



THE CHAINS THAT BIND

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Talk Prepared for LLRN Conference
Barcelona, June 14-15 2013

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Footnotes Omitted

Note: This talk discusses a book project that I am in the very beginning stages of developing. It is meant to raise questions for further research rather than resolve them. All comments are welcome and can be directed to the author at: kkolben@business.rutgers.edu.

On April 24, over 1100 Bangladeshi garment workers and scores more were injured when the building in which they were working, Rana Plaza, collapsed. Their employers were Bangladeshi factories that are typical in the global economy that produce low cost garments. The buyers of these garments were retailing companies ranging from the well known - such as Benetton, Children's Place, and Primark - to the more anonymous. This of course was not the first of such tragedies. Some 2000 garment workers have been killed in Bangladesh since 2005 due to fires and the recent Rana collapse.

Several thousand miles away, in Europe and the United States, shoppers were busy purchasing and wearing the vast bulk of the \$19 Billion in yearly garment exports that constitutes 80% of Bangladesh's total exports. While many were oblivious to the situation, many have been forced to confront the reality behind their clothing.

The news media has covered this story relentlessly, and continues to do so. Pictures of the disaster flooded the news, magazines, and newspapers, blurring the line between newsworthiness and a kind of worker death pornography. For days, the disaster made the front pages of the New York Times, the Wall Street Journal, and other outlets. A crew from CBS news posed as buyers and filmed a factory using a hidden camera, uncovering underage laborers and dangerous working conditions. The media clearly believes that news consumers, who are by and large also clothing consumers, would be deeply engaged in this tragedy. Of

course the media always covers tragedies whether it be earthquakes or plane crashes. But this one seemed to have more traction. Perhaps this is because the tragedy has implicated so many of the companies that so many people rely upon to clothe themselves and their children.

Activists have used this media coverage to put pressure on retailers. In the aftermath of the Rana Plaza disaster, a large number of companies, almost all European, signed onto a proposed fire safety accord that was originally promoted and developed by the global unions, Industriall and UNI. In fact, over one million signatures have been generated by the movement website Awaaz to compel corporations to take part in the accord. Another petition sponsored by “War on Want” is asking several European companies that produced at Rana Plaza to pay full compensation to the victims. It has received almost 90000 signatures. The petition was taken down when the major high street retailers, including Primark, signed the accord.

The laggards are mostly United States based companies (with the exception so far of PVH) that are concerned about provisions of the accord that provide for legal remedies enforceable by home-country courts in case they should lose in an ICSD arbitration.

This horrible event in Bangladesh and its fallout highlights the pitfalls and dangers of the new world of global production and trade flows. My book project, of which I am at the very beginning stages, is called “The Chains that Bind.” Its goal is to examine the nature of the connections, real and imagined, between consumers and producers in the global economy. It will explore the ways in which these connections have played out through consumer activism and corporate action, and look at how they have spurred new regulatory forms and new forms of labor governance in global supply chains. As currently conceived, it will draw on case studies in Jordan, Bangladesh, and Cambodia to describe three different labor environments where consumer and non-state driven regulation has emerged to problematic labor environments.

Unveiling the Commodity

The conceptual beginning of the story about labor in global supply chains begins with an examination of the commodity. Karl Marx remains a key starting point in any discussion of the relationship between producers and consumers of commodities, for it was Marx that first

unpacked the way in which the commodity obscures the labor that produces it turning concrete labor into abstract.

This abstract labor, which according to Marx makes every commodity commensurable, is obscured in the commodity form. Marx writes in *Das Kapital* that, “it is value... that converts every product into a social hieroglyphic. Later on, we try to decipher the hieroglyphic, to get behind the secret of our own social products; for to stamp an object of utility as a value (and by this Marx means commensurable exchange value), is just as much a social product as [is] language.”

Marx goes on to note that

“[t]he categories of bourgeois economy consist of such like forms. They are forms of thought expressing with social validity the conditions and relations of a definite, historically determined mode of production, [i.e.] The production of commodities. The whole mystery of commodities, all the magic and necromancy that surrounds the products of labour as long as they take the form of commodities, vanishes therefore, so soon as we come to other forms of production”

Marx’s insight is that labor and the laborer becomes reified and hidden in the form of the commodity, and the exchange of the commodities severs the social relationships between producers, and of course, between consumers of those commodities who are also producers in their own right. Thus the fetishism of the commodity, whereby we now see commodities as magically existing as things in themselves, disembodied from the labor and the social relations that produce them. The commodity form thus obfuscates the actual labor and labor processes that went into making them. The beautiful, shiny Apple computer seems, for example, as if it just assembled itself out of the magical ether, rather than by workers at a Foxconn factory in China. It is hard to imagine our new blue jeans having been made in a hot factory in the middle of Jordan by migrant workers in work camp-like conditions.

Since the industrial revolution, work has arguably become more and more abstracted. This is in part because a) less and less physical human labor has been going into the production of the commodities that we buy and produce; b) in the industrialized world, and in some developing economies such as in India, the bulk of the economies have become service based; and c) much of the physical labor and the laborers exerting it, has been relocated to places that are far away, out of sight, and out of mind.

When production was more localized, connections between workers and consumers were more tangible. But automation, offshoring, and highly fragmented global production chains have made those connections more fragile. When the workers making your t-shirt or

computer are 10,000 miles away and work on different parts of your product perhaps in different countries, the relationship to them feels more tenuous.

The New Consumer and Institutional Engagement

But in the last couple of decades there has been a consumer and institutional backlash - perhaps a kind of Polanyi like double movement - in response to the over abstraction of labor. New technologies have enabled workers and consumer movements to make transparent in factories and workplaces what was once obscured. This book project will in part map the development of this attempt to, in effect, de-fetishize the commodity and make apparent what had been obscured. It will investigate the particular nature of new forms of consumer-citizenship and purchasing based on ethical and social criteria. It will ask how, in particular, new regulatory forms have emerged to address the labor abuses and inequalities that have undergirded the global supply chain, and what has been their juris and institutional genesis. The book project will also examine the political economy, economic and market institutions, and supply chain practices that have created particularly abusive labor conditions, especially at the lowest end of the value chain.

It is commonly accepted that consumers have become engaged and interested in the labor processes and conditions in which their purchases are made. The degree of interest depends widely of course on a) the individual, b) the product in question, and c) the context in which they purchase it. But it is fair to say that interest has bloomed. There is empirical evidence for this, which I will discuss more at length in the book project, but there is other evidence from business practices that such interest has taken root. Namely, the proliferation of codes of conduct, multi-stakeholder initiatives, and internal departments of compliance in corporations that believe that they are at risk of reputational harm because of working conditions in their supply chains.

The degree to which consumers are in fact socially motivated in purchasing decisions is a highly debated topic by scholars. On one side of the debate, some argue that consumers will in real world situations respond in their purchasing decisions to indications that a product is made in good or bad labor conditions. According to Richard Freeman and Kim Elliott, on surveys consumers report that they are willing to pay more for products that they are told are made in good conditions; but demand is highly elastic – the consumers report a decreasing willingness to purchase products that are made in good conditions as the price increases. On the other hand, consumers report being less willing to buy t-shirts made in bad conditions

even if given a discount. Of course, what consumers do and what they say on surveys are two different matters. As Freeman and Elliott note, the question is if consumers are in fact motivated and will act for the benefit of others, and not just in their own economic interest. A number of famous economic game experiments do in fact demonstrate that players do in fact behave in ways that are not wholly self-interested economically. The Dictator's game is a classic example of such a game. Here, one player receives an envelope of \$100 and is told that she can share as much, or as little, as she wants with the other player. Only about 20% of players actually keep all the money for themselves, and typically take something around 60-80% of the money.

But these experiments are still theoretical. Some field experiments do in fact suggest that consumers are willing to pay somewhat more for goods that they are told are made in better conditions, at least in certain conditions. In a more recent study by Hainmueller and Hiscox, the authors compelled The Gap to allow an experiment in a Banana Republic outlet store, whereby the researchers conducted a study of 111 Banana Republic factory stores in 38 states over a period of four weeks in 2010. GAP placed two different signs over three different clothing items in the stores. One sign emphasized the fashion aspects of the product, while the other emphasized the company's commitment to promoting fair and safe working conditions, and that consumers can "feel good about what you wear." The researchers found that the signs for women's linen suits, which cost \$140, significantly boosted sales of that item. As the authors summarize their findings,

"Among customers shopping for lower priced women's and men's items, labels with information about labor standards (or information about other product attributes besides price) had no statistically significant impact on sales. But the labels had a substantial positive effect on sales among one segment of shoppers - women shoppers interested in higher price items."

The researchers conclude that their findings confirm what many surveys suggest, that at least some segments of shoppers – here women looking for higher price items are in fact willing to choose items *all prices being equal* that are indicated to have high labor standards.

The authors of this study make no claims, however, as to what *motivates* buyers. It could be a specific concern about workers that produce the clothing, or it could be a more generalized "warm glow" that they feel through altruistic behavior.

But it is fairly clear, I would suggest, that some consumers are indeed motivated by specific commitments to improving the plight of workers. These commitments might range from their purchase choices, to taking direct action in a protest, to signing a petition. One interesting example takes us back to the recent tragedy in Bangladesh and the petition that I

mentioned earlier. An organization named Awaaz is an activist website. It has hosted a petition to compel companies to sign the Bangladesh Fire and Safety Accord. The petition reads:

As citizens and consumers, we urge you to immediately sign an enforceable Bangladesh fire and building safety agreement, or risk fatal damage to your brand image. The agreement must commit you to pay for routine, independent inspections and safety upgrades for your supplier factories. Your companies and other multinationals profit from cheap labour, and can do much more to reduce the dangers of the places where your products are made.

The focus on “citizens and consumers” as distinct but merged concepts in this petition is interesting. Are the signers of the petitions citizens of a bounded nation-state that have direct moral or political connections to the companies? Are they citizens of specific nation-states or global citizens? Does their status as consumers mean that they have global responsibilities towards those who manufacture the goods and services that they consume?

A growing body of scholarship has begun to investigate how the once seemingly antagonistic categories of citizen and consumer have morphed into something symbiotic. Whereas once consumption was understood to be individualistic and non-political or activist, now consumption can be seen to be a political act; a means of affecting change and expressing ideas and engaging in action to change the world. Consumer citizenship also implies a community; a community of like-minded citizens engaging in politics through consumption practices that connect each other as citizens, and, perhaps, workers and consumers, as well.

The paradox is that the nature of these connections, the bonds forged through consumptive practices, is largely imagined. I would suggest that there might be a manifestation here of what Benedict Anderson famously called an Imagined Community. Anderson, of course, was using the concept to describe an imagined community in the context of political nationalism. But I think there are points of intersection with his argument that are helpful in unpacking the nature of the imagined connections between consumers and producers, as well.

Anderson argues that a nation

“is imagined because the members of even the smallest nation will never know most of their fellow members, meet them, or even hear of them, yet in the minds of each lives the image of their communion... [It] is imagined as a community, because,

regardless of the actual inequality and exploitation that may prevail in each, the nation is always conceived as a deep, horizontal comradeship.”

There is likewise something deeply imagined in the relationship between the consumer and the producer in global supply chains. Indeed, most consumers of t-shirts from Bangladesh, and computers assembled in China, will never travel to those countries, and never meet the workers who assembled them; nor will those workers likely make the journey to the final destination of the products of their travails. Some of course do make that trip, and bring back tales and political and moral commitments. But like in Anderson’s account of the rise of nationalism, new technologies and differing “apprehensions of time” have made distant relationships feel closer; newspapers, video, the internet, and other media technologies have made it easier for consumers to imagine relationships and closeness with workers; and perhaps even vice versa.

While garment and apparel production is trenchant example of this phenomenon, and one I will explore in this project, consumer food movements are another example of this imagining. There is a growing niche market for high-end coffee that is either Fairtrade, or “direct trade.” Often, the coffee retailers (who are often also roasters) tell stories about the farmers that grow the coffee beans and the land on which it is grown, making the consumers feel as if they are somehow connected with those growers - not just passive consumers of a fungible, anonymous commodity. There are other similarities to Anderson’s argument, but I won’t have time to explore them here.

In closing, this book project seeks to explore the new consumer and stakeholder driven regulation in global supply chains, and to understand the underlying consumer, market, and institutional forces that are driving it. It will examine how consumers and producers are bound in real and imagined ways, and how transnational regulatory forms have developed in global supply chains in response to these bonds.