Introduction

The Enduring Age of the Sweatshop

> It is not the consciousness of men that determines their existence, but on the contrary, their social existence that determines their consciousness.
>
> – Karl Marx

On 23 April 2013, a national strike or *hartal*, called by the official opposition to Bangladesh's ruling Awami League, was in its third day and traffic in Dhaka was lighter than usual. Factory owners were under pressure to get their employees back to work. Only a few weeks earlier, the Bangladesh Garment Manufacturers and Exporters Association had reported that the combined cost of recent *hartal*s was estimated at $500 million. Workers were scarce throughout the area's industrial corridors, but could still be found in Rana Plaza, a towering structure that loomed over the Dhaka-Aricha Highway. There, 20 miles from Dhaka in the town of Savar Upsala, on the main artery connecting the city to its garment districts in the suburbs, some five thousand workers worked on eight cramped floors, making clothes for Walmart, Primark, Mango, Benetton, and other Western brands.

Like a Bollywood villain, the man who owned the place could be seen driving around the town on his motorcycle, 'as untouchable as a mafia don', accompanied by several paid heavies.[1] His name was Sohel Rana and he had acquired the land for his five-factory complex – which he humbly named after himself – through threats and intimidation, obtained building permits through bribes and graft, and constructed its top floors with no regard to government regulations. His position as Secretary of the local student chapter of the Awami League had enabled him to exercise control over local strikes and use them as bargaining chips. Rumours about guns and drug smuggling on the side had long been circulated.

The sound of an explosion echoed through Sohel Rana's third floor. Terrified workers ran outside and were told by supervisors to leave early. An engineer,

[1] This quote, the estimated $500 million cost of the *hartal*s, and the quote later from Sohel Rana are sourced from Yardley's (2013) *New York Times* profile.

Abdur Razzak, was called in to inspect the deep cracks that now appeared in the concrete pillars and walls. He warned that the building was structurally unsound, declaring it 'vulnerable'. But Rana would not accept this verdict. As reporters arrived on the scene, he gestured at the damage, explaining, 'This is not a crack … the plaster on the wall is broken, nothing more. It is not a problem.' A lone journalist, Nazmul Huda, later snuck inside to carry out his own investigation, but was chased away by Rana's men after recording only a few minutes of the film. The story was broadcast on the local news that evening.

Factory owners were under constant pressure to produce more for less – and quicker. Those who could somehow keep apace would be rewarded with big contracts. Those who could not, would go under. A transnational competition was underway, turning local regulations into hindrances, and productivity a religion. In these circumstances, where other variables were effectively controlled by the absence of capital reserves at the point of production, survival came down to what could be wrung from workers at the least expense.

However, Rana Plaza was running again the next morning. Word of the incident had spread around the neighbouring slums, the *basti*s, and many had stayed home out of fear. Others gathered outside the factory but refused to enter until their safety had been guaranteed. At Rana's instructions, supervisors ordered workers to their stations or face penalties. Jason Motlagh (2014) profiled one of the garment workers, employed by the Ether Tex factory:

> Upon the fifth story, amid Ether Tex's sprawling rows of electric sewing machines and fluorescent lights, the mood was charged with anxious chatter over how bad the cracks really were. Paki and her coworkers approached a supervisor to voice their worries but were reminded of a fast-approaching shipment deadline for an important Western client: If they protested any further, he told them, they would lose a month's wages.

At 9 a.m., an hour after the workers were made to enter on pain of lost wages, the Rana Plaza complex collapsed. Of the 3,100, mostly women, workers employed on that day at the site, 1,129 perished and many more were injured. It marked the deadliest structural failure in modern human history.

This was not an isolated case. The previous November, a fire raged through Dhaka's Tarzeen Fashion Factory killing 112 and injuring 200. Tarzeen had been producing clothes for Walmart, Sears, and Disney. The last four months of that year, 2012, were particularly deadly. There were three other factory fires in three different countries that, including the Tarzeen disaster, took nearly 500 lives, concluding what was by then the deadliest year in history for sweatshop workers. Just four months later, Rana Plaza broke all records.

Figure I.1 Rana Plaza

Source: Taslima Akhter.

First as tragedy

Unionization in 'sweatshops' is a Sisyphean task. Workers – decomposed and dispensable – organize on their own intuitively and with great difficulty, given the circumstances. But when they demand recognition as unions or take strike action, the factory owners retaliate – often viciously. Even if workers succeed in outlasting the owners, the now-unionized factories come under threat from their buyers (Nike, Adidas, GAP, and so on) who are liable to 'cut-and-run' to the next factory, where labour is still unorganized and, therefore, much cheaper. Time and again across the Third World,[2] from Central America to Africa, from Pakistan to the Philippines, attempts by workers to organize have been crushed in much the same manner by a hyper-mobile 'globalized' capital.

This paradigm of hyper-mobile capital is marked by a retreat of the state as the realm of workplace conflict resolution. Thus, the struggle for rights and

[2] I use the terms 'Third World', 'Global South', and 'emerging economies' interchangeably. 'Third World' was used to describe a project rather than a place during anti-colonial struggles (Prashad 2007), but its use is increasingly marginal. Frequently, the term 'emerging markets' is preferred in the pages of the *Financial Times* or within MBA programmes.

higher wages only accentuates injustices. As one of the leading edges in the advance of globalization and the spread of vertically disintegrated supply chains (those giving buyers their pick of suppliers), garment and footwear epitomize this tension.[3] It has been the central problem of trade unions and their global anti-sweatshop allies. While there has been a fundamental geographical shift over the last century, the dynamics of workplace struggle feel frozen in time – an enduring age of the sweatshop. Workers – women, mostly – bent over sewing machines, producing clothes for the better-off in London, New York, Paris, and, in its latest stage, for the entrepôt cities of Bangalore, Bangkok, and Guangzhou. Any attempt to organize on the shop floor faces stiff and often violent resistance from management, Pinkertons, and police, followed by capital flight in quick succession.

The Rana Plaza tragedy is often compared to the smaller 1911 Triangle Shirtwaist Factory fire that killed 146 in New York City. The same macroeconomic dynamics which created the Triangle Shirtwaist disaster – now a solemn milestone discussed in American history textbooks – still hold sway, but on a global scale. Like Rana, the Triangle Shirtwaist Factory was located in the top floors of a complex well known for its dangers. The factory was run by strongmen in a city rife with corruption, employing almost exclusively young women. In the decades leading up to the Triangle Shirtwaist disaster, New York City's garment district had become a locus for domestic apparel production. As tales of shopfloor crowding and long hours in the district's lower east side factories gradually made their way into the press, the term 'sweatshop' entered the public American lexicon.

Englishman Charles Kingsley first defined the sweatshop in 1849 in a pamphlet entitled *Politics of the People*. The 'sweated system,' he wrote, 'is a surviving remnant of the industrial system which preceded the factory system, when industry was chiefly conducted on the piece-price plan, in small shops or the homes of the workers.' In short, the sweatshop was defined by the factories' outsourced position in the value chain. As economist John R. Commons explained in 1901, 'In the factory system the workmen are congregated where they can be seen by the factory inspectors and where they can organise or develop a common understanding. In the sweating system they are isolated and unknown.' By the turn of the twentieth century, sweatshop had become synonymous with the garment sectors.

[3] Within this book, 'garment sector' includes footwear, except when explicitly stated otherwise or in reference to the Multi-Fibre Agreement (MFA) which does not include footwear. This is addressed comprehensively in Chapter 3.

However, an increase in union density in the 1930s witnessed declining sweatshop conditions in the sectors. From the 1940s through the 1960s, a confluence of factors served to open the door for the relocation of factories from the Northeast, which were free of so-called right-to-work laws (let us call these states 'right to organize') to right-to-work states in the South, as well as Southern California.[4] These included the Northeast labour shortage concomitant with World War II, large government contracts for military uniforms, the success of union collective bargaining of 'jobbers' agreements' increasing the union density of the International Ladies' Garments Workers Union (ILGWU), and the passage of the anti-union Taft-Hartley Act (1947). As the ILGWU continued expending resources, 'chas[ing] the runaways', unions' bargaining power had begun to wane and the quality of contracts declined.[5] By the late 1960s, the sweatshop had returned – typified in the garment sector – with US brands outsourcing to Global South factories – first to Mexico, then to Central America, and finally across China and the rest of Asia.

Power within the garment sector turns on a twin axis: that on which workers and factory owners are balanced and which connects disaggregated producers – that is, factory owners – to buyers. Low barriers to entry for production have thrown small firms into larger and larger bidding wars for contracts with a relatively static number of retailers and brands. This created enormous incentives to drive down costs in production (Anner, Bair, and Blasi 2012), keeping margins thin and making for a production environment of low-value firms, with small factories and unsophisticated technology (Dicken 2007). The most elastic variables are labour cost and labour intensity. These value chains are therefore 'buyer-driven' (Gereffi 1994, 2002), since they develop according to the demands of brands and retailers. Organizing labour within this structure, for better pay and working conditions, can only lead to order-loss, as prices go up and buyers disappear. It creates a 'race to the bottom', where failure to maintain labour discipline becomes an existential threat for producers (Ross 2004).

This has created a geo-economy of supply chains determined by retailers as well as brand-name merchandisers who, by selecting manufacturers globally, accumulate enormous profits and power away from those who produce the goods. By exploiting geographic differentiation in costs, a large reserve army of labour, and the restructuring of state regulation, capital has been able to construct tighter

4 Harvey (2014) claims that by the 1960s, labour unions were pushing for the centralization of workers' rights which led big capital to ensure the ongoing decentralization through 'states'' rights.

5 Phone interview, Jeff Hermanson, 12 August 2013.

and tighter complex supply chains and has succeeded in transforming the global apparel industry into one of the most horizontally internationalist and vertically outsourced areas of production in the world. This has left manufacturing firms under the constant threat of brands/retailers ending orders which in turn puts constant downward pressure on workers.

The history of the impact of Global North activism on Global South garment labourers is complex and contradictory. In a major victory, pressure by unions in the Global North produced the international MFA in 1974, establishing 30-year import quotas for garments and textiles produced in the Global South. However, it would only ever be a stopgap, targeting one factor in a larger process. The cheaper labour costs of the unorganized Global South continued to lure the major players, who were able to manage transnational empires much more effectively through advances in telecommunication and transportation. Ultimately, the MFA did little to stay the collapse of the garment industry in the Global North. From 1990 to 2004, the US sector contracted by as much as 60 per cent (Moran 2010). As footwear tariffs and others were relaxed over the years, the MFA, particular to garments and textiles, remained one of the few checks on this process. But even when restrained, value nonetheless accrued to buyers sitting at the top of the chain, widening the power gap separating them from workers.

Since previous efforts by established American and European garment unions to stem the globalization of their work rested on protectionist measures, such as the MFA – which proved ineffective, and mere speedbumps in the process – links were eventually made with their burgeoning counterparts in the Global South. Once an understanding of the broader, macroeconomic dynamics in which both parties were caught up was established, new ideas could emerge.

Enter the anti-sweatshop movement of the late 1990s. Traditionally, most labour strategies in the garment and footwear sectors were sited on the shop floor. However, the above-mentioned difficulties – of setting workers at a spatio-political remove from the real centres of power (transnational brands and retailers) – forced innovation. It was from this crucible that the campaign for 'ethical consumption' – sited in the Global North – was born. It was hoped that raising awareness of sweatshop horrors among Global North shoppers would force brands into more ethical sourcing habits – and to swallow the costs.

US-based labour union UNITE HERE (the modern, multi-sectoral incarnation of the ILGWU that now goes by the name of Workers United) made its last successful stand in organizing thousands of workers at over 30 Guess Jeans cut and sew shops in Los Angeles Basin. The company immediately responded by relocating its production to Tehuacan, Mexico. UNITE leaders, however, refused to allow UNITE organizers to 'follow the work' and organize the Tehuacan workers.[6]

This precipitated a campaign to target consumers, fighting for hearts and minds where compliance was not enforced by market mechanisms. Linking up with the 'global justice movement', it began building activist networks on campuses, trade unions, and urban centres – bringing international attention to millions of garment workers in the Global South. Soon 'sweatshop' was a household term, shrouded in ignominy. Clothing tags now tell a story of sweat and misery exacted from workers in far-flung corners of the world. But even as the anti-sweatshop movement joined other activist groups in the early 2000s to form a broad front against neoliberal capitalism (first forged at the 'Battle of Seattle' in 1999), its capacity to affect the shop floor remained infinitesimal since the basic constitution of the industry had not been altered. Shopper-shaming damaged reputations but not sales (the low prices proved too attractive and there were few alternatives). Over time, a sense of resignation took hold among labour activists; after so much work, barely a dent had been made. As Jeff Ballinger (2009: 23) observed, it seemed like 'nearly twenty years of anti-sweatshop activism [had] come to naught'.

In spite of the apparent success in 'raising awareness' of how the industry's sausage was made, little was done (nor could be done) to alter its basic structure and shield it from market forces. And so as globalization rolled on, bringing new environs into capital's sweep and expanding the market floor without enlarging its apex, competition – and thus exploitation – intensified apace. Soon buyers were able to shuttle capital not only from town to town and village to village but also from country to country and continent to continent, expanding their operations and fleeing even rumours of organized labour or regulation with newfound ease. More and more small sellers (producers) were thrown into competition to accommodate the same handful of large buyers (brands/retailers), who exercised enormous power over the production process. Attempts at the time, like that of UNITE HERE, to place simultaneous pressure at the top and the bottom of the value chain, and ally consumers with workers in production, only achieved what was possible without addressing the larger questions of globalization – that is, small Pyrrhic victories – but would lay the groundwork for the later changes of

[6] Ironically, a few years later, the Tehuacan workers rebelled against their employers, then producing for Gap, and many of the factories were closed as the brands relocated production to China.

the organic composition of capital and those struggling against or within it that form the subject of this book.[7]

The organizers from the Bangalore-based Garment and Textile Workers' Union (GATWU), with whom I was working, were pushing the same rock up the same hill, in every city and village. For this project, I was reunited with Pratibha and Jayram, key GATWU organizers, whom I had met some 10 years before, as an undergrad, while conducting my first bout of labour research. They and their cohorts were flitting about Karnataka, building union chapters and offering assistance where conflicts had broken out with management.

The union used a 'hot shop' organizing model, following the trail of labour unrest from case to case, factory to factory, establishing and strengthening union footholds. There was never a shortage of workplace conflicts, and the four to five full-time organizers were always busy. In a month, I visited Mysore, where workers were trying to stop a planned closure; Kolar, where new factories had appeared when the gold mines closed; and Ramnagara, a warehouse town outside of Bangalore.

I hear you speak Kannada

It was early evening in Mysore when I received a call from an unknown number. The South Asia field representative of the Workers' Rights Consortium (WRC) was on the phone.

> Workers' and their family members have been attacked. A worker is now in the hospital. We're going to initiate an investigation immediately and we are in need of an interpreter – I hear you speak Kannada.

The town of Ramnagara lies 30 miles southwest of Bangalore on the Mysore–Bangalore highway. It is famous for its silk production and has the highest concentration of silk cocoons in Asia. Recently, its location has acquired strategic importance for the circulation of production in and out of the state of Karnataka. The warehouse under WRC investigation was owned by Arvind Mills and was located at a critical geographic node, with finished products packaged and made ready for distribution across India and the Middle East.

[7] Of course, it is not as simple as that. Workers' strategies are moulded through victories and failures. Indeed, had UNITE provided resources and persevered, it might have established strong unions in Central America; and that could have demonstrated the viability of a strategy of international solidarity organizing which might have been extended to Asia in time.

I was already familiar with the case before I was asked to come down and interpret for the investigation. I had visited the city with GAWTU's Jayram a number of times and knew that workers at the warehouse had been organizing, incurring the violent wrath of management. I interviewed the worker who was attacked that day and accompanied him to the local police station where he attempted to file a report. As he talked to the officers inside, co-workers and sympathizers gathered outside. The factory's management was called to the site and after several hours the Chief of Police went outside and addressed the crowd. 'Go back to your homes and leave this trade union business,' he said. 'The union will offer you nothing. Look what it did to the factories in Bangalore, they are all packing and leaving. Is that what you want for us?' As we left, a number of young men, who I later learned were hired by the factory management, approached us and began making threats of violence – I pulled out my audio and clicked *record*. The next day I sent the audio to international campaigners. The following day I received a call from the WRC.

We arrived at the warehouse to find that Arvind management and a representative from Phillips Van Heusen (PVH), the world's largest shirt and neckwear conglomerate, were already waiting. The investigation began from the bottom. First, we interviewed workers chosen by management, then we interviewed management and security guards, and, finally, near the end of the day, we spoke with Arvind's Executive Vice-President.

As I translated, I tried to situate the conversations within the theories I had been taught. Garment and footwear brands pulled the strings, and factory owners were their helpless accomplices. Workers on the shop floor were grist for the mill, with no bargaining power. These were the bald facts. By the day's end, this orthodoxy would start to unravel.

Rather than prosecute an adversarial case on behalf of the worker (as a response to consumer pressures to avert reputational damage), the PVH representative seemed to be on the side of the Arvind executive, defending his points and conceding her own, wherever they conflicted. It quickly became clear that there was another layer in the power dynamics at play. The Arvind executive did not feel obliged to give an inch to PVH, throwing his weight around like a bull in the proverbial china shop of accepted global value chain (GVC) theory – secure in PVH's ongoing business.

What I witnessed came into direct conflict with foundational truths in the study of clothing value chains. It was understood that global brands in garment and footwear resort primarily to what Harvey (2006) calls a 'spatial fix' rather than a technological or organizational fix, which was central to the historic growth strategy of global brands and retailers. These various 'fixes' represent the intrinsic mechanism by capital to overcome its inherent crisis tendency. The garment value chain relies on the unequal power dynamic of many suppliers and few buyers – *monopsony*. The result is a low level of surplus value capture at the production phase of the supply chain, which ensures chronically low capital investment in industrial upgrading.

In short, the long-established rules of the game are as follows: fragmentation and low capital investment in garment and footwear value chains had created low barriers to entry, resulting in bidding wars between thousands of smaller firms from around the world (or a high degree of monopsony power [DMP]). These chains were 'buyer-driven' (Gereffi 1994a) insofar as brands and retailers commanded them. Global brands/retailers rewarded firms with the lowest labour costs, resulting in persistent downward pressure on workers. Within this dynamic, worker action or organization resulted in order-loss, and so the global race to the bottom entailed labour discipline. This structure of the garment and footwear value chain drew value to the top of the supply chain, to global brands/retailers, further curtailing the structural power of labour. Finding themselves thrown out of work by Pyrrhic victories over factory owners, and too isolated to pressure international brands, workers appealed often to 'anti-sweatshop' allies in the Global North to increase sourcing prices to manufacturers and make them more responsible for labour rights. Thus, the spatial and political distanciation between areas of value creation and value capture left workers without a means of direct resistance, which the Global North–based anti-sweatshop movement attempted to ameliorate, specifically by endeavouring to relocate the site of struggle from the sphere of production to the sphere of consumption.

On the ride back to Bangalore, after day one of the Arvind investigation, I told myself that this had been an anomaly or had involved a personal relationship I was unaware of. But when I asked the WRC investigator his thoughts, he told me that this was not an isolated phenomenon but rather one that he had been seeing with increasing frequency. I would soon discover that large and growing production firms with increasingly brazen executives were not even unique to India. Rather, they were part of a global process, tracing its roots to the liberalization of trade and more specifically the 2005 end of the global quota system: MFA.

In this book, I propose a dynamic *universal* logic to global value chains in which DMP is reflected in the bargaining power of workers. This logic is based on the underlying forces of competition, in which value chains everywhere are subject to similar laws of motion, and workers everywhere are driven by a common set of interests and aspirations, albeit with diverse strategies of resistance shaped by any number of contingent factors (that is, cultural mores, state labour regimes, and so on).

My application of this logic to the contemporary garment sector is as follows: In accordance with existing theories, as we moved into the post-MFA era of the