1. Introduction

Subcontractors could pay the workers whatever rates they wanted, often extremely low. The owners supposedly never knew the rates paid to the workers, nor did they know exactly how many workers were employed at their factory at any given point. Such a system led to exploitation… The fire… which claimed the lives of 146 young immigrant workers, is one of the worst disasters since the beginning of the Industrial Revolution… This incident… highlights the inhumane working conditions to which… workers can be subjected.

(Cornell University, 2014)

This is not a description of one of the many factory fires in Bangladesh. Nor does it allude to contemporary immigrants. It refers to the Triangle Shirtwaist Company in New York City in 1911. Locked into the sweatshop, workers, disproportionately young and female, threw themselves out of windows to escape the flames – and fell to their deaths. Earlier union efforts to change the awful conditions in sweatshops, including at Triangle, had little effect. Public shock and outrage were the catalyst for the passage of legislation regulating health and safety. The factory was a disaster waiting to happen, but it took highly publicized and horrifying deaths to precipitate change.

Workers throughout the world continue to toil in unsafe conditions for low wages, long hours, and few, if any, benefits. They suffer preventable diseases from overwork and exposure to chemicals and toxins. Some are effectively enslaved, and others, like too many of the Triangle Shirtwaist Factory girls, are subject to sexual harassment. Immigrant workers are particularly vulnerable to exploitation. Government protections, especially where states are corrupt or have little enforcement capacity, are not always effective for citizens and more or less non-existent for immigrants. Where unions are weak or illegal, the collective voice of labor is curtailed. Even in countries where the laws presumably protect the right to organize, employers still threaten to fire workers who join union efforts, and in many places, even today, union organizers are assassinated.

Under what conditions should we expect labor rights in global supply chains to improve? This book asks what has been done and what can be done. Although we find that any change is difficult both to achieve and sustain, some progress is possible. Change comes, we argue, when the
interests of key actors are aligned to improve labor standards. The achievement of alignment is not a given but requires political and economic processes, and often the explicit use of economic and political power, to compel stakeholders to form commonalities of interest.

Our aim is to specify the conditions that align the interests of employers, governments, and consumers with those of the workers. We do this with a particular focus on apparel, footwear, and consumer electronics brands, whose history we trace generally and through case studies of four countries that illustrate a variety of strategies and processes: the United States, Honduras, Bangladesh, and China. We find that the contemporary form of the global supply chain is the source of problematic working conditions we identify; improved labor standards require transformation in the motivations and practices of owners and managers of supply chain businesses and the governments that house them. Progress is most likely to come about as a result of the establishment of international norms, monitoring, media attention to labor violations, and anti-sweatshop activist campaigns and boycotts. Unfortunately, the precipitant to changes in policy and practice is, far too often, a horrible event such as the Triangle Shirtwaist Factory fire or the collapse of Rana Plaza in Bangladesh. Loss of innocent lives creates a public uproar, as well as opportunities for leverage by the international organizations, NGOs, labor unions, reformist government actors, sympathetic brand management, and others attempting to raise labor standards.

Global supply chains involve myriad actors with divergent interests and complicated relationships. We attempt to organize this complexity by focusing on four clusters of actors, their incentives and beliefs, and the changing configurations of alignment and misalignment among them that can lead to better, or in some cases, worse labor rights. The four clusters of actors we identify are supply chain workers and their allies, governments, businesses, and consumers.

We argue that actors can capitalize on opportunities for leverage along three dimensions. First, opportunities increase when there is a higher degree of alignment of interests within an actor’s cluster. Second, opportunities increase when there are conflicts of interests within the cluster that is the target of opposition or change. Third, opportunities for leverage increase when there are greater cross-cluster alignments and coalitions. These configurations of interests within and across the four clusters of actors are malleable and reflect stakeholder incentive structures, their beliefs about the rewards and punishments that they face, and their beliefs about norms of appropriate behavior.

By developing this analytic framework, we hope to illuminate both opportunities for and challenges to improving labor rights globally. Our
findings reveal that neither international institutions nor private regulatory schemes are sufficient to ensure sustained supplier compliance. We find that major openings for change generally occur in response to a combination of worker and consumer pressure directed at transforming the beliefs of firm management about the norms of appropriate behavior. Such pressure is likely to be most effective when highly publicized labor violations and disasters make the issues salient to important publics and actors. Probably the most important and sustainable mechanism for improved labor standards is government regulation backed up by effective enforcement.

Opportunities for leverage lead to improvements only if alliances and coordination are possible within and across clusters, but this is not always the case. Brands may be motivated to act but be stymied by their suppliers, who have strong economic investments in poor labor conditions. Workers and their allies may undermine each other because of inability to overcome collective action problems or as a consequence of strategic differences. Consumers, both individual and institutional, may not be persuaded to make purchasing decisions the campaigns demand. Distinctive viewpoints and interests within legislatures and among government agencies and branches can yield inaction or repression, rather than improved labor standards.

Government may be the key player for ensuring sustained labor rights, but the capacity and motivations of government actors vary considerably. In Bangladesh and Honduras, the governments are ineffective due to weak state capacity, corruption, and intense political competition that favors business interests over workers. While China has relatively stronger state capacity, local governments collude with supplier firms to boost investment and revenue while the central government continues to actively repress and prohibit independent unionization and collective bargaining. Both negatively affect Chinese workers’ rights. Finally, although the United States previously had a fairly strong regulatory environment with effective enforcement for labor, since the 1980s there has been an unraveling of American unions, the breakdown of labor enforcement capacity, and serious backsliding in labor rights for many of America’s workers. Without the incentives necessary to encourage government actors to actively commit to upholding labor standards, victories on factory floors are likely to be sporadic, issue specific, and tenuous.

This book develops our argument by using a multi-method approach, relying on evidence from both cross-national quantitative empirical analysis and in-depth qualitative case studies. Chapter 2 introduces the global context for labor standards and discusses the incentives and motivations that multinational brands face in developing more efficient,
productive, and ultimately profitable, supply chains. After reviewing the costs and risk calculations of firms generally, we then examine the efforts of four multinational brands, Levi Strauss & Co., Nike, Apple, and Alta Gracia, to uphold and improve labor rights at their supplier factories abroad.

Chapter 3 builds our analytic framework, which focuses on four key clusters of actors, defined by their relationship to the process of production, and identifies when and where opportunities may be leveraged to improve labor standards. We then build a framework for thinking about how interest alignment within and across the clusters of actors can result in opportunities for leverage to improve working conditions for workers in global supply chains. Chapter 3 also describes the mechanisms of influence that can alter the incentives and, therefore, the alignments within and between clusters of actors. We outline common patterns in the processes that lead to positive changes in working conditions in global supply chains.

In Chapter 4, we discuss the role of international organizations and global governance initiatives in contributing to the development of an international framework for workers’ rights and global labor standards. We identify three mechanisms through which international institutions have contributed to improving labor standards: formal monitoring and enforcement; the diffusion and internalization of global norms pertaining to labor rights; and capability building provided to firms and governments by international organizations, NGOs, foreign governments, or corporations. We suggest that where international initiatives have had the greatest success is in establishing global norms to which advocates of labor rights appeal.

Chapter 5 presents quantitative statistics using new data from the World Justice Project to evaluate some of the potential mechanisms for improving both labor standards on paper and their enforcement in practice. The chapter finds that the level of economic development, democracy, and left-leaning governments are associated with better labor standards, all else equal. We also test other variables that have been identified in the literature as being important for upholding labor rights including state capacity, foreign direct investment, arm’s-length contracting, ratification of ILO conventions, UN Global Compact membership, and Fair Labor Association inspections.

Chapters 6 through 9 explore four in-depth country cases. We begin with a discussion of labor standards in the United States. The US case illustrates how domestic labor rights that were hard won in the early twentieth century have been eroded by declining union power, hostile business interests, and weak incorporation of labor interests into either of
the two dominant political parties. Simultaneously, however, American consumers and NGOs have pushed hard for improvements for workers elsewhere in global supply chains.

Chapter 7 examines efforts in Honduras to compel Nike and Russell to improve labor standards. Using original qualitative data in the form of interviews and fieldwork, we document the response in 2012 when Honduran workers faced sudden unemployment without compensation due to the closure of their factories. Campaigns against Nike and Russell by Honduran workers, the Worker Rights Consortium, and universities altered the incentives of both corporations. Consequently, some workers were able to negotiate settlements, either through compensation or re-employment. Unfortunately, this important victory has not set in motion any broader improvement in labor rights, primarily because the Honduran government remains corrupt and weak.

Labor rights, or lack thereof, in Bangladesh are examined in Chapter 8. The starting point is the equilibrium between apparel brands and their suppliers, the Bangladeshi government, Bangladeshi workers and their allies, as well as apparel consumers that existed before and after the Rana Plaza tragedy. Rana serves as an important example of how a horrible tragedy can become an important moment of opportunity for leverage for workers and their allies. However, we interpret the resulting changes with caution. Without a long-term and credible commitment by consumers and retailers to punishing brands and suppliers who violate workers’ rights, sustained improvements are unlikely, especially given the current domestic political equilibrium in Bangladesh.

Our qualitative cases conclude with that of China in Chapter 9. The examples of two mega-suppliers, Yue Yuen and Foxconn, demonstrate the conflict of interest that exists between brands and suppliers, collusion between supplier factories and local governments against workers, and the nature of labor resistance in contemporary China. As with the Bangladesh and Honduras cases, transnational campaigns and media attention did, temporarily, change the calculations of both supplier factories at a specific moment in time. The central government’s continued prohibition of independent unionization and its emphasis on local economic development and revenue generation create immense barriers to sustainable improvements in labor standards in China.

The Triangle Shirtwaist tragedy precipitated the alliances and coalitions that advanced major improvements to labor rights in the United States in the early twentieth century. While the problems of many global supply chain workers in 2014 when this book was written are remarkably similar to those of the US sweatshop workers in 1911, the modern brand
era is much more complicated and international. It is to those complexities, and the challenges and opportunities they create for improving labor standards, that we now turn.