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September 9th, 2013

**Summary Report**

***2013 Tinker Summer Field Research Grant***

There’s an economic revolution happening in a small apparel factory in the city of Villa Altagracia, in the Dominican Republic. Three years ago, the Alta Gracia factory became the first apparel factory in the developing world to pay their workers a living wage, one calculated to meet a family’s basic needs. In Alta Gracia’s case, this living wage is 3.5 times the prevailing wage in other factories in the Dominican Republic and was calculated to provide adequately for a family of four. In US dollars, this amounts to a wage jump from $216/month to $759/month. Such a significant increase in income clearly benefits workers and their families, but there are upsides for employers as well. Although labor costs go up, paying a living wage helps attract a highly skilled and productive workforce, decreases training and oversight costs, reduces rates of turnover and absenteeism, and satisfies customer demand for ethically sourced goods. Furthermore, up until the Alta Gracia factory opened, there had been no employment opportunities in the surrounding town since 2007 when another apparel factory shut down in response to efforts at unionization. With the opening of the Alta Gracia factory, the town has been revitalized as this influx of wealth spreads into the local economy.

In addition to the economic impacts of this new model of apparel manufacturing, paying workers a living wage is likely to improve the health of these workers. Decades of research and centuries of experience have demonstrated that being poor is bad for one’s health. Indeed, higher income has been associated with myriad improved outcomes, from life expectancy to chronic disease to mental health. As a result, many development programs targeting health disparities appropriately aim to increase income. Most of these involve government- or NGO-directed transfers of cash to the poor, either as grants (unconditional cash transfers) or contingent on meeting criteria such as school enrollment or doctor’s check-ups (conditional cash transfers). Another common tool is microcredit, which offers small loans to poor borrowers who don’t have the collateral needed to access mainstream sources of credit like banks. The magnitude of these cash transfers and loans vary, but tend to be between 5 percent and 40 percent of the gross monthly income of the recipients. The Alta Gracia model is clearly different in three major ways. First, the change in income is much larger, around 350 percent of the prevailing wage. Second, the wage is from a private, for-profit organization rather than a governmental or non-profit organization. Third, the increased income is neither a grant nor a loan, but a fair wage compensating hard work.

Given this exciting new model, my research team has spent the past three years collecting and analyzing quantitative survey data from factory workers at Alta Gracia. By comparing their responses to those from workers at a factory without a living wage or unionization, we can get a sense of the impact the living wage is having on these workers lives. In addition to measuring how they spend, save, and borrow money, I am particularly interested in workers’ mental health. This summer, supported by the Tinker Grant, I travelled to the Dominican Republic to meet the inspiring Alta Gracia workers and hear their stories — the context behind the numbers so to speak. I had the opportunity to sit down with the leaders of Alta Gracia’s union, tour the factory floor, and meet management. Most importantly, I was able to sit down with nine individuals and talk with them about how they think about depression and the differences they’ve seen at Alta Gracia. We also had the chance to present the initial results of our analyses back to many of the workers who had participated in the survey, gaining valuable feedback and questions that will aid me in framing my thesis. I’m hopeful that the Alta Gracia model will serve as a new standard for the global apparel industry and consumers, encouraging us to think about the people who make our goods, how they are treated, and how this impacts their health and wellbeing. Perhaps it can also encourage physicians and public health advocates to think more expansively as well.