Monitoring Multinationals: Lessons from the Anti-Apartheid Era

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This article examines the construction and implementation of the Sullivan Principles, a two-decade effort to use corporate codes of conduct to improve the behavior of multinational corporations in South Africa under apartheid. Without organized social movement pressure, corporations would not have agreed to adopt the code, and corporate compliance required sustained pressure from the anti-apartheid movement. The system's independent monitoring process was problematic, and managers' definitions of "good corporate citizenship" were more guided by monitors' emphases than by substantive concerns. Based on the historic case, the article raises questions about the voluntaristic, stateless character of transnational corporate codes of conduct and questions whether such codes offer a viable strategy for improving working conditions.

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Over the past decade, discussions of international development have come to take for granted the idea that international trade will serve as the motor of economic growth: academic economists and policy makers alike, backed by the institutional power of international financial institutions, have reached an apparently seamless consensus. At the same time, of course, new technologies and new production strategies have spread industrial production across the globe, often coordinated by large multinational corporations. Combined, these two trends—the

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globalization of industrial production in a context of increasingly unfettered international trade—have prompted a search for new forms of regulation.

In an increasingly integrated world, many states—especially in developing countries, which depend on multinational companies for investment capital, technology, and access to new markets—find it increasingly difficult to enforce labor standards, environmental protection, or anticorruption rules. If states view economic growth as dependent on corporate investment decisions, and if workers feel that any industrial job is better than nothing, governments tend to scale back attempts to protect their citizens in the workplace. In the effort to attract investments, developing countries appear more likely to set aside "free trade zones" where national labor and environmental laws no longer apply than they are to enforce existing rules protecting workers' rights to organize, health and safety codes, or minimum wage laws - much less create new ones. Over the past twenty years, as "export-oriented industrialization" has become the watchword of international development institutions, the effort by developing countries to attract foreign investors producing for foreign markets seems to undermine any possibility that weak local states can protect their citizens or their communities from corporate greed.

Although scholars continue to debate the impact of globalization on political sovereignty, there is little doubt that something has changed in the economic sphere: the regulatory framework that worked for advanced industrialized countries in the mid-twentieth century—wherein national labor departments enforced labor legislation designed in consultation with organized trade unions—seems to lose its salience in a world where capital is mobile and markets are global. Increasingly, scholars and activists are beginning to explore new ways to regulate factories and production processes, looking for alternative ways to control global sweatshops and environmental degradation.[1]

Most of these proposals remain sketchy, but they share some key features. In general, they replace a state-centered vision of workplace regulation with international codes of corporate conduct, monitored by private agencies and enforced by engaged consumers. In this article, I first discuss some common features of these proposals, then hold these frameworks up against the one existing example we have of a long-standing experience of transnational corporate monitoring: the nearly twenty-year effort to monitor the behavior of American companies with subsidiaries or affiliates in South Africa. Although the anti-apartheid campaign is obviously distinct from most transnational labor movements, its focus on corporate involvement in the apartheid economy included close scrutiny of workplace issues and discussions of how to promote "good corporate citizenship"—including efforts to implement direct sanctions on corporations considered complicit in apartheid. While it is an unusual case, it is an important one: the effort to monitor and transform corporate behavior in South Africa helped shape subsequent discussions about corporate codes of conduct, and the experience illustrates the dynamics through which monitoring schemes are created. Furthermore, I will argue, the Sullivan Code illustrates clearly some of the limitations involved in creating and implementing voluntaristic codes. Through a detailed examination of the Sullivan process, I hope to highlight some questions about international labor monitoring and introduce some issues that are often overlooked in the discussion about how to improve workers' conditions transnationally.

CORPORATE CODES AND INTERNATIONAL MONITORING

Over the past twenty years, there has been a sea-change in multinational corporate culture: where once corporate executives insisted that their only concern must be making profits for shareholders, large corporations today appear much more willing to adopt codes of conduct to guide the behavior of their international affiliates, promising to ensure that their factories, and those of their suppliers and subcontractors, protect workers and environments. As privatized, voluntary commitments, codes of conduct represent promises on the part of major corporations that they will avoid egregious violations while they shift production to parts of the world where governments are too weak or too dependent to enforce labor codes or environmental standards. These codes reflect a growing sense in the business community that global corporate behavior may come under closer scrutiny in the future: business ethicists argue that companies will shortly find that socially responsible practice will become a new business imperative and a potentially significant source of competitive advantage.[2]

Discussions of corporate social responsibility generally rest on what is almost certainly an exaggerated vision of global transparency: new possibilities for rapid communication and the spread of information, combined with public concern about the conditions under which goods are produced, are expected to create new pressures for good corporate citizenship. Conceptualized in terms roughly parallel to the international human rights movement, business ethicists suggest that alert consumers will force corporations to improve the conditions under which their goods are produced, using codes—described by one ethicist as "an idea whose time has come"[3]—as a benchmark against which corporate behavior will be judged.

Discussions of corporate codes of conduct generally assume that socially irresponsible behavior will carry real costs. Companies that behave well will be rewarded by discriminating consumers, while corporations guilty of producing goods in sweatshop conditions will be exposed, "shamed,", and boycotted.[4] Frequently, discussions of corporate social responsibility cite telephone surveys in which two-thirds of American consumers say they care about the conditions under which goods are produced; such consumers, it is suggested, could wield real power—although, of course, as even code proponents acknowledge, these surveys reflect attitudes, not actual behavior.[5] Activists looking for more powerful evidence generally refer to a handful of successful campaigns—usually, the campaign to stop American investments in South Africa in the 1970s and 1980s, the effort to change Nestle's marketing strategies for infant formula from the late 1970s, and more recently, the campaign to publicize Nike's sweatshops, as well as a series of efforts in Europe to promote "social labeling" of goods produced under reasonable conditions—to justify the claim that consumers will punish corporate misdeeds.

These discussions tend to overlook problems that can stem from relying on consumer boycotts for workplace victories. From the point of view of workers, consumers are hard to organize: shoppers are fickle, and issues of price, brand, and taste often figure into their willingness to support calls for boycotts. When brand names are visible, or when substitutes are easy to find and affordable, consumer boycotts are plausible; but when a specific product is simply part of a larger product, when labels are not well-known or visible, when substitute products do not exist or are far more expensive, boycotts are much more problematic. Some consumers are easier to organize than others: boycotts against clothing stores aiming at college students, such as the Gap, have worked much better than boycotts against stores like Wal-Mart, where consumers may be more price sensitive and less informed.[6] But even successful consumer boycotts can prove problematic: unionists have repeatedly found that workers lose control of secondary boycotts to middle-class consumer advocates and may run into trouble when they want to call off the boycott to preserve the companies that employs their members. As Dana Frank **q1Frank(this volume)** succinctly asks, "Where are the workers in worker-consumer alliances?" **(p.).**

This concern is even more prominent in discussions of international labor: transnational consumer boycotts have rarely been either started or controlled by workers in developing countries. Generally, they have been instigated by transnational nongovernmental organizations (NGOs) and activists, often calling on consumers in industrialized countries to boycott goods produced in the developing world—a pattern that certainly reflects, if it does not reinforce, existing global inequalities and frequently raises the hackles of developing-country residents, including union representatives, who often suggest the decision to organize a boycott has been taken without consultation with the workers themselves. Even when labor unions from industrialized countries are involved in the decision, developing-country unionists may worry that the underlying motivation is more to protect lucrative markets from being flooded with cheap imports rather than to protect workers in developing countries.[7]

But whatever questions persist about whether international consumers are the group who ought to be invoked in efforts to promote worker welfare in developing countries, there is no question that leading voices in corporate discussions today expect that some consumers in industrialized markets will care about what happens in the developing world or that companies and consumers alike view codes of conduct as the way to demonstrate a commitment to good corporate citizenship. By 2002, scores of corporate codes of conduct had been designed by companies, various councils, churches, and even trade unions.[8] Although there are important differences between them—differences in how they were designed or why or by whom with what intent—corporate codes display several shared characteristics. They all involve processes that are essentially stateless, an entirely voluntary compliance with a privatized code monitored by internal auditors or private NGOs. In a world where states cannot police corporate behavior, it is argued, socially responsible corporations will have to agree to police themselves; the corporate code of conduct is said to represent a pact between consumers, shareholders, and ethical business leaders, demonstrating a voluntary commitment to good corporate citizenship in a global neighborhood.

By the early twenty-first century, these processes were beginning to take on increasingly complicated frameworks. Recently, some industries have begun to talk about industry-wide monitoring systems—especially, of course, the U.S. apparel industry, where the threat of shaming has real bite for companies that depend on their brand names to retain market share. From the late 1990s, debates on college campuses about the relative efficacy of the Fair Labor Association and the Workers' Rights Consortium in monitoring the conditions under which clothes carrying university logos are produced reflected the many questions that surround transnational monitoring: who does the monitoring? Who pays for it? Who sets the standards? Who reads the reports?

But even beyond the apparel industry and collegiate licensing, there is an increasingly vocal discussion about how to involve multinational corporations in monitoring themselves—essentially, invoking widespread management practices of benchmarking, continuous assessment, and self-study in efforts to raise workplace standards. Recently, several distinguished scholars have suggested separately that corporate codes and managerial involvement in upgrading industrial production could provide the basis for a larger framework to improve and monitor corporate behavior in the developing world. Recognizing that individual company codes are neither public enough nor extensive enough to ensure improvement in most industrial sites around the world, they argue that managements and international agencies together could develop larger codes and monitoring frameworks, gradually replacing national labor laws with a cooperative transnational effort to stop the "race to the bottom." Fung, O'Rourke, and Sabel suggest that consumers and corporate managements might support a self-improving monitoring system: if consumers look to NGO monitoring groups to distinguish between "good" and "bad" corporate citizens, and if nongovernmental monitoring groups can be coaxed to compete with each other for a good monitoring seal of approval from a global body such as the World Bank, the pressures to "ratchet up" both corporate citizenship and quality of monitoring could lead to steady improvement in global working conditions.[9] More recently, John Ruggie has offered enthusiastic support for the United Nations' proposed "Global Compact," suggesting that managerial strategies for improving productivity and quality could be translated into strategies for improving working conditions. In this vision, first proposed by U.N. Secretary-General Kofi Annan, the United Nations would coordinate discussions between managers, labor groups, and NGOs on how to design and gradually raise global standards while improving production processes.[10] These frameworks are beginning to have real-world impact. Most recently, the International Labor Organization (ILO) announced that with funding from the U.S. government, the ILO will work with managements of several apparel companies to monitor conditions in factories in Asia and Central America, starting in Sri Lanka, experimenting with precisely the kind of ratcheting or continuous assessment programs described in both Sabel's and Ruggie's proposals.[11]

Proposals for new monitoring schemes invariably refer to historical experiences—particularly the experience of monitoring multinationals in South Africa, but they rarely look closely at that experience. Yet it is worth examining that history more critically. It can be argued, I think, that the Sullivan framework is the closest experience we have with transnational monitoring, and so it is worth exploring in some detail. From 1977 to 1994, American companies with affiliates or subsidiaries in South Africa submitted to a voluntary code of conduct, called the Sullivan Principles, and were subject to independent monitoring. Managers faced real consequences for failing to comply with the code, and there were efforts to ratchet up the code through the nearly twenty years it was in force. The Sullivan signatories included a wide range of products, from pharmaceuticals to automobiles, computers to agro-industry; the code was applied in a relatively accessible site, where information about corporate behavior was relatively available.[12] After discussing the historical context from which the Sullivan Principles emerged, I will describe the monitoring process and its impact, before going on to consider what lessons we might draw for contemporary discussions about efforts to monitor transnational labor practices.

THE SULLIVAN FRAMEWORK

The Sullivan framework emerged out of three separate developments through the 1960s and 1970s: first, a growing international movement focusing on economic sanctions as a way to undermine South African apartheid; second, a movement for what was called socially responsible investing; and third, a movement to make American corporations more accountable to American communities. From the early 1960s, anti-apartheid activists urged the west to impose international economic sanctions, arguing that this route offered the most feasible nonviolent strategy to undermine a repressive system of racial oppression. Massive capital flight following the 1960 Sharpeville massacre had revealed South Africa's dependence on international finance; anti-apartheid activists argued that without emergency loans from British and American banks, South Africa would have collapsed. Through the 1980s, however, the United States and Britain persistently vetoed international sanctions on South Africa, arguing South Africa's strategic minerals and its control over key sea lanes made the white-minority regime a crucial ally in Cold War politics; in response, anti-apartheid activists called for nongovernmental, privatized economic sanctions in the form of divestment, seeking to block the foreign loans and investment that they believed shored up apartheid South Africa.

But in the early 1960s, corporate leaders rejected the idea that they could or should use their economic clout to push for reform, in South Africa or anywhere else. Corporate discourse emphasized profits as the only business of business. Chase Manhattan, for example, justified its loans to the South African government as a Cold War necessity: "It would endanger the free world if every large American bank deprived developing countries of the opportunity for economic growth."[13] Through its growth spurt of the mid-1960s, South Africa proved irresistible to foreign investors; by 1972, nearly 300 American corporations had established subsidiaries or affiliates there, with a combined investment totaling to greater than $900 million.[14]

Nevertheless, although corporate executives appeared deaf to concerns that their investments were supporting apartheid, the argument that companies could use their economic leverage to push for change in South Africa received a great deal of sympathy from ordinary Americans, especially in the context of the American civil rights movement. The anti-apartheid focus on corporate links to South Africa resonated with domestic activists' efforts to economic pressure to stop segregationist practices at home. In March 1965, Students for a Democratic Society (SDS) organized a demonstration outside Chase Manhattan in New York to protest the bank's loans to South Africa; a week later, Chase's chairman, George Champion, told a shareholder meeting in response to a question about South African investments, "We can't be responsible for the social affairs of a country. Where there's commerce and trade, we feel we should be part of it."[15]

Although SDS soon shifted its focus to the spreading Indochina war, sporadic efforts continued to focus on corporate links to apartheid. In October 1970, a black couple who both worked at Polaroid discovered that Polaroid provided film for the passes carried by black South Africans, helping implement a key component of apartheid's controls over blacks' movement. By publicizing Polaroid's sales, especially to their coworkers in Massachusetts, the couple forced a change in company policy, blocking all Polaroid sales in South Africa. By early 1971, concerns about corporate behavior in Southern Africa had prompted Congressman Charles Diggs to hold hearings on U.S. businesses in South Africa. This effort moved to college campuses in the late 1960s. Students at Princeton University, for example, raised the issue of university shares in corporations with South African investments in 1968, and the SDS chapter there launched a divestment campaign. In 1972, Randall Robinson, then a Harvard law student, helped take over a building to protest Harvard's shares in companies involved in Southern Africa, specifically objecting to continued Portuguese control over Angola.

Specific concerns over the corporate role in South Africa were intertwined with a broader discussion through the 1960s about the changing character of international commerce, as American business spread out across the world. New concerns about the "global reach" of American corporations prompted concerns about how to regulate corporate behavior across borders. By 1972, this became an official concern within the United Nations, which began to try to develop a code of conduct for multinationals, especially in relation to southern Africa[16]; but from 1960, questions about how citizens might regulate transnational corporations were increasingly asked within American progressive circles. Within mainstream American Protestant denominations, this debate provoked soul searching about what came to be called "socially responsible investments": church members became increasingly concerned about the ethical responsibility that came with shareholding and with the role of corporations in supporting or blocking social justice. In 1967, the Episcopal Church convention passed two resolutions, the first calling on the church to use its investments in support of social justice and self-determination and the second looking specifically into any church investments that might be linked to South Africa and apartheid. This stance found echoes in other mainstream denominations, and in 1971 a church-linked activist named Tim Smith persuaded these churches to fund an Interfaith Center on Corporate Responsibility to promote ethical corporate behavior globally—with a special emphasis on how churches could use their stock ownership to promote social change in Southern Africa.[17]

By the late 1960s, many church communities had already concluded that companies producing goods inside South Africa were morally and often practically complicit in apartheid. Subsidiaries and affiliates of American corporations, Smith and his colleagues argued, followed segregationist practices within the workplace, complied with laws prohibiting the hiring of black workers in skilled positions, and supported the migrant labor system, the cornerstone of apartheid's systematic exclusion of black South Africans. Moreover, of course, these companies provided goods and services needed by the apartheid state and military and paid taxes to a repressive state. These debates soon led to concrete actions in relation to specific companies. In May 1971, as 3,000 people attended General Motors' annual shareholder meeting in Detroit, a leading Episcopalian bishop presented the first-ever shareholder resolution calling on a company to withdraw completely from South Africa.

That resolution, as it happens, intersected with a third historical thread, which brings the Reverend Leon Sullivan into the picture. From the mid-1960s, community groups and civil rights activists began to demand that large companies respond to the concerns of local communities around their American factories. As part of that trend, General Motors had been specifically targeted by Ralph Nader and a group of young lawyer-activists, who demanded that General Motors appoint some black directors. Responding to those pressures in late 1970, General Motors invited Reverend Sullivan, an African American Baptist minister whose community work in Philadelphia had involved an "uplift" program creating jobs for black youths, to join its board.

Sullivan's first meeting as a director of General Motors happened to be the May 1971 meeting at which the Episcopalian bishop presented the country's first shareholder resolution on South Africa. Surprised, Sullivan gave an impromptu speech about the urgency of the moral issues involved; nevertheless, the resolution gained support from only 1.29 percent of shares voted. As shareholders were to discover repeatedly over the next twenty years, corporate managements generally control enough shares to dominate corporate policy discussions. But the event seemed momentous, nonetheless. Charles Stuart Mott, the ninety-five-year-old patriarch of General Motors, had been attending meetings since 1913; that May 1971 meeting was the first time he had seen either a black director or seen a member of the board vote with shareholders against management. (It was also the last: he died soon afterward.). For the next few months, Sullivan was snubbed by the other GM directors, who apparently turned their backs on him as he sat at their meetings.[18]

Over the next five years, Sullivan gradually shifted from his initial support for withdrawal to a more gradualist view, suggesting that American subsidiaries could start by improving the conditions of their black employees inside South Africa. This view received some support from inside South Africa, where a strike wave beginning in 1973 had reawakened interest in workplace grievances. In 1975, when Sullivan visited South Africa, American managers and even a handful of moderate black leaders suggested that instead of stressing withdrawal, Sullivan could take a "positive stance and call for American companies in South Africa to recognize the same working conditions they employ in the US."[19] In January 1976, Sullivan invited the chair of IBM, the CEO for General Motors, and 17 other top corporate executives to work with him in designing a corporate code of conduct to improve the behavior of American subsidiaries in South Africa.

Sullivan's suggestion initially met great skepticism from American business leaders as well as from activists. Although American businessmen hoped to reduce pressures from anti-apartheid activists and to ward off threats of U.S. legislation limiting American investment in South Africa,[20] they insisted that Sullivan could not expect corporations to contravene apartheid legislation—ironically, precisely the point that anti-apartheid activists would make repeatedly over the next two decades, as they continued to reject the proposal that any corporate code of conduct could challenge apartheid. Through the late 1970s, corporate spokesmen repeatedly raised the specter of legal limits to corporate reformism in South Africa. The CEO of 3M wrote in 1976, "To the degree that South African law and

South African government policy allow, our subsidiary there has taken aggressive action to conform to these principles"; similarly, the chairperson of Caltex wrote in 1977, "Caltex is, as you know, strongly opposed to Apartheid and will continue to seek to [fulfill the principles] *so far as that is possible within the laws of South Africa*" (*emphasis added*).[21]

True to this spirit, Sullivan's first set of principles, released in March 1977 after a complicated team drafting process, remained within the South African legal framework, calling on American companies to desegregate eating, comfort, and work stations; give equal pay for equal work; train black employees; and engage in efforts to improve the quality of employees' lives outside the workplace. Companies were not asked to ignore South Africa's job reservation rules (which "reserved" more skilled or higher paid jobs for white workers only) or to recognize unions for black employees—much less to challenge apartheid's migrant labor system or its pass laws. Nor were they initially asked to recognize trade unions, apparently because several key American companies apparently refused to permit the inclusion of such a principle.[22]

Even so, executives for the signatory companies warned Sullivan that even these limited reformist corporate activities might complicate ordinary business life. Repeating what became a constant theme during the first discussions of a corporate code for South Africa, the signatories agreed at the board meeting in 1978, "We cannot transform the nature of South African society, and we will have serious problems . . . if we try".[23] While anti-apartheid activists argued that the code's focus on workplace conditions and desegregation could not touch the fundamental dynamics of racial exclusion and segregation, corporate leaders either claimed that their workplaces were already effectively desegregated or worried that even marginal changes would provoke conflict in their South African operations. It is worth quoting at length the self-congratulatory letter Union Carbide sent to Sullivan in April 1977 about taking down the "whites-only" signs on the bathrooms in their South African offices, just a month after the first principles were published—a letter that illustrates the gendered perspective of the author as well as the gendered character of South African racism:

> In four locations [we have] no signs. At a fifth location, the signs were taken down about a year ago without repercussions. At a sixth, removal was accomplished just last week. This accounts for all of our mining and manufacturing locations.
>
> At our head office in Johannesburg, which is our only office location, signs were removed from male toilet facilities some time ago. One sign remains on a female toilet facility. We are feeling our way with respect to this last sign because we . . . are not the only tenant in the building, and also because resistance has been evident.
>
> You can see from the above report that our signs are essentially all down. We want to keep them down, and believe the best way to accomplish this aim is to be quiet about it.[24]

But keeping quiet about corporate reform efforts proved counterproductive, for reasons quite outside Sullivan's control. On June 16, 1976, police fired on a student demonstration in Soweto, the massive black township outside Johannesburg; the incident provoked a national uprising. Coming on the heels of the 1973 strike wave, the Soweto students' uprising proved to be a first salvo in a fifteen-year rolling uprising, as black communities protested apartheid through school boycotts, strikes and stayaways, occasional guerrilla attacks, and other tactics designed to disrupt and undermine government control. From the point of view of debates about corporate citizenship, however, the 1976 Soweto student uprising marked the beginning of completely new phase. Following a pattern that would become familiar through the 1980s, the uprising in South Africa provoked renewed energy in the American anti-apartheid movement: within months, students across America were asking questions about their university's investments in companies with South African links, drawing on research provided by anti-apartheid groups, the Interfaith Center on Corporate Responsibility, and the UN Center on Transnational Corporations. By spring 1977, students at elite universities from Cambridge to Palo Alto were sitting-in on university buildings, demanding that their schools sell shares in companies with investments in South Africa or support shareholder resolutions for withdrawal—a demand that would continue to roil American campuses until the mid-1980s, when the federal government imposed national economic sanctions on South Africa.

In response to student protests, universities across America over the next few years followed Harvard's 1977 lead, adopting policies called "selective investment"—that is, retaining shares only in those companies that could demonstrate that they were promoting reform in South Africa, rather than simply following business as usual. But this decision to use institutional shareholding as a lever to promote "good corporate citizenship" in South Africa required finding some way to differentiate between "good" and "bad" companies, and in 1977, universities could only find one: just that March, Sullivan had released his corporate code, and Harvard and other universities turned to that code as a measuring stick against which to grade companies' behavior across the Atlantic. Over the next 15 years, American universities, pension funds, municipalities, and state legislatures would agree to limit their holdings in South Africa–related companies to those that could demonstrate compliance with Sullivan's principles—a strategy that effectively forced companies to sign on to the Sullivan system and gradually to design and sustain a system of monitoring that would allow institutional investors to determine which companies were demonstrating their good corporate citizenship, and which were not.

The corporate response to the institutionalized threat of stock sales was swift and unmistakeable. By 1977, seventy-eight signatories were reporting on their "progress" in reforming their subsidiaries in South Africa to conform to Sullivan's Principles. By 1985, that number had grown to 112 signatories, out of 250 American corporations in South Africa.

Throughout this period, the Sullivan system faced constant scrutiny and criticism. As the uprising in South Africa intensified, the anti-apartheid movement in the United States intensified its pressure on corporations, forcing a constant amplification of the principles, much along the lines that envisioned today in discussions of ratcheting up global codes of conduct. In their first years, the Principles were expanded to encourage corporate support for workers' freedom of association and to increase employee participation in designing the corporate contributions to black communities required by the code. By 1985, the "amplified" Sullivan Principles required companies to take a public stance against apartheid and actively work for the dismantlement of racial exclusion—although, as critics constantly pointed out, even the amplified Principles did not prevent companies paying taxes to the apartheid government or block sales of strategic goods or services to the South African military. Even amplified, the principles never satisfied critics of American investment in South Africa—and activists generally sought to avoid being forced to discuss the details of specific corporations, knowing that to do so would involve technical evidence and material to which they could not gain access.

However, before going on to describe the Sullivan monitoring system and its impact, three points about the Sullivan Principles are worth noting, especially as points of contrast to contemporary discussions about codes of conduct. First, the three-way relationship between the anti-apartheid movement in South Africa, the anti-apartheid movement in the United States, and corporate responses was critical to the companies' decision to adopt corporate codes of conduct: it took concerted social-movement pressure, across continents and over decades, to get corporations to change their behavior. Contemporary discussions about codes of conduct tend to treat corporate codes as free-standing, often overlooking the dynamic interaction between social movement and corporate response. Yet without social movement pressure both in South Africa and the United States, no corporations showed any interest in adopting the Sullivan Principles, and persistent movement pressure continued to be fundamental in corporations' willingness to accept a ratcheted up code of ethical behavior. As a journalist sympathetic to corporate dilemmas recently put it, "the effectiveness of the campaign was based on Milton Friedman's classic model of corporate responsibility, whereby external pressures on a corporation define its societal obligations, not the moral instincts arising from within. The solution in South Africa was achieved not by voluntary self-regulation, but by bashing heads."[25]

Second, it is worth noting the institutional dynamic undergirding the Sullivan system. Rather than asking individual consumers to make choices based on corporate scorecards, anti-apartheid activists consistently worked through institutions to create pressure on corporate boards. Anti-apartheid organizers explicitly chose to mobilize students to focus collectively on university investments, rather than ask them to examine their parents' portfolios; and corporations were far more responsive to large institutional investors' concerns than they might have been to individual shareholders' inquiries about their behavior in South Africa. Corporate accession to a code of conduct and meaningful monitoring came as a result of socially responsible investment concerns on the part of large institutional investors—a pattern much closer to today's collegiate licensing policies, operated through university administrators, than to individual-level decisions about buying fair-trade coffee or "clean" clothes.

Finally, and perhaps most important, it is important to distinguish the underlying thrust of the anti-apartheid movement's concerns with ending racial oppression from the concerns that drive current discussions about workplace conditions. Anti-apartheid protestors were concerned to end an entire political system, one which denied South Africans basic political rights and legalized racial oppression, not about detailed questions around workplace improvement. In contrast to the discussions around corporate behavior today, anti-apartheid activists sought to avoid measuring the behavior of individual companies or factories, recognizing that it was virtually impossible for them to gather detailed information about specific companies' workplace behavior in South Africa. In discussions about "good corporate citizenship," activists generally explicitly refused to engage in discussions about whether one company paid better than another or polluted less than another, focusing instead on whether companies' mere presence in South Africa upheld the regime by paying taxes or providing goods and services that might support the regime. Bluntly, anti-apartheid activists invoked issues that were far more black-and-white than questions of how to set a minimum wage in far-off countries; delicate questions of how to balance working conditions against unemployment were offset by a reality of systemic repression and racial exclusion. Indeed, activists recognized explicitly that trying to engage in detailed evaluation of individual companies' behavior would undermine the broad sense of outrage that drove the transatlantic anti-apartheid movement—a decision that stands in sharp contrast to discussions today about how best to monitor the behavior of specific companies in far-flung export-processing zones.

As Keck and Sikkink have suggested, transnational movements have tended to achieve greater success when they appeal to direct humanitarian concerns than when they deal with complex, multifaceted problems. In contrast to most labor discussions, the anti-apartheid movement seems to fit perfectly in the broader pattern they describe:

> As we look at the issues around which transnational advocacy networks have organized most effectively, we find two issue characteristics that appear most frequently: (1) issues involving bodily harm to vulnerable individuals, especially when there is a short and clear causal chain (or story) assigning responsibility; and (2) issues involving legal equality of opportunity.[26]

Although the anti-apartheid movement focused attention on corporate behavior, the underlying issues involved systematic violation of basic human rights and racial oppression. Those underlying problems—a context where corporations were required by law to practice racial discrimination, support apartheid's forced migrant labor patterns, and pay taxes to a regime designed to protect white supremacy—certainly lent strength to activists' rejection of the incremental increases associated with the Sullivan monitoring system. Indeed, one might argue that the ratcheting up process was made possibly only because activists persistently rejected Sullivan's efforts to define good corporate citizenship. Without those pressures, the question remains open: would detailed discussions over factory life have energized activists or corporate executives, enough to change corporate attitudes toward apartheid?

THE MONITORING SYSTEM

From 1977 until 1994, the Sullivan Principles provided a benchmark for American corporate citizenship in South Africa, representing the first and most elaborate example we have of transnational, nongovernmental corporate monitoring. At the outset, Sullivan and the corporate executives working with him were quite conscious that they were in uncharted territory; yet they apparently felt little need to involve labor unions or anti-apartheid activists on either side of the Atlantic in their deliberations.

Several task forces, mostly comprised of mid-level management from signatory companies, spent months in 1977 thinking about how best to operationalize the Principles and how best to grade corporate behavior to the satisfaction of investors. Initially, these task groups created self-reporting forms for companies and planned to keep all information private; initially, they planned only to issue a composite report on signatories' progress, rather than individual company progress. Sullivan asked Arthur D. Little (ADL), an accounting firm based in Cambridge, for help in compiling a composite report to demonstrate that overall, Sullivan signatories were improving their behavior.

But it soon became apparent that large institutional investors required more detailed information about specific companies; a composite report could not serve as the basis for a "selective divestment" strategy. Over time, ADL began to publish signatories' grades, ranging from I ("making acceptable progress") to III ("did not report") to IV ("recent signatory"). By 1979, ADL had created a separate office to monitor Sullivan compliance. The Sullivan signatories, grouped together as the 'Industry Support Unit', contracted with ADL to monitor their progress, paying about $18,000 a month for ADL's monitoring; each report costing about $250,000—a fact that provoked serious complaints from signatories through the years.[27]

The Sullivan framework represents the first large-scale experiment in independent monitoring of multinationals. From the outset, however, business ethicists and anti-apartheid activists alike criticized Sullivan's decision to let Reid Weedon, head of the ADL office, make most decisions about how monitoring would proceed. Prakash Sethi and Oliver Williams, two business ethicists who were both intimately involved in Sullivan's efforts in South Africa through the 1980s, argue that this decision weakened the monitoring process, and undermined the Principles' credibility. However, they attribute the reliance on ADL to corporate pressure, suggesting that either Sullivan did not "comprehend the implications of a weaker auditing and reporting process" or that "he was unwilling to challenge the companies on this account because he felt he would be able to use the public pulpit to raise the goalposts and thereby elicit better performance form the companies."[28]

Sullivan's decision to rely on an accountancy firm to monitor corporate conduct clearly weakened the program's credibility; given that recognition, the regular use of accountants' firms to monitor contemporary codes of conduct seems especially problematic. Yet most corporations that have internal codes of conduct either rely on internal staff to monitor subsidiaries' compliance or hire global accountancy firms to monitor for them. But the problems with that approach, noted by anti-apartheid activists and business ethicists in the early 1980s, persist. As Dara O'Rourke points out, while corporations may claim that they are used to working with accountancy firms and are comfortable sharing information with them, most accountants make rather problematic workplace monitors. They are not specialists in labor issues and receive no training in monitoring workplace conditions. Thus, for example, accountants generally lack the skills needed to detect toxic chemicals in the workplace, and they may not know what questions to ask about working hours and wages.[29]

But ADL's monitoring of Sullivan signatories suggests a prior problem: the monitoring system also begs questions of who supplies the data, as well as how it is evaluated, with what questions in mind. Although ADL created a unit devoted solely to overseeing corporate behavior in a specific locale, the ADL monitoring office—as is normal practice in accounting firms—relied entirely on data provided by the corporations themselves or, at best, data provided by the companies and verified by their auditors. ADL did no research of its own on signatories' behavior; although ADL required signatories to confirm some data, like payroll information, with companies' local auditors, most of the responses went directly from local South African managers to ADL, with no outside check on companies' claims. Items that might have helped investors or monitors evaluate claims about increasing black employment—data such as the numbers of job openings, total number of trainees positions, and total numbers of black employees—were entirely self-reported. In fact, compliance with only one of the principles—expenditure on corporate contributions to local community projects, such as schools or clinics—was evaluated entirely through verified data.[30]

But how did ADL decide which aspects of corporate behavior would be considered most important in compliance with the broad tenets of the Principles? ADL never solicited comments from anyone in South Africa who might have worked in or with corporate signatories—not unions, not employee committees, not even recipients of corporate grants to community services. The questionnaires on which grading was based were drawn up by American accountants, and throughout entire life of the Sullivan system, they blurred categories that did not translate well from South Africa to the United States. Thus, for example, ADL charts describing signatories' behavior consistently left undefined the corporate understanding of "black" employees—a category that in South Africa can mean either African workers alone, or African, Asian and Indian[31]—creating a remarkable vagueness in discussions of hiring practices in Sullivan signatories, in a context where apartheid's educational segregation and the racial stereotypes embedded in South African racial ideology means that these three groups have faced very different forms of discrimination at work.

Combined with the reliance on company-reported data, that insularity meant that the monitoring process never included evaluation of the companies' impact on even their employees' daily lives, much less on South Africa more broadly. Although signatories' spokespeople regularly claimed that American signatories served as beacons of progress in South African corporate discussions,[32] this claim was never verified: the ADL office never devised any ways to evaluate the impact of corporate efforts. In fact, it could be argued that the ADL process only gave grades for effort, not outcome, in ways that seem to undermine the entire effort of monitoring. For example, despite the Sullivan code's expansion to include concerns about freedom of association, the ADL monitors never asked employees about any union experiences—surely an important source of information if you want to learn about labor practices.

But ADL's insularity also left managers guessing how they could raise their "grades." Throughout the lifetime of the Sullivan system, managers complained bitterly about what they considered an "opaque" monitoring process and about Sullivan's efforts to "amplify" the principles to include ever-more outspoken challenges to the South African government. Managers of South African affiliates clearly felt a great deal of pressure to remain in the top Sullivan categories; although contemporary studies suggested that stock prices were not, in fact, gravely affected by changing Sullivan grades,[33] many multinationals began to link South African managers' bonuses to improving their Sullivan ratings.[34] This pressure, combined with a system that emphasized self-reporting and corporate effort, created a very explicit dynamic: within five years, managers had clearly learned that the way to ensure a good Sullivan rating was to spend money on local black communities. Initially, many South African executives objected to spending money outside the factory, arguing, as one executive said, that "adopting" a local township school would be counterproductive, since so many black employees objected to government restrictions on what could be taught in black schools.[35] But as more and more American institutional investors put pressure on head offices to comply with the Sullivan system, American companies sought ways to manipulate ADL's process. As an American businessperson in South Africa remarked, "Some top officers wanted the highest rating for moral reasons, but all needed the highest rating for business reasons."[36]

By the early 1980s, American corporations in South Africa had discovered that in whatever opaque matrice ADL used to assign grade, community donations weighed heavily; thus, spending more money—without evaluating impact—was the most expedient way to raise their Sullivan grades. By the mid-1980s, most other aspects of "good citizenship"—desegregation, affirmative action, and the like—had diminished, and signatories competed with each other to pay for classrooms, ambulances, and other community goods that might raise the grade published for American stockholders.

Before going on to discuss the Sullivan code's actual impact on South Africa, I want to underscore two further questions the ADL process raises for contemporary discussions international monitoring frameworks. Most corporate codes of conduct are designed as a yardstick for corporate performance globally, explicitly lacking local references. The problem, of course, is that labor problems are always deeply embedded in a local context, and a global code or global monitoring system designed to cover corporate activities around the world may miss key local problems. It is remarkable, after all, that a code explicitly designed for South Africa could blur definitions of race in measuring the racial composition of the workforce, or racial patterns in hiring—a reminder of the pitfalls involved in designing codes that will appeal to American and European consumers and investors, while still addressing local problems.

But second, the Sullivan framework demonstrates the extent to which independent monitors' decisions about which aspects of corporate citizenship mattered most began to drive company efforts to be "good citizens." Monitors' choices about which measurable indicators would matter most came to define how corporations thought about "good corporate citizenship." In South Africa, the ADL framework seems to have pushed managers simply to spend money in communities without regard for what impact those expenditures might have. For local managers, making the monitors happy can easily become more important than how companies actually perform. Unless monitors take pains to incorporate local voices and concerns—from the local meaning of race, to the lived experience of labor practices—into their system of evaluation, and unless they find ways to prevent local managers from manipulating the indicators they use to measure corporate performance, the grades they give risk becoming a rubber stamp, little more than the "corporate camouflage" anti-apartheid activists considered the Sullivan Principles to be.[37]

IMPACT ON SOUTH AFRICA AND CORPORATE CULTURE

So, after all this: what impact did the Sullivan Principles really have? I want to first describe their impact on South Africa, and then on the corporations that tried to comply with them, suggesting that although their impact on South Africa may have been limited, their long-term impact on corporate culture is perhaps worth exploring more fully.

Like Union Carbide, most American signatories to the Sullivan Principles started with an effort to desegregate workplaces. But even supporters of the Principles were soon forced to acknowledge that South Africa's racial hierarchies remained pervasive even in progressive companies' headquarters: while managers' canteens and washrooms may no longer have been marked by "whites-only" signs, there were few black supervisors to use them. In all the Sullivan signatories together, the percentage of supervisorial staff classified Black, colored, or Asian rose from 3 to 16 percent between 1977 and 1993[38]—although, of course, the vagueness of racial classification in the Sullivan reporting system may well disguise persistent racial hierarchies, even within that figure. Certainly the vast majority of black workers in American corporations in South Africa remained in unskilled jobs, and there is no evidence that signatories managed to reduce the gap between black and white average wages in this period.[39] Although many signatories instituted or participated in creating training programs during this period, these seem to have had little impact on the racial structure of signatory workplaces—in part because the Sullivan period was dominated by economic recession in South Africa, and there was relatively little room for the kind of training and hiring that would have been required to change racial composition.

So far as we know—since the monitors never revealed how they measured compliance—the principle calling on signatories to ensure employees' freedom of association was never monitored at all. Many of the companies that consistently gained top ratings in the ADL system never recognized a union representing black workers; Hewlett Packard, for example, insisted that the fact that it had never recognized any unions anywhere meant that it should not be asked to do so in South Africa.[40] From the point of view of union activists in the 1980s, Sullivan signatories were indistinguishable from other multinationals; they were no more likely than other companies to permit union stewards free movement around the plant, no more likely to implement minimum wage standards, and no less likely to call in the police in the event of a strike. Indeed, the most common response of black South African union activists in the mid-1980s when asked about the Sullivan Principles was, "The what?" While a handful of moderate black unionists supported the Sullivan approach, many more unionists dismissed the principles as irrelevant, arguing that the support for apartheid through taxes and sales outweighed any possible benefit. By 1985, the nonracial trade union movement had unequivocally come out in support of full withdrawal.[41] Like many unionists today in developing countries, South African unionists understood that full economic sanctions would cut jobs for their members; but in contrast to contemporary debates about transnational companies in most developing countries, a larger goal—undermining the apartheid state—prevailed in their thinking.

Reflecting managers' understanding of ADL's priorities and the scoring system, corporate contributions to projects in the communities where workers lived became the cornerstone of the Sullivan signatories' efforts. Company contributions to township schools, housing projects, and soccer teams became the main indicator of "good citizenship." From 1977 to June 1985, Sullivan companies spent more than $15 million in the areas of health, education, community development, training, and black entrepreneurship.

It is important to recognize, however, that these contributions were never evaluated or assessed, except in dollar terms: although the principles called on signatories to consult with employees in planning contributions to black communities, the monitoring process never attempted to measure consultation or impact. Indeed, there is no evidence that consultation ever became an important component in local managements' thinking about what expenditures to make. Repeatedly, companies and observers complained that signatories were "throwing money" at communities without adequate planning or evaluation; there was no attempt to monitor the impact of these contributions, or to differentiate between the kinds of programs that were supported. Indeed, some observers pointed out that the monitors' emphasis on expenditures tended to prevent companies from exploring any unique skills they might have to offer, and how they might involve those skills in their community contribution; thus, for example, *Readers' Digest* apparently never contemplated including anti-racist discussions in the magazine rather than, or in addition to, adopting schools or buying ambulances for black hospitals.[42]

But in the mid-1980s, the framework began to collapse. As the South African economy went into a tailspin, the uprising intensified and the U.S. government imposed mild economic sanctions on South Africa in 1986, corporate headquarters began to decide that remaining in South Africa was not worth the "hassle factor" involved. By late 1986, between 188 and 250 companies had pulled out, and more would follow.[43] By 1987, even Sullivan himself apparently came to accept the argument that corporate reformism was not enough. Following Bishop Desmond Tutu's lead, in 1985 Sullivan set time limits, warning that he would call on companies to withdraw if apartheid was not fully reformed within 24 months. During that period, the South African government reinforced Sullivan's new stance by refusing him a visitors' visa; finally, Sullivan withdrew his support for the entire approach, arguing that the signatories' continued presence could only be interpreted as offering support to the beleaguered apartheid regime. Although corporate signatories continued to insist that they were following Sullivan's Principles, Sullivan himself called on American affiliates to withdraw—testament, perhaps, to the problems inherent in trying to use workplace reform as a means of addressing broad political exclusion and repression, and underscoring the distinctiveness of the anti-apartheid claim in comparison to contemporary discussions about multinational investments and socially responsible corporate behavior.

South African business leaders argued angrily that by leaving, American companies were abandoning their moral responsibility. In a remarkable statement, Gavin Relly, chairman of the largest South African mining conglomerate, wrote in 1986 that American corporations had a moral obligation to remain involved in South African reform. "The American counterparts of South African executives . . . face an awesome responsibility. Many have made good profits in South Africa for decades. But faced with lean times and a host of pressures, they are attracted to the easy option of withdrawal."[44] Spokesmen for American affiliates agreed, drawing on the vocabulary of social responsibility that they had developed during their engagement with Sullivan. Business leaders who had once insisted that companies should focus on profits now appeared to welcome the idea that international investments carried a modicum of social responsibility, arguing that Sullivan signatories had a moral obligation to remain and engage directly in social change. Instead of describing corporate goals simply in terms of profit, they used the language of moral accountability to insist on staying put. Sal Marzullo, the Mobil executive who had by then served for many years as the chairman of Sullivan's Industry Support Unit, wrote, "Corporate presence is better than corporate absence. [Sullivan signatories] have begun to perceptibly change attitudes among many white South Africans who understand that fundamental structural reform and absolute equality for South Africans of all races is essential to the longterm survival of that country."[45]

Did corporate culture really change as a result of business participation in the Sullivan system, as business ethicists today sometimes claim?[46] Through the late 1980s, many of the businesspeople directly involved in the Sullivan process remained bitterly opposed to divestment. In 1987, a spokesman for General Motors called it "imperative" for American companies to remain to create the basis for participation of all people in a sound economy" through corporate support for black business, employment and training[47]; ironically, however, the publication of this essay coincided with General Motors' decision to sell off its South African subsidiary, a fact that perhaps reflects dissension over withdrawal between the managers of South African subsidiaries and those in multinational corporate headquarters more than it reflects a new corporate moral stance. Clearly, those who were involved in implementing and monitoring the Sullivan system were angered by parent company decisions to leave South Africa. Even the ADL accountant in charge of independent monitoring for the Sullivan signatories weighed in: Reid Weedon claimed that the day after the local South African managing director had managed to raise his Sullivan rating from the bottom grade to the top one, his U.S. parent company announced that his affiliate had been sold to a South African conglomerate. "At his first meeting with the new owners," Weedon wrote angrily, "he was told he should no longer run the company as a charitable institution and that he should cease the activities he had instituted in line with the Principles."[48]

Supporters of the Principles continued to try to sustain the system right through the mid-1990s, suggesting that South African businesses had learned to take their social responsibility seriously.[49] But the Sullivan framework—especially the monitoring system—clearly lost steam when Sullivan resigned from the board. Oliver Williams, a business ethicist who served on the principle's board after Sullivan's departure, bitterly describes how the rump system became essentially irrelevant on either continent, as its funding, its independence and its visibility were watered down.[50] By 1990, as the South African government moved towards negotiations with the anti-apartheid opposition, and especially by 1994, when South Africa held its first democratic elections, the Sullivan system had faded from the memories of all but those most directly involved in promoting, implementing, and monitoring it—only to reappear years later, regularly invoked as a model for encouraging corporate citizenship and monitoring multinational investment.

CONCLUSION: BRINGING THE STATE BACK IN

As corporate codes of conduct proliferate today, what lessons can we take from the Sullivan experience? This story can be in interpreted in two almost diametrically opposed ways, with very different implications for contemporary debates. For those who believe that corporate culture has changed to accept a degree of social responsibility in international activities—as many business ethicists and corporate spokespeople suggest today—the Sullivan process underscores the potential effectiveness of independent monitoring and public reporting, at least in the context of persistent external pressure. Even the limited external assessment and grading involved in Sullivan clearly had an impact on internal corporate dynamics and performance. The Sullivan experience offers some support for contemporary efforts to involve managers in addressing workplace conditions: getting managers to think through how and why they should contribute to employees' well-being does seem to have had some impact on managerial styles and culture, in ways that led at least some corporate officers to take social responsibility seriously. When outside pressure made it necessary, corporate headquarters managed to create rewards and punishments for individual local managers who raised their Sullivan grade, apparently changing the way managers thought about their firms' commitment to "good" corporate citizenship, and arguably changing the internal culture of at least some subsidiaries in relation to their obligations to their employees overseas.

Even from this perspective, however, the Sullivan system holds several cautionary notes. First, corporate visions of good citizenship directly reflected choices made by those who designed and monitored the code: despite Sullivan's rhetoric of empowerment, corporate officials were much more concerned about fulfilling any aspects of social responsibility that would raise their grade, than they were about involving their employees' voices in the process, and perhaps even than whether their efforts were actually doing any good for black communities.

Second, the Sullivan example underscores the importance of institutionalized social movement pressure on corporate headquarters: it was anti-apartheid activists' insistence on changing large-scale institutional relationships with South Africa, and church concerns about ethical investing—not individual consumer decisions—that prompted meaningful corporate responses. Even in an era when individual consumers can check the Internet for new information, institutional pressure—directed through universities, municipalities, or state governments—is far more sustainable than individual choice. Like the student movement, which has prompted university administrations to scrutinize the conditions under which university logo-ed apparel is produced, activists concerned about monitoring multinationals might do well to design strategies which create sustained pressure—through investment strategies, living wage resolutions, and the like, using institutional links to corporations as the pressure point rather than focusing solely on well-intentioned individuals making choices.

On the other hand, for readers who remain skeptical that corporations will willingly submit to independent transnational regulation of profitable activities, the history of the Sullivan Principles only underscores the problematic character of corporate codes. Above all, the history of the Sullivan system reveals the level of external pressure required to persuade corporations to accept even moderate restrictions: decades of activism, involving thousands of activists mobilized around a single strategy and able to work through major institutional investors, were required first to persuade companies to accept any sense of social responsibility, and then to force them to accept monitoring. Corporations accepted the ratcheted up Sullivan Principles because activists were unyielding in their demand for full sanctions and because activists organized that pressure through institutions that were far more powerful and coordinated than individual consumers could possibly have been—and even then, corporate compliance was at best uneven.

In that context, it is worth noting yet again how unusual the anti-apartheid movement was, in terms of movements around transnational labor issues. Sustained activism came in response to a particularly egregious and oppressive form of racial exclusion—a systematic, overarching grievance that evoked far more sympathy internationally than the kind of individual, daily grievances that pervade factories in the developing world, like forced overtime, delayed wages or bathroom breaks denied. In the context of South African calls for international economic sanctions, anti-apartheid activists could easily elide the moral questions involved in trade-offs between investment, jobs, and working conditions—trade-offs that pervade discussions of transnational labor regulation today, as developing-country activists express concern that transnational activism could undermine their country's best hope to find some "comparative advantage" in the brutal competition of neoliberal global trade. If the Sullivan experience show that corporations can be persuaded to accept "voluntary" regulation, it also shows how difficult that persuasion can be, and what kind of persistent pressure is required to ratchet up that regulation beyond the barest minimum.

Finally, the Sullivan case underscores the problem with relying on corporate managers to draw up codes that respond to workers' real problems. The lack of employee involvement in design, implementation or evaluation of the Sullivan Principles is typical in contemporary codes of conduct; this case underscores the danger that even companies that create and comply with transnational codes of conduct may still ride rough-shod over voiceless workers and communities, at least as long as the monitoring and reporting processes are as opaque and manipulable as the Sullivan system appears to have been. The Sullivan process foreshadows the way contemporary discussions of codes of conduct persistently exclude the voices of employees, communities and their representatives, as much in the codes' designs as in their implementation. Corporations today may be more willing to acknowledge some responsibility for their international operations than they once were, but their codes are more likely to reflect the concerns of northern consumers than to include issues raised by employees or their representatives from different production sites around the globe—a problem with which activists on all sides of this issue continue to struggle.

Above all, the Sullivan experience reminds us that corporate codes of conduct offer only a feeble substitute for nationally based systems of corporate regulation. In the end, the Sullivan experience surely raises more warning notes than salutary models. Given the limitations of both code design and monitoring, the Sullivan experience reminds us that corporate codes have not yet improved upon the old state-centered standard: a combination of union representatives working with democratically elected representatives, or a local department of labor, as an institutional system for designing and implementing workplace regulations.

Instead of designing elaborate frameworks for transnational monitoring, perhaps labor activists concerned about transnational inequalities could look instead for ways to build state-centered regulation of corporate activities—a pattern that worked reasonably well in advanced industrial countries for the second half of the twentieth century to limit working hours, improve working conditions, and to allow workers to articulate their own concerns through democratic unions and political processes. Instead of looking to voluntarist, stateless forms of regulation, labor-sympathetic activists might focus on strengthening the regulatory ability of third-world states, rather than appealing to corporate good intentions: around the world, reducing the threat of capital flight and giving states greater regulatory power over corporations might strengthen workers' hands in local labor struggles. In an era when global trends seem to undermine states, especially in less developed parts of the world, perhaps a truly responsible corporate code of conduct—one that could not be interpreted as corporate camouflage, but which really pushed corporations to respond to workers and their communities—would seek to strengthen local systems of regulation, rather than supplant them.

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