

True cost of labor must be worker-defined

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1 **To the Editor** – Amidst the expanded use of true cost accounting (TCA) frameworks by industry,
2 government and other stakeholders in the food sector, the true costs of labor—of decent work—remain
3 largely absent. While economists have attempted to address externalities and other market failures
4 affecting the environment and human health, labor has remained elusive, inhibited by poorer quality
5 data and less mature methodologies. The research community has struggled to define and determine
6 who decides on an “acceptable level of risk” for workers in food supply chains. The abatement costs of
7 transforming from undignified to decent work are contested, with fears of skyrocketing consumer prices
8 or burdensome costs to producers. We propose that TCA would benefit from lessons from two worker-
9 driven success cases in the United States, which offer market solutions and demonstrate that a costing
10 and value redistribution throughout food supply chains has mutually benefited each node and raised
11 labor standards to levels supported by workers.

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13 **Costing Fair Labor**

14 The reverberations of slavery manifest in precarious and under-protected work, persistent forced labor,
15 as well as legal or culturally accepted exploitation of agricultural, fishing, food processing, and service
16 workers globally. Increased pressure for better corporate social responsibility has led many companies
17 to certify products that attain ethical and/or environmental performance thresholds, or calculate the
18 impacts of their operation —increasingly through TCA methodologies. As reliance on TCA grows, impact
19 metrics and monetization factors embedded in TCA frameworks (though variable across frameworks and
20 methodologies) should increasingly signal food system priorities. Yet, true cost proponents must beware
21 the unaccounted costs of indecent work, or the assumption that monetization with “fairer” prices will
22 necessarily correct exploitation.

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24 The recent increase of top-down multi-stakeholder initiative (MSI) certifications offers a warning about
25 overreliance on fairer pricing mechanisms for social impact outcomes. MSIs often suffer from weak
26 accountability, with benefits accruing primarily to consumer brands or retailers. While some effectively
27 benefit communities and farmers at origin, evidence suggests that MSIs show mixed or no impacts for

28 workers, and struggle to challenge the underlying power structures that perpetuate indecent
29 conditions.¹⁻³ Workers tend to play nominal roles on MSI governance boards and in negotiating basic
30 rights. Several MSI grievance mechanisms fail to meet United Nations Guiding Principles on business and
31 human rights requirements for accessible and transparent independent monitoring and enforcement
32 systems.⁴ Partial solutions have additional social costs if they detract from the expansion of more
33 effective solutions and governance.

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35 Since many TCA examples address impacts on human and social capital, stakeholder audiences may
36 assume that decent labor standards are included. However, few TCA studies effectively price decent
37 work, or define it in collaboration with workers. Studies that do assess worker impacts largely suffer
38 from insufficient data, potential bias in data collection methods, or opaque valuation methods in their
39 pricing of decent (or exploitative) work conditions.⁵⁻⁹ (These citations are not exhaustive, but select
40 examples from the currently underdeveloped field of study). While it remains understandably difficult to
41 price well-being, research estimating the financial costs of negative work environments shows that
42 indecent work conditions counteract the otherwise positive impact of wages, reducing net social
43 welfare.¹⁰

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45 **Worker-Driven Models**

46 Two distinct but related programs in the US have demonstrated an ability to end longstanding abuses
47 ranging from forced labor to sexual harassment and assault, improve health and safety, raise wages,
48 ensure decent housing, provide protection from employer intimidation and retaliation, and holistically
49 elevate the decency of work.^{11,12} The Fair Food Program (FFP) and Milk with Dignity Program (MD) are
50 Worker-Driven Social Responsibility (WSR) models that are transforming the fresh produce and dairy
51 industries, respectively. In both programs, consumer-facing brands sign binding agreements with worker
52 organizations, committing to pay a premium on the product purchased from producers (i.e. farm
53 owners) whose farm operations are audited to ensure FFP or MD program compliance. Since their
54 inception, corporate buyers have paid millions, distributed directly to or benefiting workers through the
55 program, with additional support to help farm owners cover compliance costs and support a Standards
56 Council, which handles compliance enforcement through audits and a 24/7 worker support line.

57

58 The WSR programs were conceived by two worker-led organizations, the Coalition of Immokalee
59 Workers and Migrant Justice respectively, through the leadership and input of the wider farmworker

60 community who designed the structure of the programs, including a Code of Conduct outlining the
61 rights of workers. Collaborative working groups composed of farm owners and worker representatives
62 inform ongoing implementation of the on-farm Code of Conduct. Worker-to-worker education on each
63 participating farm empowers workers to act as frontline monitors of their own rights. Workers can
64 report code violations and participate in factual investigations free from retaliation; prompt response
65 has built trust in the reporting and resolution mechanisms. Confirmed violations left unresolved can
66 result in suspension of buyers' purchases and premium payments, creating strong economic incentives
67 for producers to comply.

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69 The FFP and MD programs' premium and buyer support payment indicate abatement costs of
70 transformation to decent work, a useful valuation reference for TCA. Despite production cost concerns,
71 FFP and MD have successfully redistributed benefits across the supply chain, proving economically
72 sustainable and beneficial for participating producers, corporations, and consumers, as well as workers.
73 Participating farms have indicated better employee retention rates, workplace communication and
74 morale, and pride in the improved employee benefits; MD farms have fared better on average in a
75 competitive industry amidst dairy closure trends.¹² In supply chains previously marked by scandal,
76 buyers and producing farms benefit from rigorous risk mitigation by FFP, which transformed an industry
77 formerly dubbed "ground zero for modern slavery" by federal prosecutors. Relative to consumer price,
78 the FFP and MD costs of ensuring safe and dignified work are small; consumers have experienced zero
79 to nominal price changes.

80

81 Based on lessons from these programs, we propose that TCA analyses assess five core components
82 evident in WSR, which structurally incentivize decent work, distribute benefits throughout supply chain
83 nodes, and lay the groundwork for accurate TCA of labor. These include assessing the degree to which
84 workers are centered in program design and implementation; corporations financially incentivize labor
85 rights compliance among suppliers; labor monitoring and enforcement is swift, rigorous, and worker-
86 informed; buyer-worker agreements are legally binding and enforceable; and economic consequences
87 reward good actors and penalize suppliers where abuse occurs.

88

89 Fair labor assessments in TCA should begin by examining the degree to which these five components
90 have been achieved, and secondarily, whether corporations, their investors, or suppliers have resisted
91 implementation of these core components. If worker input is dwarfed by powerful corporate actors, if

92 programs lack accessible complaint and enforcement mechanisms, and binding economic and legal
93 consequences, it is unlikely that TCA can accurately assess the labor-related true costs. We recognize
94 developing rigorous TCA datasets and methods is time-intensive; progress is incremental. At the same
95 time, TCA reliant on weak data or methodologies risks further institutionalizing exploitation, and
96 distracting from improved governance, safe freedom of association, and a necessary transformation of
97 power dynamics. Full transparency regarding current TCA limitations is needed, and innovative,
98 transdisciplinary research should be pursued to fill gaps. No holistic TCA of food is complete without
99 decent labor, with its broad spillover effects on human health and community welfare. Those deterred
100 by the complexities of pricing and implementing decent labor systems should heed the WSR examples of
101 FFP and MD, and lend their eyes and ears to the worker communities already creating solutions.

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R.R. is employed by the Worker Social Responsibility Network. C.P. is employed by Ben & Jerry's. J.K., N.T.B., and J.L.D.S. have no competing interests to declare.

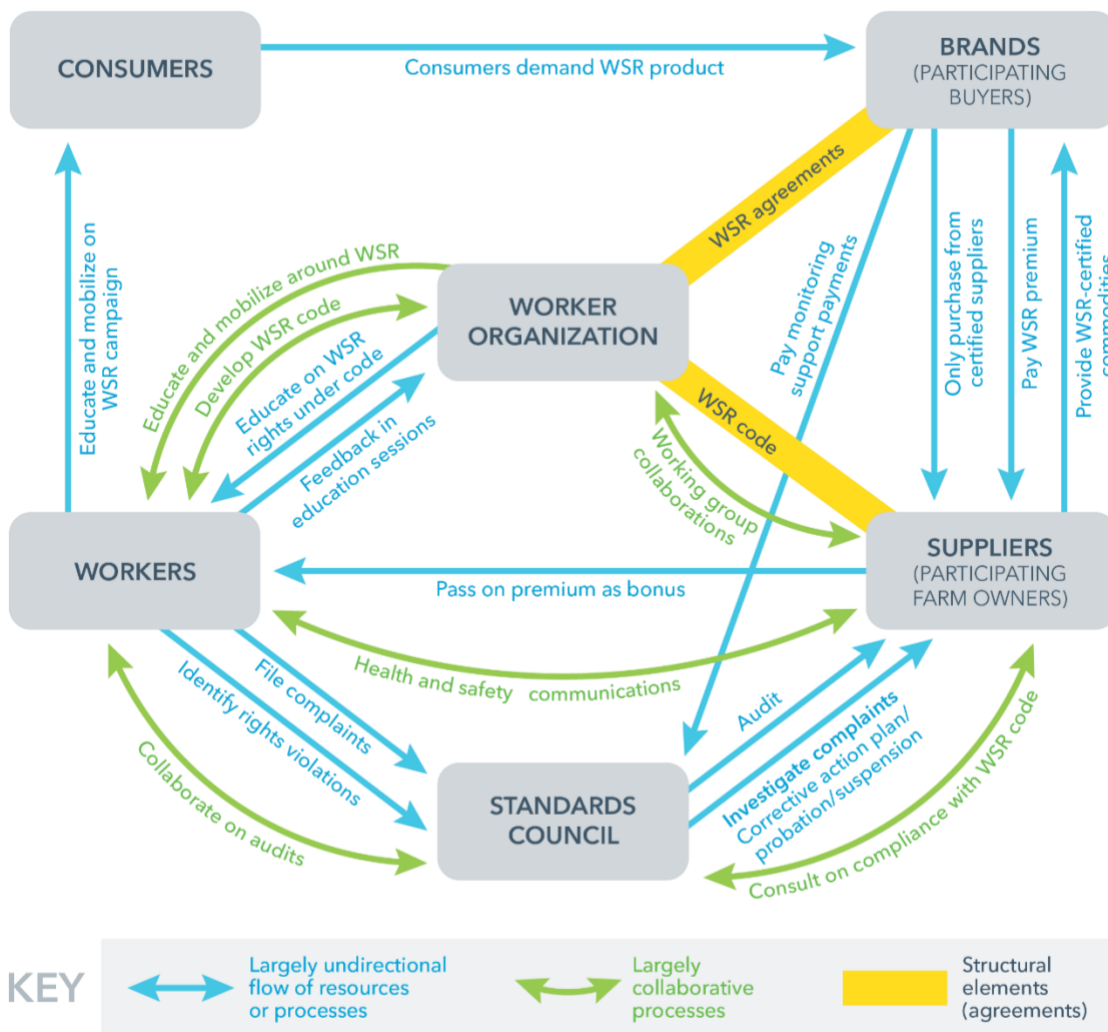


Figure 1. Structure and Function of Worker Social Responsibility (WSR) Programs. This diagram illustrates the key stakeholders, processes, and contractual agreements of WSR, as described and illustrated by the Coalition for Immokalee Workers, which enable worker-driven programs that are legally binding, have buyer-afforded compliance, rigorous monitoring and enforcement, and economic incentives for suppliers.