony. Mr. Taylor, if you could begin.

STATEMENT OF R.J. TAYLOR, DIRECTOR, FLORIDA FARMERS AND SUPPLIERS COALITION

Mr. TAYLOR. Mr. Chairman, Committee Members, thank you for the opportunity to be here today to talk about child labor.

The issue of child labor is a worldwide problem. According to UNICEF, more than 250 million children between the ages of 5 and 14 work side by side with adults.

I am here today to show you that the use of children in the fields of Mexico to produce cheap crops is a real problem and a serious issue. My presentation today will be limited to a 4-minute video of footage shot in Mexico earlier this year. Last winter, I participated in the filming of a documentary showing the true conditions on farms south of the border. This short video is an outtake from the larger piece. The film was produced by Rafael Oller of Ninety Miles Films, an award-winning investigative reporter from Miami. We have over 8 hours of raw footage documenting the conditions in which these children are living and working.

As the old saying goes, "One picture is worth a thousand words." Please take a look at this short video. If there are any questions afterwards, I will be happy to answer them. Also, representatives of Ninety Miles Film will be available to answer any written questions the Committee may submit later.

[Videotape shown, as follows:]

U.S. and Mexican Vegetable Industries

In the United States, farm workers enjoy better living and working conditions than ever before. Agriculture employers and their farm workers are guided and protected by laws and regulations developed for more than a generation.

For example, the Migrant and Seasonal Workers Protection Act, known as MSWPA, sets standards for farm worker housing, transportation, and working conditions, including safety. Other Federal laws set guidelines for wages, workers' compensation, and maximum ages for employment.

U.S. farm labor housing, as seen here in Palmetto, Florida, is clean and well-furnished, with all the facilities and amenities that might be found in a typical American home. Children here spend their days in school, preparing for their future in agriculture or some other career. Their parents and other employees work on farms and in packing houses that meet an assortment of State and Federal regulatory standards. Thanks to this government oversight, farms in the United States are safe and produce the best crops of anywhere in the world.

Across the border, in the highly agriculture Coahuilan region of Mexico, the living and working conditions of farm-worker families are clearly better than those of other residents. At this Coahuilan camp day-care center, children are well fed and well dressed, receive regular health care, and appear to lead normal, healthy lives.

However, just a short distance away, you can find farm-worker families living in these shacks with no electricity, running water, or toilet. The living conditions are cramped and dirty, with nothing more than dirt for a floor. Residents here are forced to get drinking water from a nearby irrigation ditch, the same ditch into which these outhouses discharge human waste.

Conditions for these farm-worker families are no better in the fields. Here you see children as young as 6 or 7 years old struggling to keep up with adult workers. This young girl can barely carry this bucket of tomatoes, much less lifting it into a gondola. There are no minimum age requirements. And it is typical to see toddlers waiting all day in the hot sun while their parents and older siblings earn a day's pay.

Here a mother nurses an infant while a dangerous pesticide is being sprayed just a few feet away. The same can be seen in a nearby packing house, where young children work into the day and into the night surrounded by dangerous machinery, conditions that clearly would not be legal in the United States.

In the United States, EPA heavily regulates the use of pesticides on farms with an assortment of rules designed to protect the health and safety of farm workers. By contrast, in Mexico, farm workers are routinely forced to work with deadly pesticides in the fields. You will see no protective clothing as this worker in a Coahuilan camp mixes Thio-Vac, one of the most highly toxic pesticides available. The manufacturer's label warns that workers must not touch this in the field, particularly asthmatic patients. But on this farm, harvest workers can only cover their faces from protection as this poison is spread just one row away.

These children on the fields are innocent pawns of Mexico's farm industry, controlled, for the most part, by large Mexican corporations. Amazingly, U.S. consumers unwittingly support these child-labor conditions with every Mexican farm product they buy. Are the rights of safety and health for Mexican children any less than for those of the United States? Shouldn't we demand the same protection for all children?

There is a way. The International Child Labor Elimination Act seeks to impose certain sanctions on countries that do not prohibit child labor. The bill would send a strong message to employers who take advantage of young children, and not just on Mexican farms but in fields and sweat shops around the world. Unless we act now, yet another generation of children will be forced to waste their childhood in the fields.

[End of videotape.]

[The prepared statement of Mr. Taylor appears in the appendix.]

Mr. SMITH. Thank you very much, Mr. Taylor, for that very moving video. And you are right, a picture is worth a thousand words.

Did you want to add anything?

Mr. TAYLOR. No.

Mr. SMITH. Thank you.

Mr. Potter.

**STATEMENT OF EDWARD E. POTTER, ESQUIRE, ON BEHALF OF
THE U.S. COUNCIL FOR INTERNATIONAL BUSINESS**

Mr. POTTER. Thank you, Mr. Chairman and Members of the Committee. It is a pleasure to be here with you today to talk about the question of the impact of child labor and free trade.

My name is Edward Potter. I am international labor counsel for the U.S. Council for International Business and the U.S. employer delegate to the International Labor Organization's conference each June.

I bring to this hearing 17 years of experience dealing with international labor standards issues. And 12 of those years, I have been one of two employer spokespersons on the Committee on Application and Conventions and Recommendations at the ILO conference, where we assess country compliance with ratified ILO conventions. And we have addressed on an annual basis the issue of child labor under the forced labor conventions of the ILO as well as its minimum age convention.

You have my testimony before you. I will not read it, but I will assume you will receive it as read. But I want to give you some views that I have on the issue of child labor based on my years of experience dealing with this issue in the ILO and elsewhere.

As a starting point, I think this Committee needs to understand that no one should doubt the U.S. business commitment to resolution of the problem of abusive child labor throughout the world. For the vast majority of U.S. companies, child labor is not a part of its practices either here or overseas, and in many cases overseas U.S. business is leading the way in terms both by example and in employing of best practices and providing infrastructure to solve the problems of abusive child labor.

As this Committee well appreciates, the problem of resolving abusive child labor is a very complicated and complex issue, and the number has been used of 250 million around the world who find themselves in this unfortunate circumstance. But I think that one thing that may well not be appreciated is that the vast majority of these children are not engaged in the production of goods that are involved in international trade.

If one looks simply at the trade statistics for the United States, one finds that just 1.2 percent of all exports and imports involve agriculture goods and just about 5.1 percent involve apparel and textile products, so that when one thinks about solving the scourge of child labor, one really has to think beyond the trade paradigm in terms of solutions that one might consider.

We have just seen a very moving film of conditions in the agriculture industry in Mexico, and I might just mention that under the NAFTA labor site agreement there actually is a vehicle that already exists for addressing this issue. I am not aware that, since the NAFTA side agreement has been in place, that any particular complaint has been filed. But I would note that both occupational health and safety and the child labor issues can go to the end of the process there, ultimately resulting in snap-back of tariff privileges in that context in the event that the problems identified in that film are not solved.

I think it is clear, though, that child labor is primarily a product of poverty and its solution lies in sustained economic development, and clearly, here, open trade and investment are essential to economic growth. And with higher economic growth come higher living standards, more employment, better health care, better schools, higher labor standards, and less reliance on child labor.

So, in our view, when one thinks of import restrictions and trade sanctions, one has to recognize that there are some significant down sides here, both in terms of impeding economic growth in the country concerned and actually hurting the very children that you are seeking to help, and so when one thinks about solving the problem of child labor, one has to think in terms of broader-based strategies.

Based on my experience in the ILO, it is clear that the problem of solving abusive child labor is difficult even in countries who are striving to solve this complex problem. It clearly requires a long-term commitment tailored to national circumstances, and here I think that solutions are both domestic and multilateral.

On the one hand, nations with a child labor problem need to want to solve the problem. Sometimes they need a push in that direction. On the other hand, they may not have the means or the expertise to solve the problem itself. That push and expertise ought to come on a multilateral basis, and the ILO, it seems to me, is central to resolution of this problem.

Its IPEC program has been highly effective. It has the most sophisticated supervisory machinery in the U.N. system to hold countries accountable for ratified conventions. This expertise will come to bear when the ILO adopts its abusive child labor convention in 1999 and when it adopts a declaration of principles, including the worst forms of child labor, in 1998, which will hold all nations accountable regardless of whether they have ratified the international treaty on child labor.

Thank you, Mr. Chairman. I will be glad to take any questions you may have.

[The prepared statement of Mr. Potter appears in the appendix.]

Mr. SMITH. Thank you very much, Mr. Potter.

Mr. Hall.

STATEMENT OF ROBERT HALL, VICE PRESIDENT AND INTERNATIONAL TRADE COUNSEL, NATIONAL RETAIL FEDERATION

Mr. HALL. Thank you, Mr. Chairman and Members of the Committee.

I am Robert Hall, vice president and international trade counsel of the National Retail Federation, the Nation's and the world's largest retail trade association. I thank the Committee for inviting me to testify today on a matter of extreme importance to American families and the retailers who serve them, the possible use of child labor in the production of consumer goods distributed for sale here in the United States.

The Nation's retailers abhor the use of child labor, forced labor, or exploitative labor wherever it may occur, in the United States or internationally. Mr. Chairman, I appreciate and applaud your continued consideration of this important issue.

The retail industry goes to extraordinary lengths, working with suppliers and contractors, to ensure that the products on our shelves are produced in accordance with all applicable laws. As retailers, we rely on our reputations and the goodwill we have created with our customers to ensure success in the marketplace. If that goodwill is ever breached with our customers, it is hard to recapture. Therefore, it is in our interest to ensure the goods we sell are produced safely and legally. A reputation gained from decades of good-faith efforts to comply with all laws can go down the drain with one widely distributed press story.

Mr. Chairman, last year I testified before your Subcommittee, the International Operations and Human Rights Subcommittee, stating that retailers are willing to play an appropriate role as all of us struggle to address the problem of child labor. The Nation's retailers are proud of the role we have played with respect to combating this critical problem. Our responses have taken several forms.

First, we have toughened our codes of conduct with respect to workers' rights generally, with respect to child labor specifically. Second, we have stepped up our efforts to enforce our codes with our suppliers both domestically and internationally. When we find infractions of any kind, we take action. For most companies, when child labor is detected, contracts are canceled. For other infractions, suppliers are put on probation with corrective action requested. In some cases, retailers insist that suppliers provide separate, third-party proof that they have remedied the problems in their factories prior to our continuing the business relationship.

Third, we participated in the ILO's meeting last fall on the globalization of the footwear, textiles, and apparel industries, which had a particular focus on the issue of child labor. I might add here that the U.S. retail industry insisted with a number of our trading partner countries that the conference had to pass a child-labor resolution. I have a copy of that resolution today, Mr. Chairman; and I would ask it be included in the record.

Mr. SMITH. Without objection, it will be made a part of the record.

[The resolution had not been supplied at press time.]

Mr. HALL. I might add also, Mr. Chairman, that I had the pleasure of serving as employer spokesperson during that conference last October.

Fourth, we have encouraged a number of our trading partner countries and their industries to take action to improve working conditions. In three countries—Guatemala, Honduras, and El Salvador—their apparel industries have stepped forward and developed codes of conduct and, in some cases, certification and compliance mechanisms. In Guatemala, Ernst & Young is serving as the external monitor of industry to ensure compliance of manufacturers in that country.

In July of this year, the Honduran manufacturers rolled out their new industry guidelines on worker rights which include the prohibitions against the use of child labor. And I just learned this morning that the El Salvadoran Alliance of Business and Labor is in town today to announce their new joint code of conduct which goes across all industries in that country.

Fifth, we have commissioned a study by the National Retail Institute which is being finalized within the next few weeks and should be released as early as mid-November. The study synthesizes much of the research on child labor to date and summarizes a wide variety of proposed action. I will forward a copy of the study to each of the Subcommittees, as well as to all of the panelists, as soon as it is finalized.

Mr. Chairman, America's retailers want to sell only those consumer goods that have been made safely and legally. A product made by children has no place on the shelves of our stores.

Thank you, Mr. Chairman.

Mr. SMITH. Mr. Hall, thank you very much. And if you could, for the record as well, those codes of conduct that you mentioned.

Mr. HALL. Sure. Actually, they are included, and I have them right here. I can provide them with a copy of this. This is a report which Mr. Samet's office and Ms. Rosen and others produced for their well over 40 retailers and apparel manufacturers' codes at the back here that I am quoting from. But I will be happy—

Mr. SMITH. Parts of that we will make a part of the record as the record will allow.

Mr. HALL. Yes, sir.

[The material referred to above had not been supplied at press time.]

Mr. SMITH. Otherwise, that will be the whole record.

Mr. Freeman.

STATEMENT OF ANTHONY G. FREEMAN, DIRECTOR, INTERNATIONAL LABOR ORGANIZATION

Mr. FREEMAN. Thank you, Mr. Smith and Members of the Committee, for this opportunity to appear before this important open session. I am not going to read my statement, which I have submitted for the record. I will just make a few comments extracted from the statement.

Child labor is a human rights question, a developing question. And, yes, insofar as children are involved in the manufacture of products traded in the global economy, also a trade question, child laborers involved in export are just the tip of the iceberg, however.

Less than 5 percent of the estimated 250 million child laborers of the world are engaged in the manufacture of exports, so that the fallout in terms of negative impact on employment, for example, in the United States would have to be small, probably very small in global terms. But since there must be some impact, it is a matter involving economic and trade policy concerns as well as moral, humanitarian, and foreign policy issues for the United States.

As the representative of an international organization, my written testimony, submitted for the record, focuses on what is happening in the international community; that is, on a multilateral level, to deal with the problem of child labor and how it relates to trade and globalization issues.

Let's be clear, we are not talking here about part-time newspaper delivery boys or working part-time on the old family farm after school hours. We are talking about the practice in many countries around the world where the poorest children are condemned to labor from an early age, often labor that is dangerous to their

health and well being. They have no prospect for bettering themselves through education, because it doesn't exist for them in their countries. And by working instead of being educated, they tend to perpetuate the cycle of poverty in those countries.

There is growing acceptance in the international community that progressive abolition of this kind of child labor is one of the core international labor rights concerns, which must be taken into account in questions of globalization and the economy.

In terms of international law, the IOL has recognized that the world community does not have a good international standard or set of guidelines which sets forth how countries should go about effectively dealing with this question. And so the IOL is on a course—as has been stated a few seconds ago, to develop a new international convention which, because the problem is so massive and engraved in culture and tradition and economics, et cetera, would give the highest priority to eliminating most intolerable forms of child labor such as forced child labor, bonded child labor, and hazardous child labor.

There is a deep fault line of distrust between the industrialized and developing countries over the question of linking trade to international labor standards, including those relating to child labor.

There is distrust in the industrialized countries because there has been a tendency of self-denial in many developing countries if they even have a problem, or that it is anyone else's business other than their own.

There is distrust in the developing countries because they believe that any attempt to impose labor conditionality in trade relations is motivated purely by job protectionism interests in the industrialized countries.

That is why, in addition to our standards tract of dealing with the child labor problem, which incidentally is a voluntary system, and it is based on sunshine and moral sanction, not an economic sanction—the ILO, since the early 1990's, has been engaged in a major technical assistance effort known as the International Program for the Elimination of Child Labor, or IPEC, which is aimed at consciousness-raising all levels and elements of society, not just governments, in practical efforts of not only how we remove children from child labor and create education alternatives for them, but also how to prevent children from being forced into child labor in the first place.

This program is entirely financed by voluntary contributions. Total resources pledged today from 12 countries are \$82 million, involving a total of \$5.1 million from the United States to the Labor Department. And I am very pleased, sir, of course, to hear about your legislation which was submitted yesterday.

I have more information on the program in my written testimony, and of course we are always prepared to provide further details. But on trade matters, the trade ministers of the world met last December in Singapore and rejected the position that the new World Trade Organization should even study linkage questions between trade and labor standards because they are so afraid this could lead, down the road, to possible discussion of trade sanctions.

Instead, in a compromised statement, they declared that labor standards are the exclusive province of the ILO and that the nations of the world should deal with these problems in that form.

In response to this change, the ILO's governing body will meet next month to discuss a package of new initiatives to strengthen the observance of the ILO's core human rights standards including those relating to the elimination of child labor.

These proposals involve the setting up of new promotional machinery to assist member countries in improving their performance in terms of respect for these core principles, even in countries which have not ratified the corresponding conventions, including the existing ILO convention on minimum working age.

This approach, the approach represented by these proposals, together with the proposed new international child labor convention on the most improbable forms of child labor, present the most realistic prospect we have of breaking through the current impasse between industrialized and developing countries and of establishing a new north-south compact on the question of free trade and core labor rights.

Provided that a satisfactory agreement is reached, these proposals should also promote much-needed, stepped-up international financial support for technical assistance aimed at eliminating child labor such as the ILO's IPEC program.

These discussions in Geneva over the proposals that I have just noted are now at a very delicate stage. We look forward to continued U.S. support for reaching a satisfactory multilateral resolution of these proposals. We also look forward for continuous U.S. financial support for the IPEC technical assistance program. Thank you.

Mr. SMITH. Thank you very much, Mr. Freeman.

Let me ask you first, if I could, you pointed out the United States provided \$5.1 million to IPEC. Who is the largest donor? Is it the United States or somebody else?

Mr. FREEMAN. Germany was the original donor and largest donor. Second largest is Spain, and the United States is third.

Mr. SMITH. How much does Germany provide?

Mr. FREEMAN. I would have to give you that for the record, sir, but it is going to be on the order of \$30 million or something like that.

Mr. SMITH. Per year?

Mr. FREEMAN. No, I think total. Out of a total of \$82 million, so far, that has been donated, something like \$30 million, or perhaps more, has been donated by Germany.

Mr. POTTER. Since 1991, right?

Mr. FREEMAN. Since 1991.

Mr. SMITH. And the United States has increased its amount?

Mr. FREEMAN. The United States has provided donations in several tranches; that is correct.

Mr. SMITH. Is there any concern we should have that, as free trade breaks out all over the world and industrialization of many of the developing countries occurs, that that might lead, however unwittingly, to more incidences of child labor? Are we attacking this concern simultaneously and aggressively enough that you can industrialize, but don't do so at the expense of your kids?

Mr. FREEMAN. That is a very difficult question to answer. I think the answer so far is that you see children that work in export sectors are in countries where you have child labor which is endemic in the first place. I don't think we see cases where, all of a sudden, a country which has not had child labor is suddenly producing products for export by children.

But I should say that most child labor is in the informal sector. It is in agriculture. But there is a growing amount of child labor in the urban areas in some developing countries such as Africa. And some of that is going into sectors that are producing for export.

Mr. SMITH. The last time you testified before the International Operations and Human Rights Committee, you indicated that requests for assistance went far beyond your ability to meet those requests, and that was especially true in Africa. Has the money begun to catch up with the need, or is there still an outstanding—

Mr. FREEMAN. The money has not caught up with the needs at all. We anticipated a much expanded program. I think I have some figures in the testimony that we can provide further regarding how many more countries now are in the program. And I think when I testified last year, there were 25 countries, recipient countries. There are now something like 32 recipient countries, with another 10 or so more applying for assistance.

We have left material on the bench measuring the dimensions, the magnitude of child labor around the world. When we looked at this a year and a half ago, we did an estimate, I think, of 73 million children around the world. We took another look at it last year and had to redouble our estimates.

So our statistics are very fragmentary, and we are in need of improving it. But you really can't grapple with this problem unless you begin to understand the dimensions of it in each single country, which sectors that they are in, why they are in, and so forth. And we need a data base for that. One of the things we want to do, and we are beginning to do and we have assistance and support for, is creation of a new statistical base called Sinpoc to aggregate all this information.

Mr. SMITH. And, finally, just let me ask you—do you find in some of the countries where you have been active now with IPEC that there really is an amelioration of the problem and you know obviously there is a political will when they invite you in to try to resolve the problem? I don't think it is fluff. Hopefully, it is not.

Mr. FREEMAN. I think we are just scratching the surface. I think the most important thing is that there is a change in behavior, in attitude. The self-denial has—I wouldn't say it has evaporated, but the self-denial has declined radically and there is a greater recognition that within these countries that there is a need to tackle the problem, because there has been an attitude problem in the past. I would say that is the major, major breakthrough so far. But in terms of the programs, they are just beginning to scratch the surface.

Mr. SMITH. Let me ask all four of the panelists if you could—and maybe, Mr. Freeman, you could start off—as you know, one of our bills would impose sanctions, another bill would not. Again, it is al-

most identical to what we tried to do in the last Congress, so it is not brand-new in terms of an initiative.

There is a national waiver capability for the President if the national interest is violated, so it really gives him, unfortunately, in a way, a large loophole to opt out of the sanction if he makes such a finding. But the idea here is not that we want to impose sanctions; it is that we want to get their attention in a very, very meaningful way.

And I know, Mr. Potter—you disagree, I guess, but maybe in your answer you could address the question, if there are intellectual property rights being violated or copyright infringement of some kind, would a sanction then be appropriate, or is it just specifically when it is a trade issue, or do you think sanctions are always taboo?

Mr. Freeman, if you can begin.

Mr. FREEMAN. I have to be very careful here. I am representing an international organization, and it is not our custom—unless asked, of course—to provide advice to the U.S. Government. Usually the advice goes the other way, from the U.S. Government to the international organization.

Mr. SMITH. I get advice from 100,000 constituents, so we always ask for advice.

Mr. FREEMAN. Let me just answer that. And I am going to state this, perhaps personally, on my personal authority, personal basis, and particularly given my history in the U.S. Government prior to doing ILO.

I can cite examples where the imposition of sanctions, or even better said, the threat of sanctions does attract the attention. When we are at a stage where countries deny that they have a problem, the threat of sanctions has helped at least to gain consciousness of the problem.

That is one way of gaining consciousness. Of course, that gains hostility and affects relations of the United States with those countries. But that is not the way to deal with the problem. I mean, that is just the beginning of gaining acceptance—gaining attention, perhaps.

If you really want to tackle and grapple with these major, complex, economic, social, historical, traditional factors involving child labor, as Mr. Potter very well said, you have got to apply the whole gamut of, you know, aid, assistance, advice, and trade relations, improving liberalization of trade, if you are going to help countries, pull them out of their economic poverty.

Mr. SMITH. Mr. Hall.

Mr. HALL. Mr. Chairman, with all due respect, I think our sense is that trade incentives perhaps would be the better way to go than trade sanctions. The ILO and UNICEF have both concluded in separate studies, or maybe a joint study, that sanctions cause or may cause harm to the very children they are intended to help in the sense of child labor sanctions of some sort.

And again, as I think nearly all the witnesses have noted, remember, only 5 percent of the labor that children are involved in is involved in the export market to the United States. So anything that is going to block imports of child labor into the United States is only at a 5 percent level in any event.

So it is not hitting at the core problem, which is really systemic. It is about poverty. It is about education in those countries. It is about law enforcement in those host countries.

Mr. SMITH. Thank you.

Mr. Potter.

Mr. POTTER. Well, as Tony Freeman said, the United States has grabbed the attention of the world with what we have been doing in terms of legislative proposals, not only in terms of your own legislation, but in terms of fast track.

And regardless of what happens on granting the President his negotiating authority on trade, there is no question that all of the countries of the world are on notice, not only on just child labor, but on the broad range of human rights issues that bear on the workplace.

Central to my point are really two points. One that has just been mentioned is that the trade section route simply only addresses a small part of the problem. And even with that small part, you are putting at risk the children themselves that you are attempting to help. So you have to come up with other strategies.

And this is where I think a multilateral strategy in an ILO context makes a great deal of sense, because it applies to everyone evenly across the board, including our own country. There is no, per se, identified target. And you put into play a basis for multilateral assistance.

So when you talk about trade sanctions, it has a punitive quality to it, actually could make the situation worse, not only in terms of the government's attitude, but the situation of children themselves.

Mr. SMITH. Do you not see that there is a possibility, if used in a very, very targeted way that, especially when you are dealing with forced, bonded, or hazardous child labor or something—you know, the more egregious forms of exploitations—that the country would move very expeditiously to excise the demon and make sure that those companies or industries that are engaging in it are less likely to continue?

Mr. POTTER. Well, I would invite you to go visit Bangladesh, for example, where, when Senator Harkin proposed his first child labor bill, the Bangladesh employers association felt that there was a high likelihood that that legislation would be enacted. And what happened is, they emptied their factories of children. What that did is not only put the children in a situation where they had no other work alternatives, they were on the street, they were begging, engaging in worse forms of prostitution and the like, but they were in no position to get the education.

And this is where the ILO's IPEC program was essential to assisting and solving this problem, where a compromise, with the assistance of the U.S. Government was worked out whereby the children were allowed to work in part but also gain their education.

So it is hard to see that once you have put the sanctions in play, that this targeted approach is going to really change the situation in a positive way. Certainly, in the short term, it is not going to do that.

Mr. SMITH. Thank you.

Mr. Taylor.

Mr. TAYLOR. Boy, talk about being the odd man out. Yes, sanctions have got to happen. I think the Chairman is very wise in saying that it is going to have to be targeted to specific places, specific incidents. It is a very complex issue, as all these gentlemen have said.

But when you see children that are being abused and put in danger, ignored by their whole society, I feel like punishment is in order. And why not use the power of our great marketplace to help dole out that punishment to the offenders? It is a bad thing. Child labor is a bad thing, and it is up to us. I think our society has come to a point where it is sophisticated enough to know the difference, and why not use that?

Mr. SMITH. I thank you very much, Mr. Taylor.

Mr. Faleomavaega, who, let me note, is a cosponsor of the legislation we have introduced and has always been a very strong supporter of our child labor issues—

Mr. FALEOMAVAEGA. I want to thank you, Mr. Chairman. And I appreciate the comments and the statements made by our friends on the panel.

I noted in the statements that approximately 250 million children are employed in the world. And I was wondering, have there been any estimates made as to the dollar value of the wages or the labor worth of these 250 million children that work? Has the ILO made any cost estimates?

Mr. FREEMAN. I am not aware of it, but I would certainly be happy to look into that.

Mr. FALEOMAVAEGA. I would be very interested just to even know if they get paid 25 cents an hour, probably even less in other countries.

Mr. Potter, you mentioned Bangladesh. I brought the issue of child labor to the Prime Minister of Bangladesh's attention, and I got rebuffed by the ministers to the extent that it is almost like, you Americans are all the same. You are so self-righteous. You think you know what is best for the world. Why don't you come and look at the poverty and problems we are facing economically?

So I scratched my head and wondered, in your best opinions, gentlemen, do you think that we are the finest example where there is no appearance of child labor abuses that we have in our country, first?

As far as the labor situation in our country, do we have any abuses of child labor that you are aware of? Do we have multinational corporations doing business in foreign countries whose products are as a result of child labor in those countries? Are you aware of any of those instances?

Mr. POTTER. I can only speak to the membership of the U.S. Council for International Business, which is composed of some 300 or so multinational companies. And I can assure you, sir, that none of those companies are producing product, goods, or services of any kind where children are involved.

And that goes to the very fact that, in the broad scheme of children in the workplace, very few of those children are actually engaged in production of goods and services that are actually part of international commerce.

So it is not surprising that I say that. That is why I am laying some stress here on the ILO. Because the ILO action and activity is irrespective of trade. It applies across the board to everybody, to every circumstance.

And they already have in place a well-established information gathering, monitoring, and supervisory system that can easily be applied across the board to everyone. And that is something that the U.S. Government, even with the best of will and intention, is not capable of doing.

When the State Department produces its human rights report, the worker rights section of that report, a lot of that information is based on information provided by the ILO. They are the first source of information on that. And they provide the international legislature, if you will, and judge and jury as it would relate to the application and meeting of international labor principles, where the world community, not just one country, the world community can come and bring pressure to bear to correct some pretty abhorrent situations.

And I can tell you that, over the years, I have seen that what the ILO does is actually more effective than what happens under our worker rights regime, under the GSP, for example.

Mr. FALCOMA. I just want to be certain that we do have the highest labor standards and that there is absence of child abuse labor. If it is going on in our country, then we will be the worst example of this, of what we are advocating.

What I am also suggesting, and the concern that I have, is that we may not have it in appearance, but in fact if a conglomerate, multinational corporations that are American, that have big operations in Third World countries where there is abuse of child labor, this is where I am concerned. We may not be doing it directly, but are we doing it indirectly?

And from your testimony and the experiences, this is why I am asking the question.

Mr. POTTER. Yes, well, my answer to that is that U.S. multinationals, in the main—I can't speak for every company that is out there. In the main, they employ overseas the same practices there as they have here; a best-practices approach to terms and conditions of employment are applied.

As a consequence, U.S. businesses serve as an example and, over the long-term, serve to raise the conditions of work, whether it be occupational health and safety, or inspections or human resources practices.

Mr. FALCOMA. Or, on the other hand, just simply say, well, we are simply complying to the standards of that country.

Mr. POTTER. Well, no, I would say that the approach is not to comply with the standards of the country. The approach is to comply with the best practices of the company that has invested in that particular country. And that is usually a higher standard.

Mr. FALCOMA. The question of sanctions has always been a matter of great debate, as you well know, on the fast track, NAFTA. We have got problems with Iran now, that this French multinational, Total, is in cahoots with Russia now, objecting to our offered sanctions against Iran because of terrorism.

Would you consider terrorism to equate to be the same as child labor abuse as a fundamental human right? I think my friend, Mr. Taylor, probably thinks about it that way.

How about Mr. Freeman or other members of the panel? Should we equate child labor working abuses with that of terrorism, the way we are passing our laws and providing sanctions against those countries that promote terrorism as we see it today?

Mr. FREEMAN. They are just two different categories of issues, Congressman. And, indeed, there is a whole history of economic sanctions with regard to political issues and there is a history of whether they work or don't work. And they work sometimes, and they don't work other times.

But I wouldn't equate any of that—we are just talking about two different kinds of very, very serious issues. I wouldn't dare enter into the field of comparison, one to the other.

Mr. FALCOMA. But you would consider it as a human right?

Mr. FREEMAN. What is that?

Mr. FALCOMA. Children should not be subject to child abuse.

Mr. FREEMAN. We regard child labor as a human rights issue, a core human rights issue, yes.

Mr. FALCOMA. Fundamentally, that we should be putting on sanctions in the same way that we do against terrorism?

Mr. FREEMAN. I wouldn't go that far.

Mr. FALCOMA. Not that far?

Mr. FREEMAN. I am saying we regard child labor as a core human rights issue all countries have the obligation to respect. What are the means for doing that? The ILO does not support sanctions. I tried to make that clear from the beginning. We try to work at this through voluntary measures and promotional activities and moral sanctions.

Mr. FALCOMA. I am sorry. I know my time is up. Hasn't the issue of child labor abuse been before the United Nations ever since Adam and Eve? And in all honesty, this has been one of the issues that has been on the back burner, nobody really—and it is understandable, our friends in the United Nations don't want to touch it because it is a sensitive issue.

Mr. FREEMAN. I would say it is an issue that has been on the back burner. I wouldn't attach this to the United Nations. I would say this is an issue that has been on the back burner all over. It has been on the back burner in this country. It has been on the back burner in other countries. There has been a new recognition in many countries that this is a very vital, serious problem that needs to be addressed. I wouldn't, you know, attach it to an institution called the United Nations. It is an expression of public opinion in this country and in other countries.

Mr. FALCOMA. Gentlemen, I appreciate your comments and look forward to your suggestions on how we can improve the provisions of the proposed bill that we plan to take up.

And I thank the Chairman.

Mr. SMITH. Thank you, Mr. Faleomavaega.

We are almost out of time; there is a floor vote. As you all know, the Congress is debating fast track. I would like to know from each of you if you consider the issue of child labor directly related to

trade and what would you be doing in terms of that concern? Because many of us believe that if it is just kicked over to WTO, it potentially falls into a black hole, and child labor will not be a priority when it comes to the free trade movement.

So how does it relate to free trade, particularly fast track? Mr. Freeman?

Mr. FREEMAN. I am not going to address that.

Mr. SMITH. Personally speaking.

Mr. POTTER. Well, the House bill right now puts child labor as an international economic objective. And I think that is exactly the right place.

Mr. HALL. I would agree with Mr. Potter.

Mr. SMITH. Do you think that has any meaningful sense of enforcement? Is that more like sense of the Congress, or do you think it really—

Mr. POTTER. You have got the attention of the world with that provision right where it is, believe me.

Mr. SMITH. Well, that is reassuring.

Mr. Taylor.

Mr. HALL. And I think also, Mr. Chairman, the discussions that went on at Singapore at the WTO ministerial, and all the talks that have been going on at the ILO and WTO and back and forth, a good bit of discussion, the debates we had last fall, there was a huge push by a number of the workers' groups to try to link some of the labor issues up with WTO. I mean, there is a big debate and big discussion going on in Geneva and capitals all over the world about these issues.

And I would say that, again, trade is trade, and other issues, human rights issues are separate. But I would say that there is a merging of the issues from time to time. Does my industry support a child labor amendment or tag onto the fast track bill, no. And I think that is no surprise to you.

But there is no doubt there is a heightened awareness, there is a heightened concern. And we are willing to step up and be supportive of appropriate, responsible legislation. We have some problems with targeted sanctions or sanctions that are hard to determine when countries will or will not be on such a list, because people source from 140 countries around the world. So we have to know with some degree of certainty when we can make our business plans and how we go forward.

All that said, companies are doing responsible things to make certain we are not sourcing from people who use child labor.

Mr. SMITH. In a related vein, has enforcement of child labor exploitation been effective under NAFTA? I think it was you Mr. Potter that said after—

Mr. POTTER. Well, yes, the procedure hasn't been used.

Mr. SMITH. OK. But to effectuate the procedure, I mean, very often enforcement is more difficult for those who are being exploited or disadvantaged.

Mr. POTTER. But the way NAFTA is set up, in this example here, someone in the United States files this case with the Mexican National Administrative Office. It is a very easy thing to do. You essentially have to give your name, describe the problem, and that is about it; sign it and date it, and you are in the system.

And given that most of the cases that have been filed have been filed against Mexico, believe me, based on the one case that involved a U.S. situation, the Mexicans will pursue that with some diligence.

Mr. SMITH. Mr. Taylor, have you—

Mr. TAYLOR. My only response to that is, I don't believe that it is my job as a businessman in the United States to try to police my competitors in other countries. But I think that it is the power of our marketplace and them having to live up to certain standards to enter that marketplace that needs to happen.

Mr. SMITH. What is Mexico doing on its own to police this, because very often, most human rights abuses occur out of sight and out of mind, and it is only those that actually get caught, like most crimes, really, that then get prosecuted or—

Mr. TAYLOR. If I could, Mr. Chairman.

Mr. SMITH. Yes.

Mr. TAYLOR. To put this in a little better light, some of the shots that we saw on that video were of fields and packing houses owned by a multinational corporation based in Mexico that is traded on the New York Stock Exchange. So we are not talking about a small operation. We are not talking about someone that we are putting a burden on by trying to impose sanctions. We are talking about people that should know better.

Mr. POTTER. Mr. Chairman, I would like to correct the record on what I said.

First, the case could be filed for Mexico with the U.S. NEO. But, second, it is any interested person. It doesn't have to be a businessman. It can be a labor union. It can be a human rights group. It can be anybody. So it is not a question of one industry policing—

Mr. SMITH. I understand.

Is there any proactive enforcement? Again, you would have to be there witnessing that little girl within earshot of the pesticide being sprayed. Most of us and even most human rights monitors usually don't just happen to be there. I mean, what kind of proactive enforcement, do you—

Mr. POTTER. That is the standard under the NAFTA labor site agreement.

Mr. SMITH. Many of us criticize the NAFTA agreement in general and the side-bar agreements in particular because of enforcement.

Mr. POTTER. The standard is whether or not there is effective enforcement of the laws that you have in place. Here the implication of the film is that there is not effective enforcement of the child labor and occupational health and safety rules in Mexico. So there is a clear basis for something to be filed here. The fact is, no one has taken recourse of that; that doesn't mean it is not going to be meaningful. It is just that no one has done it.

Mr. SMITH. Again, that is—with all due respect—why many of us believe in a sanction that will trigger at least a mechanism so that there is a heightened sense of enforcement rather than a very passive laissez-faire sense of enforcement.

I mean, we have had, as was pointed out, Smoot-Hawley for years. And we are still, and I have actually been in it, it is a different use, but it is human rights with a gulag laboring and allow

a guy in the People's Republic of China. I have actually been in one, Beijing Prison No. 1.

And it wasn't until Frank Wolf and I had made a Federal case of it that that was closed down. But there are another 2,000 still producing goods, and the origin or the sense of where did this product come from is always questionable, because of the ability to disguise it. And we only have a couple of Customs people working on it.

I have a bill that is pending now that passed out of Ways and Means that would beef up with \$2 million our customs people on the ground to enforce it because it is so lackadaisical in its enforcement.

That is my only point, that it brings another tool to the Administration—gives them another arrow in their quiver if you will to try to get the attention so that that little girl doesn't die of pesticide contamination.

Mr. POTTER. What I am saying is that the arrow that is there has not been used.

Mr. SMITH. I thank you for doing that.

Unfortunately, we have a vote, and I have 2 minutes to get to the floor. I thank you so much for your testimony. And if you want any additional comments to be added, please get them to us.

So the hearing is adjourned.

[Whereupon, at 3:58 p.m., the Subcommittee was adjourned.]

A P P E N D I X

Statement by:

**Hon. Ileana Ros-Lehtinen, Chair
Subcommittee on International Economic Policy and Trade
Committee on International Relations
U.S. House of Representatives**

for hearing on:

**"The Impact of Child Labor on Free Trade"
Wednesday, October 22, 1997
2172 Rayburn
2:00 p.m.**

We are here to discuss the abhorrent practice of child labor -- a problem that, for far too long, has been viewed as history. A problem often thought about within the context of Dickens' Oliver Twist and the actions of the evil Fagan. A problem many assumed or wanted to believe had been eradicated in 1959 with the United Nations Convention on the Rights of the Child, or certainly by 1973 with the Minimum Age Convention of the International Labor Organization.

The reality was that the exploitation of children for financial gain was reaching epidemic proportions, as current estimates confirm. Today, there are an estimated 200 to 250 million child workers worldwide, 190 million of which are in the 10-14 age group according to UNICEF.

Yet, until recent years, child labor would remain a "silent epidemic." The veil of secrecy had become difficult to remove as financial gains, economic interests, and global trade patterns became the lead news stories. Whatever attention was given to the problem of child labor was done in peripheral fashion and limited to discussions of human rights or ethical and moral dilemmas.

In extreme cases, the argument was made that development, economic empowerment and growth could not come to underdeveloped or developing countries, unless they were permitted to operate in the manner most appropriate or efficient for them -- even if that entailed using child labor. The problem was simplified to a choice between starving and surviving, with child labor the only choice for families in the developing world. A related argument stated that U.S. or other outside involvement to help curb the spread of child labor was "extraterritorial interference" and was, in itself, an abuse of power.

In the abstract world, perhaps these arguments could carry more weight. But in the real world, one is motivated and compelled to action by graphic pictures and documentation of children suffering -- of innocent boys and girls who are branded or blinded by their masters; of children who work 50-plus hour weeks in unsafe and unsanitary conditions.

According to UNICEF officials who were quoted in a September 25th article of The Palm Beach Post, the answer lies in: "the power of the idea of buying cheap and selling dear." This translates into the laws of the market; into the objective of economic liberalism which seeks to maximize profits and benefits, by minimizing costs; into the law of supply and demand.

In essence, it reveals a significant connection between child labor and purely economic factors. It not only underscores the impact of child labor on global trade, but also helps demonstrate how international economic demands may spur the use of child labor.

Consumers the world over are accustomed to paying the best price for the products they purchase. They want their money to go a long way -- that is, as we Americans say, "the best buy for your buck." The competition then begins among businesses to give consumers what they want.

Turn to the international arena... and the competition is magnified. U.S. companies, for example, must not only compete with each other, but must face challenges from foreign competitors who are trying to capture, not only global markets but also the U.S. market. Add to the equation that: "In order for us [the U.S.] to continue to create jobs and opportunities for our own people and maintain our world leadership, we have to continue to expand exports" -- as President Clinton recently pronounced. And a vicious, never-ending cycle is created.

Thus, the issue of child labor transcends its definition as solely a human rights or labor issue. It quickly becomes an international trade issue, for it affects prices and is linked to wage disparities, displacement, shifts in production, competitive advantage, among other things.

The dilemma becomes: How do we protect the children? How do we keep them from being exploited? How do we protect American business interests? How do we reconcile our moral and ethical obligations with the need to succeed, to compete and, in some cases, to survive? Does free trade mean trade in spite of, or regardless of, anything else? Where should we draw the line? Where do we begin?

We begin here and now, addressing the problem of child labor from multiple perspectives; illustrating its impact on global trade and helping to define the role it should play in U.S. foreign and trade policy. This is the beginning of a quest for answers and recommendations -- recommendations on what steps Congress could or should take.

This is a call to action. Child labor is a disease -- a disease of society which has infected the global community of nations. Unless a cure is found quickly, we could end up destroying the future, by destroying the children in our blind drive to succeed in the present.

But what is this cure? Is it in the form of import prohibitions? Should countries who engage in this practice be sanctioned? Should the private sector adopt corporate codes of conduct? How do unilateral efforts fit into global initiatives?

One thing is certain: the approach must be swift. It must be strong. It must send a clear message that the exploitation of children will not be tolerated -- not now, not ever.

I would like to commend my distinguished colleague, Chris Smith, for his commitment and determination. He has done a superb job in recent years in bringing the problem of child labor to the forefront. I have supported his endeavors in the past and look forward to working with him and others to help bring about an end to this horrible practice.

I thank all of the witnesses here today for coming and sharing their insight with us.

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**COMMISSION ON SECURITY AND
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 CO-CHAIRMAN

Statement of Chairman Christopher H. Smith (R-NJ)
Subcommittee on International Operations and
Human Rights
October 22, 1997

I am very pleased that my good friend, the Chair of the International Economic Policy and Trade Subcommittee, has asked me to co-chair this important hearing. Over the past year and a half, my Subcommittee on International Operations and Human Rights has worked to raise public and Congressional awareness about the international child labor problem. Our well-publicized pair of hearings last summer -- which featured a broad range of witnesses that included the Secretary of Labor, television host Kathie Lee Gifford, and Wendy Diaz, a child laborer -- was a helpful step. But as I mentioned at that time, the child labor problem is vast and complex, and its solution will require patience, persistence, and efforts more extensive than any single event. I am hopeful that today's hearing indicates a continuing Congressional resolve to actually do something to help end this exploitation.

The problem of child labor is staggering. In the words of the International Labor Organization, "Few human rights abuses are so unanimously condemned, while being so widely practiced as child labor." Although, on paper, virtually every country in the world has outlawed child labor in its cruelest forms, in reality, hundreds of millions of children are being robbed of their childhood for the profit of others. There appears to be a broad and growing consensus that somewhere between 200 and 250 million children under the age of 14 are child laborers. According to UNICEF, three quarters of laboring 10 to 14 year olds work six days a week or more, and one half work nine hours a day or more.

With statistics of such magnitude, it is easy to forget that those abstractions represent the misery of real children -- kids as real as our own daughters and sons. My Subcommittee has encountered many heartbreaking images during the course of its inquiry: a three year old girl forced to stitch soccer balls for hours on end; shoeless children walking amidst piles of used syringes, removing hypodermic needles for recycling; boys and girls removed from their homes and families by abusive taskmasters, as human collateral for loans that can never be repaid. I want those of you in this room who are parents to imagine your kids in those circumstances. Only then do you begin to get a taste of the anguish and hopelessness caused by this exploitation.

Even in its less overtly abusive forms, the full time employment of young children denies them the opportunity for basic education, their primary hope of escape from their poverty. It reduces the demand for the labor of adult wage-earners, often in areas where there are high rates of adult unemployment. Explanations that excuse child labor as the sad-but-necessary by-product of poverty in the developing world are overly simplistic, and are often profit-driven. Furthermore, child labor contravenes internationally accepted labor standards, and must be resisted as an enemy of free trade. As I have stated before: If those who exploit children listen only to our dollars and cents, then let us begin speaking -- clearly and responsibly -- in a language they understand.

I have recently introduced two pieces of legislation that are intended to turn our conscientious concern about child labor into an engine for international human rights reform.

One of these bills will ban the import of products made with child labor. The American people do not want to support the manufacture of products by young children who are forced to work inhumane hours in hazardous conditions. Furthermore, we do not want to allow those who use child labor to profit at the expense of their conscientious competitors, who have chosen not to exploit vulnerable, voiceless children as a cheap source of labor. The threat of this ban will provide concrete incentives for industries to clean up their practices.

Both bills will prohibit non-humanitarian foreign aid to countries that do not have or that do not enforce their existing child labor laws. This component is critical because less than five percent of all child laborers are working in export industries to make products that will be sold abroad. Thus, no matter how much we change our spending habits as American consumers, the larger part of this problem will go unaddressed until foreign governments begin taking seriously the human rights standards that they claim to support.

The bills also will require our representatives to the World Bank and other multilateral lending institutions to oppose funding to projects and industries that use child labor. For example, as we heard at our hearing last summer, the World Bank has spent our tax dollars to subsidize projects that exploit children in south Asia.

Finally, the bills will authorize a ten million dollar annual contribution to the International Program on the Elimination of Child Labor (IPEC). The House recently passed legislation authorizing such a contribution during the next two fiscal years as part of H.R. 1757, the State Department Authorization Bill, and I will work to ensure that that language remains intact in conference. This relatively small contribution to this successful, respected effort of the International Labor Organization will go a long way in effecting lasting protection for the children of the world.

I look forward to receiving testimony from our distinguished witnesses, some of whom appeared before us last year. I also hope that this Congress will fulfill the promise of these preliminary efforts and take concrete steps to help rectify this vast injustice.

STATEMENT OF CONGRESSMAN BERNARD SANDERS BEFORE THE
SUBCOMMITTEES ON INTERNATIONAL OPERATIONS AND HUMAN RIGHTS
AND ON INTERNATIONAL ECONOMIC POLICY AND TRADE/HOUSE
COMMITTEE ON INTERNATIONAL RELATIONS

OCTOBER 22, 1997

HEARING ON THE IMPACT OF CHILD LABOR ON FREE TRADE

MR. CHAIRMAN AND MADAME CHAIRWOMAN, IT IS AN OUTRAGE THAT AMERICAN WORKERS MUST COMPETE FOR JOBS WITH AS MANY AS 200 MILLION DEFENSELESS CHILDREN WORKING AROUND THE WORLD TODAY WITHOUT ANY HOPE OF EVER SEEING THE INSIDE OF A CLASSROOM. MANY OF THESE ABUSED CHILDREN ARE MAKING PRODUCTS EXPORTED FOR SALE IN OUR SHOPPING MALLS, SPORTING GOODS STORES, AND ORIENTAL RUG SHOPS ALL ACROSS AMERICA. EVEN SOME OF OUR FOURTH OF JULY FIREWORKS WERE MOST PROBABLY MADE BY CHILDREN IN INDIA, CHINA, AND ELSEWHERE.

CONSIDER THE PLIGHT OF MILLIONS OF CHILD LABORERS, SOME AS YOUNG AS 4-YEARS OLD, WHO ARE SOLD INTO VIRTUAL SLAVERY (I.E. BONDED AND INDENTURED LABORERS) AND CHAINED TO LOOMS FOR 14-HOURS A DAY HAND KNOTTING THE ORIENTAL RUGS THAT GRACE THE FOYERS AND LIVING ROOMS OF COUNTLESS HOMES AND OFFICES ALL ACROSS OUR COUNTRY.

EXPLOITED CHILDREN TOIL IN FACTORIES, MINES, FIELDS, AT LOOMS, AND EVEN IN BROTHELS, SACRIFICING THEIR YOUTH, HEALTH, AND INNOCENCE FOR LITTLE OR NO WAGES.

THEY ARE HAND-STITCHING THE NIKE AND ADIDAS SOCCER BALLS THAT OUR KIDS PRACTICE WITH EVERY DAY. THE VERY SAME SOCCER BALLS THAT WERE USED AT THE ATLANTA OLYMPICS LAST YEAR.

THEY ARE SEWING THE BLOUSES AND SLACKS THAT KATHIE LEE GIFFORD WAS PAID \$7 MILLION A YEAR TO PROMOTE FOR WAL-MART STORES UNTIL SHE WAS EMBARRASSED LAST YEAR.

THEY ARE MAKING MATTEL BARBIE DOLLS THAT LITTLE GIRLS ALL ACROSS AMERICA PLAY WITH EVERY DAY.

SADLY IT TOOK KATHIE LEE GIFFORD'S EMBARRASSMENT IN THE NATIONAL MEDIA LAST YEAR FOR MANY AMERICANS TO CONFRONT THIS DIRTY LITTLE SECRET OF THE GLOBAL MARKETPLACE: MILLIONS OF AMERICANS ARE BUYING SOCCER BALLS, TOYS, AND CLOTHING FOR OWN OUR KIDS THAT ARE MADE BY BRUTALLY EXPLOITED CHILDREN IN MANY OF THE FOREIGN COUNTRIES WITH WHICH WE HAVE GROWING TRADE DEFICITS.

THIS SITUATION IS TOTALLY UNACCEPTABLE AND THERE ARE ACTIONS WE CAN TAKE TO STOP THIS AFFRONT TO BASIC HUMAN DECENCY.

THAT IS WHY I AUTHORED THE NEW LAW ENACTED EARLIER THIS

PAGE TWO

MONTH TO PROHIBIT THE IMPORTING OF ANY PRODUCTS MADE BY FORCED OR INDENTURED CHILD LABOR FOR THE FIRST TIME IN OUR NATION'S HISTORY. I ASK THAT THE ATTACHED COPY OF THIS NEW LAW AND RELATED EXPLANATORY MATERIALS BE INCLUDED WITH MY STATEMENT IN THE OFFICIAL RECORD OF THIS HEARING.

THIS NEW LAW DEALS WITH ONE OF THE MOST OUTRAGEOUS FORMS OF EXPLOITATION IN INTERNATIONAL TRADE TODAY -- IMPORTS MADE BY BONDED CHILDREN WHO ARE SOLD INTO SLAVERY, SOME AS YOUNG AS 3-YEARS OLD.

IT AMENDS AND CLARIFIES THE TARIFF ACT OF 1930 WHICH FOR DECADES HAS BANNED THE IMPORTING OF PRODUCTS INTO AMERICA THAT ARE MADE BY ADULT PRISON OR FORCED LABOR. IT SIMPLY EXTENDS THAT BAN TO PRODUCTS MADE BY FORCED OR INDENTURED CHILD LABOR.

IN THE SAME VEIN, I AM ALSO PLEASED TO BE AN ORIGINAL CO-SPONSOR OF THE TWO BILLS THAT CONGRESSMAN SMITH IS INTRODUCING TODAY TO CUT NON-HUMANITARIAN FOREIGN AID AND TO BLOCK CHILD LABOR IMPORTS FROM FOREIGN COUNTRIES THAT REFUSE TO ENFORCE THEIR OWN NATIONAL LAWS AGAINST CHILD LABOR.

MR. CHAIRMAN AND MADAME CHAIRWOMAN, I FIRMLY BELIEVE TRADE IS NOT AN END IN ITSELF, BUT A MEANS TOWARD ATTAINING MORE ECONOMIC JUSTICE, SOCIAL RESPONSIBILITY, AND ENVIRONMENTAL SUSTAINABILITY IN THE U.S. AND THE GLOBAL ECONOMY.

TO KNEE-JERK FREE TRADERS, I SAY THAT HUNDREDS OF MILLIONS OF CHILDREN WORKING IN HAZARDOUS JOBS IN BACK ALLEYS INSTEAD OF GOING TO SCHOOL IS UNACCEPTABLE.

THAT THESE DEFENSELESS, EXPLOITED CHILDREN SHOULD BE FORCED TO WORK UNDER BRUTAL CONDITIONS THAT CAN KILL OR MAIM THEM FOR LIFE IS OUTRAGEOUS.

THAT MOST ADULTS TURN A BLIND EYE TO THIS CRUELTY AND PROVIDE A MARKET FOR THIS SUFFERING IS INEXCUSABLE.

THE FACT THAT CURRENT TRADE RULES AT THE GATT AND WORLD TRADE ORGANIZATION GO TO GREAT LENGTHS TO PROTECT PROPERTY RIGHTS, WHILE IGNORING THE RIGHTS OF WORKING PEOPLE (ESPECIALLY CHILDREN) SAYS MUCH MORE ABOUT THE HEARTLESS PRIORITIES AND GREED OF DOCTRINAIRE FREE TRADE ADVOCATES THAN THEIR LOGIC AND ETHICS.

INSIDE AND OUTSIDE THE HALLS OF GOVERNMENT, WE HAVE THE POWER TO CHANGE THIS SORRY STATE OF AFFAIRS. ACCESS TO THE AMERICAN MARKETPLACE IS POWERFUL LEVERAGE THAT SHOULD BE USED TO ENCOURAGE FOREIGN PRODUCERS AND IMPORTERS TO TREAT DEFENSELESS CHILDREN WITH DIGNITY AND NOT CONTEMPT.

WE CANNOT ACCEPT ANY LONGER THE SHAMEFUL, OUT-DATED TRADE POLICIES THAT FORCE AMERICAN WORKERS TO COMPETE WITH EXPLOITED

PAGE THREE

CHILDREN. ASK YOURSELF THIS QUESTION: WHAT DOES IT SAY ABOUT OUR COUNTRY THAT WE HAVE NUMEROUS IMPORT LAWS AND CONSUMER CAMPAIGNS TO PROTECT ENDANGERED PLANTS AND ANIMALS, BUT WE HAVE NO LAW AND ONLY A FEW CONSUMER CAMPAIGNS TO PROTECT CHILDREN WHO ARE FORCED TO WORK AGAINST THEIR WILL TO MAKE PRODUCTS FOR SALE IN THE U.S. MARKETPLACE?

SOME TEENAGERS IN MY HOME STATE OF VERMONT HAVE ALREADY BEGUN TO SPEAK OUT AND DEMAND ACTION IN DEFENSE OF KIDS OVERSEAS WHO CANNOT HELP THEMSELVES. I APPLAUD THEIR HUMAN RIGHTS LEADERSHIP AND I HOPE THIS CONGRESS WILL GO BEYOND THE RECENTLY-ENACTED BAN THAT I AUTHORED TO CUT FOREIGN AID TO COUNTRIES THAT FAIL TO ENFORCE THEIR OWN CHILD LABOR LAWS AND TO KEEP ANY IMPORTS MADE BY CHILDREN UNDER 14 WHO ARE EMPLOYED IN MANUFACTURING OR MINING OUT OF THE U.S. MARKETPLACE.

Testimony of Andrew J. Samet

**Acting Deputy Under Secretary for International Labor Affairs
U.S. Department of Labor**

Joint Hearing on International Child Labor

**Subcommittee on Economic Policy and Trade
Subcommittee on International Operations and Human Rights**

**Committee on International Relations
United States House of Representatives**

October 22, 1997

Good afternoon.

Madame Chair Ros-Lehtinen, Chairman Smith, Ranking members Gejdenson and Lantos, members of the Subcommittees, I am most pleased to be with you to discuss an issue of great concern to the Department of Labor and the Clinton Administration -- the exploitation of child labor around the world. And I am also encouraged to note that we have been working with your support and encouragement to place the issue of child labor more prominently on the international agenda.

I want to review with you how we see the scope of the problem of international child labor, what we have been able to do in the last few years to address it, and the additional steps that we will be taking in the near term to continue our efforts.

First, as you are all aware, the exploitation of child labor is not a new problem. For example, since 1919, the International Labor Organization has adopted some 20 conventions concerning the minimum age for the employment of children and the protection of their health and safety at work. And these international standards are largely reflected in the national laws of most nations of the world. Unfortunately, despite this long history of effort, the abuse of children in work, as well as child poverty, child slavery, and the commercial sexual exploitation of children are still

problems to be solved. Having laws and enforcing laws are too often rather separate matters.

More fortunately, the issue is once again at the top of the international agenda. And in the last few years, we have seen greater focus on this issue by governmental officials, international organizations and private sector participants. Indeed, although one might be tempted to be cynical about the number of international conferences that have taken place or are planned on the child labor issue, this interest does reflect the type of attention that is a necessary foundation to bring the results that we all seek. And it has helped us to generate better information about the problem of child labor.

The International Labor Organization now estimates that there are 250 million children working in the developing world, with 120 million of these working full time. Of course, not all of these children are working under illegal or otherwise unacceptable conditions, but tens of millions of them are. It is our view that illegal, unsafe work by children -- which may well rob them of their chance for an education and is often clearly dangerous to their physical well-being -- should not be tolerated.

No rationalization is acceptable when young children are denied education and compelled to work full-time for very long hours under very dangerous conditions.

In our work in the Bureau of International Labor Affairs, we have found around the world the following types of outrages:

- Children in glass factories exposed to intense furnace heat, with no protective clothing, even without shoes.
- Young girls trafficked over long distances and sold into prostitution enterprises.
- Young boys on sugar cane plantations wielding machetes that result in self-inflicted, and even incapacitating wounds.

These types of child labor are intolerable and must be stopped.

Of course, at the same time that we intensify our efforts to banish intolerable child labor, we do not hold the view that no child should ever do any work of any kind. On the contrary, appropriate types of work can be beneficial..

But working children must be safe and they must not see their education compromised. For we all recognize that the education of children is central to how successful our societies will be in the next generation. And there is a strong correlation between compulsory education and declines in child labor.

Secondly, let me review with you some of the things that we have been able to do to respond to

our concerns about child labor.

- Since 1993 we have completed a series of reports on child labor issues. These include volumes that provide information on children that work in the manufacturing, mining, agricultural and fisheries industries, and children in forced and slave-like conditions. We have also published volumes on the use of codes of conduct in the apparel industry and their impact on reducing child labor and other exploitative working conditions. A fourth report will be released shortly, and this examines the use of consumer labels to combat child labor in the hand-knotted carpet, soccer ball, footwear and tea industries. We expect to begin a fifth report to assess the scope of progress on the child labor issue, and to attempt to better identify those strategies that seem to have had a positive impact.
- Since fiscal year 1995, we have been appropriated funds to support the ILO's International Program for the Elimination of Child Labor -- IPEC. We are pleased that Congress has included additional funds in our FY 1998 appropriation which is awaiting final enactment. Through IPEC we have been able to fund innovative projects that have included a program to remove children from the garment industry of Bangladesh and place them in schools. We have funded projects in Thailand to help girls at risk of being forced into prostitution; a program in Brazil to help remove children from the footwear industry; a program in Africa to address the needs of children in plantation agriculture, and a program in the Philippines to complete a national statistical survey.
- As a result of an important collaboration with members of Congress, including Chairman Smith, we have successfully encouraged the soccer ball importers in the United States to work with their suppliers in Pakistan to stop children from spending their days hand-stitching soccer balls, and to place them in schools. Again, working through the IPEC program we will this week formally commit funds that will help the 7,000 children identified by the ILO to be working in this industry, and to place them in schools. A monitoring program is part of the arrangement so that children will not reenter the industry.
- We have also pressed for greater focus on the child labor issue at the ILO, and in 1996 at the request of the former Secretary of Labor the ILO held a special meeting of nearly 100 of the world's labor ministers to discuss additional approaches that could be taken to reduce exploitative child labor. One result was an agreement to draft a new international convention that will more clearly identify those forms of child labor that are intolerable and ought to be abolished immediately. This convention will be debated in June 1998, and is expected to be ready for adoption by June 1999.
- We have also raised the child labor issue bilaterally with a number of nations, and it seems likely that our concerns have had at least some impact in the public commitments that have come from the leaders of many countries in South Asia, Latin America and Africa to do more to eliminate child labor. Just a few years ago, these leaders were more

likely to deny the existence of such problems.

- We also encourage initiatives in the private sector to eliminate child labor. These include voluntary codes of conduct and labeling efforts. And, at our request, the ILO has undertaken research on codes of conduct and labeling so that such information can be more widely distributed around the world to governments, employers and unions.
- President Clinton has also welcomed the efforts of companies, unions and non-governmental organizations that have come together as the Apparel Industry Partnership. This partnership has developed a workplace code of conduct -- which includes a prohibition on child labor -- and principles on monitoring. The partnership is currently completing work on establishing an association that will oversee the implementation of the code and monitoring and will undertake a consumer information component such as labeling.
- No doubt child labor concerns were also a prominent reason why Congress passed legislation encouraging the Administration to seek a WTO working party on labor standards issues. Although we did not succeed in this regard at the Singapore ministerial, we clearly saw the impact of the child labor concern as the world's trade ministers for the first time included language in a declaration about the importance of implementing core labor standards. We have also urged international financial institutions, such as the World Bank, to assure that their development projects are consistent with the objective of eliminating child labor, and have been encouraged by President Wolfensohn's personal commitment to address this issue.
- We also took the step of denying tariff preferences under our GSP program to Pakistan because of child labor concerns in the surgical instruments, sporting goods and carpets sector. The new legislation that was just enacted that will permit the Customs Service to bar entry to items produced by forced or indentured child labor will give us an additional tool to assure that governments around the world are focused on eliminating this type of abuse.
- We have also used the mechanism of the North American Agreement on Labor Cooperation to engage Mexico and Canada on child labor concerns in North America. We have held two joint workshops in February and October 1997, to review the scope of inappropriate child labor in the three countries, and to discuss additional methods to reduce the problem.

Finally, let me conclude with a few comments about what we hope to be doing in the near future.

First, we hope to be able to continue doing some of the things that we believe are having a positive impact. These include additional reports of the type that we have done in the past. And

providing additional funds to the IPEC program.

Second, we will be working to strengthen the measures available to the International Labor Organization to hold countries accountable for exploitative child labor. In addition to the new convention I already mentioned, the ILO is now engaged in a negotiation that might result in the most important development in a half century in terms of the ILO's ability to bring pressure on its member states to stop child exploitation, and other abusive working conditions. We will do what we can to see that succeed. We also will continue to use other international organizations as appropriate to address the child labor issue.

Third, we will continue to engage other governments on this issue. For example, Secretary Herman will be meeting with the labor ministers of Central America on November 4, and the issue of child labor will be a part of that discussion. When Secretary Herman meets with the Hemisphere's labor ministers under the auspices of the OAS in Chile in February, again, child labor will be a part of that discussion.

Fourth, we will encourage and support innovative partnerships in the private sector, such as the Apparel Industry Partnership, that have the potential to improve working conditions and eliminate the use of child labor. These initiatives can have positive and rapid impacts on eliminating abusive working conditions.

Fifth, the Administration supports the type of fast track legislation that has been approved by the Ways and Means and Finance Committees that specifically references our concern that exploitative child labor be addressed in future trade negotiations. In that regard, the Administration urges the Congress to enact fast track legislation this year which will help us to continue to make progress to deter exploitative child labor.

Thank you.

Statement of R.J. Taylor
President of
Taylor & Fulton, Inc.
Palmetto, Florida

On behalf of
Florida Farmers & Suppliers Coalition, Inc.
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1-800-895-2221

Before the
Subcommittee on International Operations & Human Rights
and
Subcommittee on Economic Policy & Trade

Committee on International Relations
U.S. House of Representatives

October 22, 1997

Statement of R. J. Taylor

Mr. Chairman, committee members:

Thank you for the opportunity to be here today to talk about child labor. The issue of child labor is a world wide problem. According to UNICEF, more than 250 million children between the ages of five and fourteen work side by side with adults. I am here today to show you that the use of children in the fields of Mexico to produce cheap crops is a real problem and a serious issue. My presentation today will be limited to a four minute video of footage shot in Mexico earlier this year.

In the area of Culiacan, Sinaloa, where most of Mexico's export agricultural industry is located you find two classes of children, those found in day care much as you would find in our country and then those found working in the fields. To see the difference, just miles apart, tells you that it doesn't have to be this way. These children of the fields are mostly Oxacan Indians brought in to prepare and harvest the crops. Whole families working in horrible conditions for three dollars a day. It is bad enough that these workers are subjected to unsanitary practices, pesticide abuses and living conditions that are unbelievably bad but when those workers are children, something must be done.

Last winter, I participated in the filming of a documentary showing the true conditions on farms south of the border. This short video is an out take from the larger piece. The film was produced by Rafael Oller of Ninety Miles Films, an award winning investigative reporter from Miami. We have over eight hours of raw footage documenting the conditions in which these children are living and working.

As the old saying goes, "one picture is worth a thousand words". Please take a look at this short video. If there are any questions afterwards, I will be happy to answer them. Also, representatives of Ninety Miles Films or our consultant, Trans-Tech-Ag will be available to answer any written questions the committee may submit later.

CHILDREN OF THE FIELDS

VIDEO NARRATION TRACK

The following documentary was filmed entirely in the early months of 1997, and reflects the current practices of the U.S. and Mexican Vegetable Industries.

In the United States, farm workers enjoy better living and working conditions than ever before. Agricultural employers, and their farm workers, are guided and protected by laws and regulation developed for more than a generation. For example, the Migrant and Seasonal Worker Protection Act, known as MISPA, sets standards for farm worker housing, transportation and working conditions, including safety. Other federal laws set guidelines for wages, workers' compensation, and the minimum ages for employment.

U.S. Farm labor housing, as seen here in Palmetto, Florida, is clean and well furnished, with all the utilities and amenities that might be found in a typical American home. Children here spend their days in school, preparing for their futures in agriculture or some other career.

Their parents and other employees work on farms and in packing houses that meet an assortment of state and federal regulatory standards. Thanks to this government oversight, farms in the United States are safer and produce the best crops of anywhere in the world.

Across the border, in the highly agricultural Culiacan region of Mexico, the living and working conditions for farm workers and their families are clearly worse than those of other residents. At this Culiacan day care center, children are well fed and well dressed, receive regular health care and appear to lead normal, happy lives.

However, just a short distance away, you can find Culiacan farm workers and their families living in these tar paper shacks, with no electricity, running water or toilets. The living conditions are cramped and dirty, with nothing more than dirt for a floor. Residents here are forced to get drinking water from a nearby irrigation ditch...the same ditch into which these outhouses discharge human waste.

Conditions for these farm worker families are no better in the fields. Here you see children as young as six or seven years old, struggling to keep up with adult workers. This young girl can barely carry this bucket of tomatoes, much less lift it into the gondola. On this farm, entire families, bussed in from other parts of Mexico, work the field. There are no minimum age requirements, and it is typical to see toddlers waiting all day in the hot sun while their parents and older siblings earn a day's pay. Here, a mother nurses an infant while a dangerous pesticide is being sprayed just a few feet away.

The same can be seen in the nearby packing house, where young children work through the day and into the night, surrounded by dangerous machinery...conditions that clearly would not be legal in the U.S.

Children of the Fields
Video Narration Track
page 2

In the United States, the EPA heavily regulates the use of pesticides on farms, with an assortment of rules designed to protect the health and safety of farm workers.

By contrast, in Mexico, farm workers are routinely exposed to highly toxic or deadly pesticides in the fields. You'll see no protective clothing as this worker in Culiacan mixes Thiovac, an endosulfan, one of the most highly toxic pesticides available. The manufacturer's label warns that workers must not re-enter the field for two days after Thiovac application. But on this farm, harvest workers can only cover their faces for protection as this poison is sprayed just one row away.

These children of the fields are the innocent pawns of Mexico's farm industry, controlled for the most part by large Mexican corporations. Amazingly, U.S. consumers unwittingly support these child labor conditions with every Mexican farm product they buy. Are the fundamental rights of safety and health for Mexican children any less than those in the United States? Shouldn't we demand the same protection for all children?

There is a way. The International Labor Elimination Act seeks to impose certain sanctions on countries that do not prohibit child labor. The bill would send a strong message to foreign employers who take advantage of young children, and not just on Mexican farms, but in fields and sweatshops around the world.

Unless we act now, yet another generation of children will be forced to waste their childhood in the fields.

Testimony of

Edward E. Potter

International Labor Counsel

for the

U.S. Council for International Business

on the

Impact of Child Labor on Free Trade

Before the Joint Hearing of the

Subcommittee on International and Economic Policy and Trade

Subcommittee on International Operations and Human Rights

Committee on International Relations

U.S. House of Representatives

October 22, 1997

the adoption of such a declaration on the June 1998 ILO Conference agenda. Once such a declaration is adopted by the ILO there will be a multilateral system to monitor and address the worst forms of child labor that will apply even in countries that have not ratified international child labor standards.

Trade Sanctions: The Wrong Tool for Dealing with Child Labor Problems

Now let me explain why in our view trade sanctions are likely to prove counterproductive in curing child labor abuses. The U.S. Council and the world's organized business community's approach to child labor is based on several incontrovertible propositions.

1. Child labor is to a great extent caused by poverty and the long-term solution lies in sustained economic growth leading to poverty elimination and universal education. Open trade and investment are essential to economic growth. Economic growth leads to higher levels of employment and living standards. Trade has been the engine of worldwide growth in the past 15 years, increasing in real terms at an annual rate of about 5 percent while the growth rate for the world economy has averaged about 3 percent. Incidentally, for the U.S. economy to benefit from these trends, it is essential that Congress grant the Administration negotiating authority for trade agreements.

2. Conversely, multilateral or unilateral imposition of trade sanctions, economic penalties, or import restrictions for child labor abuses can only hurt economically the very children that proponents of such solutions are seeking to protect. Such strategies also fail to appreciate the adverse consequences on children and their families. As the chart attached to this testimony shows, child labor standards improve progressively with the rising standard of living that results from development. Moreover, it needs to be understood that the vast majority of children

working in egregious circumstances are working in domestic enterprises, and not industries engaged in international trade.

3. Much has been made of the role of low labor standards in attracting investment in one country or another. This view is a serious distortion of what really happens. In fact, the primary reason for foreign investment is to gain access to markets in other countries. Other factors influencing investment decisions include: availability of adequate transportation, communications, infrastructure, and financial and business services; vendor and client considerations; tax structures; workforce characteristics; and natural resources. The key consideration is not low labor standards or low wage rates. In any event, the overwhelming majority of U.S. businesses investing overseas apply their best workplace practices, usually those found in the United States.

4. All segments of society—governments, employers, workers and their organizations—should work actively for the “progressive” elimination of child labor. The idea that child labor practices can be eradicated immediately fails to recognize the intractability of the problem even in countries striving to solve the problem. Experience under the ILO’s supervisory machinery with countries with child labor problems that have ratified the ILO’s forced labor conventions, such as Pakistan and India, as well as under the ILO’s IPEC program, makes abundantly clear that child labor is a complex problem that requires long-term action tailored to individual national circumstances. A broad range of support activities targeted at working children and their families are required. These include establishing day care centers, schools and training facilities, including training of teachers. Increased access to basic education and primary health care are crucial to the success of any effort to eliminate child labor.

5. At the same time, as reflected by the tripartite decision to develop a new ILO standard on child labor to be adopted in 1999, there is an international consensus on the need to move quickly to abolish the most intolerable aspects of child labor, namely, the employment of children in slave-like and bonded conditions, and in dangerous and hazardous work, including the exploitation of very young children and the commercial sexual exploitation of children.

In summary, child labor is a complex issue, which is primarily the product of poverty. Simplistic approaches, such as trade sanctions, social labeling schemes, consumer boycotts, and import restrictions, will have the counterproductive effect of throwing children out of work without alternative means of livelihood for them or their families. In response to such economic pressures, there are well known instances of affected employers emptying their factories of children, effectively putting them on the street with no recourse but to engage in prostitution, begging or, at best, work in far less-favorable conditions. Any effective long-term solution to the problem must be based on sustained economic progress of which trade and education are key components.

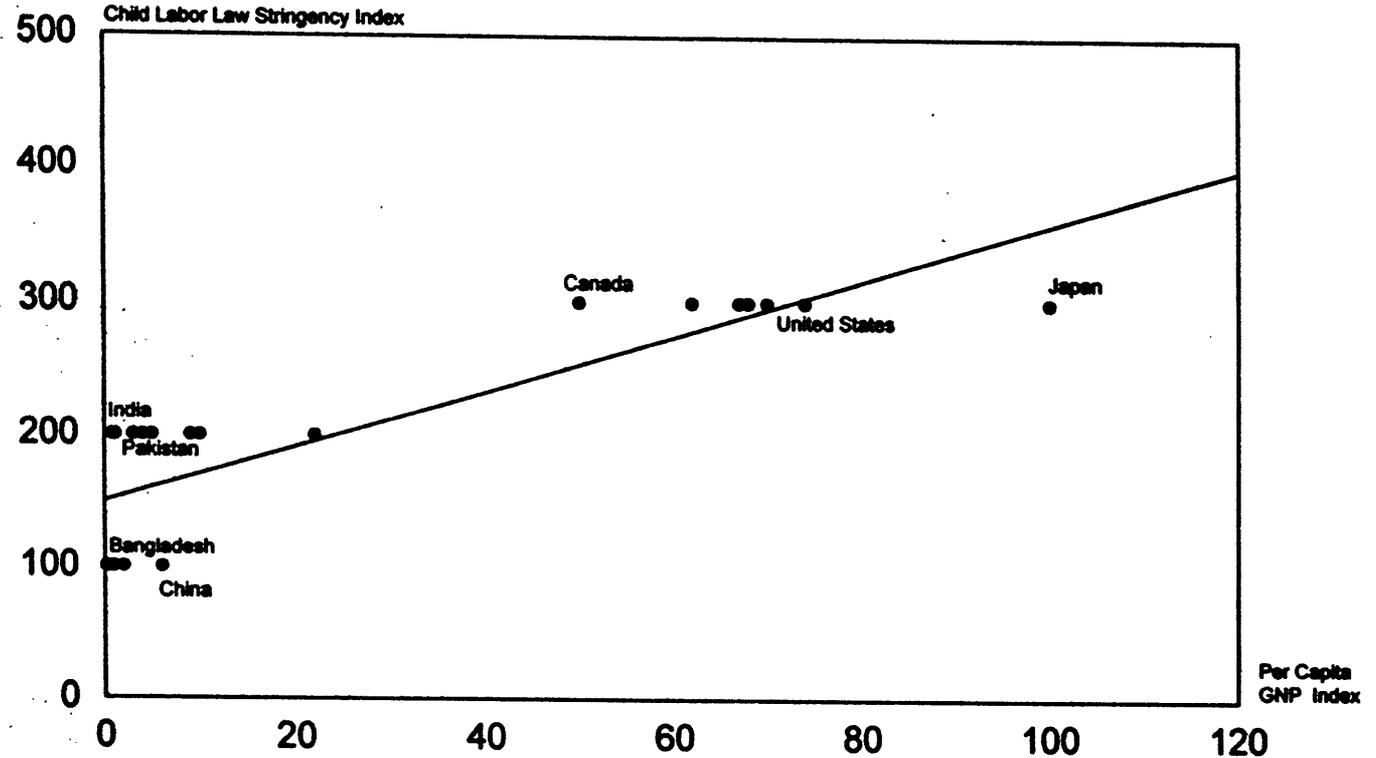
The principal aim of policy should be to take immediate action on the worst abuses of children—the employment of children in slave-like and bonded conditions, in hazardous circumstances, and in prostitution—to prevent the growth of child labor, and to work towards its progressive elimination in all sectors. There is no universal solution but strategies must be comprehensive, taking into account the circumstances of children, their families, their communities, and the industry concerned. Some American companies have led the way in showing that, rather than simply removing children from the workplace, effective strategies must include measures that deal with the totality of the problem, including welfare, health care, day

care facilities, improved working conditions, the development of alternative employment opportunities, training of adults, development of small enterprises, and upgrading technology.

It is clear that the one-solution-fits-all-problems approach cannot deal constructively with the child labor issue. The organized employers community believes that this matter is best tackled through cooperation, example, and sympathetic assistance on the ground rather than politically-motivated coercion on the part of wealthy importing countries.

This concludes my testimony. I would be glad to answer any questions that you may have.

Child Labor Law Stringency and Economic Development



Data Source: Dani Rodrik (1996) "Labor standards in international trade: Do they matter and what do we do about them?" in *Emerging Agendas for Global Trade*. Washington DC: Overseas Development Council; U.S. Statistical Abstract 1996.

Note: The higher the value of the Child Labor Law Stringency Index, the better labor protection law a country has. The original index in Rodrik(1996) is rescaled for this analysis. There are altogether 22 countries, both developed and developing ones. Per capita income is converted to an index with Japan's per capita income in 1994 as 100. 1994 real per capita income is used.

**Testimony of
Anthony G. Freeman
Director, Washington Branch Office
International Labor Organization**

**Subcommittee on International
Economic Policy and Trade**

**Subcommittee on International
Operations and Human Rights**

**House Committee on International Relations
Open Joint Session on
The Impact of Child Labor on Free Trade**

**October 22, 1997
Washington, D.C.**



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Distinguished co-chairs and members of the House Committee on International Relations, my name is Tony Freeman, and I am Director of the Washington Branch of the International Labor Organization, a specialized agency of the United Nations headquartered in Geneva, Switzerland.

We are pleased to have the opportunity to provide information on the topics to be covered at this open session. Child labor in today's world is a massive problem. At the very least, child labor keeps children out of school and doomed to illiteracy and poverty. At its worst it can lead to injury, disease and even death. Child labor is thus a human rights issue and a development issue, and since about 5 percent of all child labor is engaged in the manufacturing of internationally traded products, also an issue of globalization. Consequently, child labor needs also to be seen in the wider context of the debate over core labor standards and globalization. Let me begin with a brief review of the state of child labor around the world today, as we know it.

Child labor in the world today

As the U.S. Department of Labor points out in its 1994 report to Congress entitled "By the Sweat & Toil of Children," statistics on child labor are in general fragmentary and suspect. Many governments, especially in the developing world, lack an adequate system for obtaining accurate data on child labor. Moreover, they are reluctant to document activities which are often illegal under their own laws, violate international labor standards, and are perceived by many as a serious failure in their public policy.

Though child labor exists in the industrialized countries and is emerging in many of the transition economies as well, it is mostly prevalent in the developing regions, not only for economic reasons, but simply because that is where 87 per cent of the world's children live. Following experimental surveys in a number of countries, the ILO's Bureau of Statistics now estimates that "in the developing countries alone, there are at least 120 million children between the ages of five and 14 who are fully at work, and more than twice as many (or about 250 million) if those for whom work is a secondary activity are included." Asia has the largest absolute number of child workers--with an estimated 61 per cent of the world total, as against 7 per cent for Latin America. But Africa has the highest incidence, now estimated at around 40 per cent of all children between five and 14.

Child workers are found in a wide range of economic activities. The largest numbers work in family-based agriculture, in services (domestic servants, restaurants, and street vending), prostitution, and in small-scale manufacturing (carpets, garments, furniture, etc.). Most children work in the "informal" economy, which is generally not regulated by national law, rather than in the formal economy, although subcontracting in such industries often blurs the distinction between formal and informal.

As stated above, only a very small percentage of all child workers, probably less than five percent, are employed in export industries. And they are not commonly found in large enterprises. The vast majority of child workers are unpaid family workers employed in small

production units of the urban informal sector and the rural traditional sector. Though the share of urban child labor is increasing steadily with the rapid urbanization of developing countries, the participation rates of children in economic activity remain globally much higher in rural areas.

As the U.S. Department of Labor found in its study, there are many and complex reasons why children in developing countries work from an early age--some times as young as five or six. Those seeking to explain the use of child labor frequently point to traditional patterns of economic life and maintain that child labor is a time-honored and inevitable fact of life that is part of the natural order. They view poverty and survival as the driving forces and can envisage a significant reduction in child labor only in the context of industrialization and economic development. Poverty is indeed the major cause of child labor, but there are many other contributing factors. Many child laborers, in the absence of free and compulsory schooling, lack a meaningful educational alternative. Too many children--those condemned to bonded labor because they come from a less privileged group, ethnic minority, or caste, work to repay debts incurred by their parents. Still others are kidnapped, or recruited by unscrupulous agents to work away from home as a source of cheap labor in many industries. Yet, the amount of money earned by most child workers is generally a small contribution to the family income. Although children work because they are victims of poverty, by working instead of being educated, they tend to perpetuate the cycle of poverty.

The ILO and its work

The ILO's mandate is to advance human rights in the workplace, to improve working conditions, and to promote employment.

The ILO is unique in that the representation of the 174 member countries is tripartite. Workers, employers and governments meet at every stage of the ILO's work to debate, decide policy, and to approve the program and budget. These three constituents also work together in the field to design and conduct programs. Tripartism is a vital principle in industrial relations around the world, and it is an important element in the strategy of the ILO's International Program on the Elimination of Child Labor.

From its outset in 1919, the ILO's core mission has included the elimination of child labor. The role of the ILO is to set, promote and monitor member state compliance with international labor standards set forth in ILO conventions. To date 181 conventions have been adopted (with varying rates of ratification). So there has in fact been for some time a functioning system of international labor standards that is backed up by a unique supervisory machinery that works on the basis of moral commitment and promotional activities, but not on the basis of economic sanctions of any kind. This system has weathered the challenge of the Great Depression, the rise of fascism and the Second World War, and communism and the Cold War. The most notable of the ILO's conventions relating to child labor are No. 138 on minimum working age, and convention No. 29 on forced labor.

Last year, the Governing Body of the ILO decided that these standards were not sufficient to address the concerns of the ILO's members on child labor and announced the intention to develop a new convention to abolish the most intolerable forms of child labor. The focus of existing conventions on minimum working age and forced labor does not assure the abolition of child labor. The new convention would oblige members that ratify it to suppress immediately all extreme forms of child labor, including all forms of slavery or practices similar to slavery; the sale and trafficking of children, forced or compulsory labor, such as debt mortgage and serfdom; the use of children for prostitution and pornography; and the engagement of children in the most dangerous work. The new convention would also require governments to take all necessary measures to ensure its effective enforcement including the provision and application of criminal penalties.

Under the ILO's two-year cycle for setting standards, discussion of this draft convention will begin in 1998, with final adoption scheduled in 1999. Once adopted, we hope that member states--especially the United States--will give high priority to its ratification. When adopted, this new convention will reinforce and facilitate the ILO's ability to deal with the most abusive forms of child labor through its labor standards machinery, and it will underscore that member states have given the fight against child labor through the ILO the highest priority.

Technical assistance is another important service the ILO provides to member states. Countries unable to meet certain ILO labor standards, including those addressing child labor, often ask for help in order to bring their law and practice into conformity with ILO conventions. The ILO's International Program on the Elimination of Child Labor currently operates in 28 countries. Preparatory work is being, or has been carried out in another 32 countries. The IPEC budget is entirely financed by voluntary contributions. Total resources pledged to date for the period 1991-2001 from 12 countries are \$82 million. There is a growing and considerable need for more assistance through IPEC, and its resources should be increased significantly if it is to expand effectively. In this regard, it is heartening to note the contribution of \$5.1 million from the U.S. Government--the third largest contribution after Germany and Spain.

I will not go into the history, philosophy, or work program of IPEC in any detail here, as I was privileged to testify before the Subcommittee on International Operations and Human Rights on this subject in July of last year. You may wish to review that testimony for further details and we would be pleased to follow-up with any additional information you may need on the Program. I do wish to bring you up to date, however, on two specific IPEC projects which are being funded largely with the assistance pledged by the United States.

■ **Bangladesh Garment Industry Project**

Significant progress has been made in meeting the objective of the Bangladesh project, which is to eliminate child labor in the production of garments, which are mostly exported to the United States. The agreement signed July 4, 1995, between the ILO, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and UNICEF

provides for all child workers in the ready made garments sector to be removed from garment factories and enrolled in special schools established under the agreement. The agreement provides that the children will be removed only as schools are made available for them and forbids any new hiring of underage workers once all schools have opened. Monitoring teams established by the ILO make unannounced visits to factories, reporting violations to a steering committee for action. The initial survey conducted under the agreement found a total of 10,547 child workers in Bangladesh's garment factories verifiably below the age of 14. Out of 1314 factories re-inspected in the first four months of 1997, the number of factories still employing children had been reduced to 12% of the total--significantly down from previous inspections.

A system for the disbursement of an allowance has been set up to compensate the families of the ex-working children for the loss of income, which is contingent on the regular school attendance of the children. As of January 31, 1997, 8,031 former child garment workers were enrolled in 316 schools. Four schools have introduced skill training programs, which will gradually be extended to others. The next phase of the project will focus on strengthening the general non-formal education programs and providing the older children with vocational training to facilitate transition to better paying jobs.

■ Pakistan Soccer Ball Industry Project

In February 1997, the Sialkot Chamber of Commerce and Industry (SCCI) entered into a "Partners' Agreement" with the ILO and UNICEF to gradually eliminate child labor from the production of soccer balls in Sialkot, Pakistan, as credible alternatives are provided. According to some estimates, close to 75 per cent of the world's hand-stitched soccer balls are produced in Sialkot for export, which generate \$1 billion in annual retail sales. This marks the first time that multinational corporations and their local suppliers have joined with international organizations in an agreement to eliminate child labor from a specific industrial sector. This was the result of the worldwide attention given to the use of child labor in this industry and an ILO study which estimated that 7,000 children between the ages of five and 14 were working full-time stitching soccer balls in Sialkot.

The agreement covers a 24-month project estimated to cost over \$1 million, which will be funded by contributions from SCCI in Pakistan, the Soccer Industry Council of America, and UNICEF. U.S. funding (\$755,744) from the Department of Labor, as confirmed in an announcement released yesterday, will support ILO-IPEC's role in the project. The Government of Pakistan welfare fund is also expected to contribute to salaries of teachers, grants to children and their families, and the establishment of a revolving fund for credit, savings, and stipends.

It is currently envisaged that the prevention and monitoring program will involve a dual system of internal monitoring by the participating manufacturers themselves, verified by

an external monitoring system which will be established under the supervision of the ILO. The ILO is now in the process of setting up a monitoring system which will use the same principles and techniques as in the Bangladesh project. The agreement calls for the participating manufacturers to move 100% of their production to centralized registered stitching centers within 18 months of joining the program. All stitchers younger than fourteen years of age are to be placed in social protection programs and qualified members of the family will be offered to take the place of the children at work.

Core labor standards and trade

The issue of trade and international labor standards is not new. In fact, it predates the establishment of the ILO in 1919. The objective behind the establishment of the ILO was to undertake joint international action to improve labor conditions worldwide. This is reflected in the Preamble to the Constitution of the ILO, which begins:

Whereas universal and lasting peace can be established only if it is based upon social justice; and whereas conditions of labor exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled...; Whereas also the failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries;...

Therefore, in addition to humanitarian concerns about social justice and the apprehension over social unrest that could imperil world peace and harmony, a third motive for establishing the ILO rested on a perceived need to eliminate negative cross-border externalities generated by countries which fail to observe humane conditions of labor. The "trade and labor standards" or "social clause" issue was also the impetus for crafting the provision in the Charter of the aborted International Trade Organization of 1948 which states that, "the Members recognize that unfair labor conditions, particularly in production for export create difficulties in international trade..."

The international debate at the multilateral level concerning whether trade liberalization under the GATT--and now under the WTO--should be conditioned on observance of labor standards, has been promoted by the major trade union organizations of the world with increasing insistence since the advent of the global economy. The trade union organizations, with some support from the United States and other industrialized countries, have argued that the workers of the industrialized countries should not have their jobs exported to developing countries of the South on the basis of "unfair competition" in the form of repressed trade union freedoms and labor exploitation, including child labor, in the South. They argue that the membership dues for admission to the WTO and the expanded access of their goods to the markets of the industrialized countries under the liberalizing trade benefits of the Uruguay Round should include a mechanism for ensuring that the benefitting countries abide by a core set of commonly agreed-on workers' rights which all countries should respect.

The case of proponents of a social clause has been based essentially on arguments about fair trade, buttressed by concern over child labor and other exploitative labor conditions. The rationale for including a social clause in trade agreements rests on the need to eliminate unfair trade competition deriving from labor exploitation and the conviction that trade sanctions are the most effective means of achieving this. Trade union proponents of a social clause fault the ILO's existing voluntary system of international labor standards as being inadequate to the challenge of globalization, because it has "no teeth" beyond the moral sanction of pronouncements by an international body.

The case of opponents has been essentially to reject this by questioning the motives of the advocates of a social clause. Their argument is that any linking of labor standards to trade is a disguised form of protectionism. Underlying this apprehension over protectionism is the belief that higher labor standards are inimical to the growth prospects of developing countries, interfering with their comparative advantage and creating market distortions. This position also implies a rejection of the claim that some developing countries are guilty of unfair trading practices. Although the existence of child labor and other forms of labor exploitation is acknowledged, this is perceived as an effect of underdevelopment and poverty and not the result of conscious policy or neglect. Thus the appropriate response, according to this reasoning, should be expanded access to industrialized country markets in order to raise growth and reduce poverty, not the introduction of unjust trade sanctions.

There is thus a deep fault line of distrust between industrialized and developing countries over these issues. Since 1994, this question has been under debate by a working party in the ILO's Governing Body on the social implications of the liberalization of trade. In order just to keep the debate alive and prevent a walk-out by the developing countries, the Workers Group in the ILO, which represents all the principal national trade union organizations in the world, was compelled early on to make the strategic concession of agreeing to take the issue of sanctions off the table. The debate in the ILO has helped lead to a consensus that the "core" ILO standards relating to freedom of association and the right to collective bargaining (conventions Nos. 87 and 98), the prohibition of forced labor (conventions Nos. 29 and 105), equality of treatment and non-discrimination in employment (conventions Nos. 100 and 111), and minimum age (convention No. 138), together with the possible addition of a new convention in 1999 calling for priority action against the most intolerable forms of child labor, are the only criteria which should be taken into account in connection with questions of globalization. This short list of core labor standards was identified by the UN Social Summit in Copenhagen in 1995. There is growing acceptance in international organizations that the core principles behind these standards are universal human rights which should be observed by all countries, notwithstanding their social or political system or stage of economic development. That is, the concept is that these rights do not automatically translate into higher labor costs and therefore do not interfere with the natural comparative advantage of lower cost countries. In fact, some would argue that respect for these core standards is consistent with, and supportive of, economic growth and development, i.e. it could very well improve economic efficiency, as well as equity, in the developing countries.

Whether or not greater adherence to international labor standards might retard economic development can only be settled empirically. The fact is that there have been insufficient empirical studies of this subject. So far, however, fears of this happening do not appear to be well-grounded. A landmark OECD study in 1996 found, for example, "The view that argues that low-standards countries will enjoy gains in export market shares to the detriment of high-standards countries appears to lack solid empirical support (but) these findings also imply that any fear on the part of developing countries that better core standards would negatively affect either their economic performance or their competitive position on world markets has no economic rationale." The OECD study concluded that "core labor standards do not play a significant role in shaping trade performance."

At the WTO Trade Ministerial in Singapore last December, the U.S. and a few European allies, over the objections of most developing countries led by those from South and East Asia, sought to put a discussion of the linkage between core labor standards and trade on the WTO work agenda. This led to a sharp debate which concluded with the following carefully-worded Declaration:

1. We renew our commitment to the observance of internationally recognized core labor standards.
2. The International Labor Organization (ILO) is the competent body to act and deal with these standards, and we affirm our support for its work in promoting them.
3. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards.
4. We reject the use of labor standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question.
5. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration.

In response to this challenge, the ILO's Governing Body will in November discuss a series of new ILO initiatives to improve observance of the ILO's core labor standards including:

- A Declaration to be presented for adoption in 1998--should the Governing Body so decide--which would confirm that the principles embodied in the ILO's core conventions are inherent in the ILO Constitution and the Declaration of Philadelphia, and that working towards respect for these principles is a commitment made by members countries when they join the ILO. The Declaration would cover all members, whether or not they have ratified the relevant conventions.
- A promotional follow-up mechanism which could examine the trends toward implementation of the core principles even in countries which have

not ratified the corresponding conventions such as No. 138 on minimum age.

The International Labor Conference in June 1997 had a preliminary discussion of these proposals, and the Governing Body will consider them at its meeting next month. Among the key items to be considered is the specific mechanism that needs to be established to implement the Declaration, taking into account existing procedures.

The approach represented by these proposals, together with the proposed new international child labor convention, present the most realistic prospect of breaking through the current impasse between the industrialized and developing countries and of establishing a new North-South compact on the question of free trade and core labor rights--including instilling a new sense of urgency in developing countries to eliminating child labor. Provided that a satisfactory agreement is reached, these proposals should also promote much-needed, stepped-up international financial support for technical assistance aimed at eliminating child labor, such as the ILO's IPEC program. The discussions in Geneva over these proposals are now at a very delicate stage. The International Labor Office, the secretariat of the ILO, welcomes the close attention, participation, support--and wisdom--of the U.S. tripartite constituents to the ILO in reaching a satisfactory conclusion.

