Labour Standards and Workers’ Rights in the ‘Global Factory’

A critical global commodity chains analysis of the ILO’s Better Work Program

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Honours Thesis

Submitted as partial requirement for the degree of Bachelor of Political, Economic and Social Sciences (Honours), Political Economy, University of Sydney, October 2013.
Declaration of Originality

This work contains no material which has been accepted for the award of another degree or diploma in any university. To the best of my knowledge and belief, this thesis contains no material previously published or written by another person except where due reference is made in the text of the thesis.
Acknowledgements

This thesis would not have been possible without the encouragement of my teachers, my honours cohort, my friends and my entire family. I hope you know how appreciative I am.

I would like to say a special thank you to my wonderful supervisor Joy, whose thoughtful advice and extreme generosity with her time made this process more rewarding and more bearable than I could have anticipated. Thank you to my partner Martin, for his unending love and patience, and for refusing to let me doubt myself. Thank you to my amazing parents, for supporting me through life, university, and especially my honours year. Thank you to my brother Nick and his partner Sarah, for always making time for me. And thank you to my sister Bridget, whose passion for ethical garment production and generous lend of a single book – To Die For: Is Fashion Wearing Out the World? by Lucy Siegle – compelled me to take a closer look at this complicated industry.

Finally, this thesis is dedicated to the millions of garment workers whose hard work, dedication and strength inspire me to try and change things in whatever way I can.
Abbreviations

ATC  Agreement on Textiles and Clothing
BDCC  Buyer-Driven Commodity Chain
BFC  Better Factories Cambodia
CCU  Cambodian Conference of Unions
CLS  Core Labour Standards
CSR  Corporate Social Responsibility
CMT  Cut-Make-Trim
DSP  Dispute Settlement Panel
GATT  General Agreement on Tariffs and Trade
GCC  Global Commodity Chain
GDP  Gross Domestic Product
GMAC  Garment Manufacturers’ Association of Cambodia
GPN  Global Production Network
GVC  Global Value Chain
EOI  Export-Oriented Industrialisation
EU  European Union
FDC  Fixed Duration Contract
FDI  Foreign Direct Investment
FPP  Full Package Production
FTUWKC  Free Trade Union of Workers of the Kingdom of Cambodia
GSP  Generalised System of Preferences
ILO  International Labour Organisation
IMF  International Monetary Fund
ISI  Import-Substitution Industrialisation
IHR CRC  International Human Rights Clinic and Resolution Centre
MFA  Multi-Fibre Arrangement
NGO  Non-Governmental Organisation
PAC  Project Advisory Committee
SAP  Structural Adjustment Program
TNC  Transnational Corporation
UCTA  US-Cambodia Textile and Apparel Trade Agreement
UDC  Undetermined Duration Contract
UN  United Nations
US  United States
WTO  World Trade Organisation
WRC  Workers’ Rights Consortium
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Introduction

In what is sometimes referred to as ‘globalisation’s\(^1\) second unbundling’, logistical and technological innovations since the 1970s have allowed production stages, that were previously performed in close proximity, to be geographically dispersed in order to reduce production costs and increase production speeds (Gereffi 2013: 10). This has intersected with export-oriented industrialisation (EOI) strategies to open up a radically different ‘development’ path, as free trade and flexible labour have been promoted as the most promising route to economic growth\(^2\) (Barrientos & Smith 2007: 715; Ruwanpura 2011: 198). Instead of attempting to build domestic supply chains from scratch through import-substitution industrialisation (ISI) strategies, developing\(^3\) countries now seek to industrialise by joining established supply chains to make specialised inputs or assemble final goods (Bonacich et al. 1994: 4-5; Gereffi 2013: 10).

In this context, garment manufacturing has been transformed from a local and specialised skill into one of the most globalised industries (Bonacich et al. 1994: 3; Staritz 2010: 6). An estimated 40 million garment workers now produce around 80 billion garments per year (Siegle 2011: ix) in ‘unseen, intricate supply chains that run like invisible webs around the globe’ (Hurley 2005: 95). Given that labour is typically one of the highest costs in garment manufacturing, this has led to what Palpacuer (2008: 411) refers to as a ‘vicious cycle’ of global downward pressure on wages and working conditions for labour at the bottom of such chains.\(^4\)

The global dispersion of labour-intensive production has therefore stimulated intense debate on how to protect and promote labour standards and workers’ rights\(^5\) within the ‘global factory’ (Mayer & Pickles 2010: 4-11). A large volume of

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\(^1\) This thesis acknowledges the capitalist materialist basis of the phenomena captured by the term ‘globalisation’, which Gimenez (2004: 86) argues is usually a ‘de-politicised and euphemistic way to refer to the spread of capitalism over the globe.’ It also acknowledges that while globalisation is not a new phenomenon, it entered a new phase in the 1970s (Kaur 2004: 37).

\(^2\) This income-based conceptualisation of ‘development’ is contested.

\(^3\) The terms ‘developing’ and ‘developed’ countries are used throughout this thesis, in line with the terminology used global commodity chains (GCC) researchers.

\(^4\) This phenomenon is commonly referred to as the ‘race to the bottom’ in the academic literature.

\(^5\) The distinction between labour standards and workers’ rights is further explored in Chapter One. ‘Labour standards’ are minimum acceptable conditions in areas such as wages, working hours, and occupational health and safety. ‘Workers’ rights’ include freedom of association (i.e. the right to
academic, business and non-governmental organisation (NGO) publications exists on different aspects of this issue. The business and NGO literatures typically fixate on the need for market-led policy solutions and changing consumer behaviours, arguing that ‘every single one of our wardrobes is tainted’ (Siegle 2011: ix; emphasis added) by the ‘exploitation’ of ‘vulnerable’ workers. In this context, a plethora of new market-led labour governance instruments have emerged, including corporate codes of conduct, certification schemes, sectoral agreements, and trade agreements containing ‘labour clauses’ (Mayer & Pickles 2010: 5-9). These initiatives have typically achieved only limited improvements in labour compliance, which are often unsustainable, geographically isolated, and accompanied by perverse outcomes.

The academic literature lacks depth from a political economic perspective, and the underlying assumption that there is no necessary contradiction between the pursuit of social values such as fair labour standards and continuing competitive accumulation through profit maximisation and continuous growth is rarely questioned (Pruett 2005: 78-79; Taylor 2011: 449). The material roots of poor labour standards and threats to workers’ rights in the capitalist labour process also remain under-theorised. Instead, studies typically engage with these instruments on their own terms and target particular ‘design flaws’, rather than problematising the market-led approach to labour governance itself.

In this context, the seemingly ‘technical questions’ of policy design, implementation and monitoring ‘need to be conceptualised within the manifestations of power and uneven development that are central to the workings of global capitalism’ (Taylor 2011: 446). The global commodity chains (GCC) framework is a particularly influential approach to conceptualising and analysing contemporary capitalist dynamics in this manner (Goto 2011: 944; Starosta 2010: 433). GCC analyses are principally concerned with understanding how global industries are organised. They conceptualise commodity chains as sets of inter-

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6 In GCC terminology, ‘global’ refers to the distinction between internationalisation and globalisation. While the former refers simply to the geographic spread of economic activities across national boundaries, ‘globalisation’ implies a degree of functional integration between these internationally dispersed activities’ (Gereffi 1994: 96).
firm networks which connect manufacturers, suppliers and subcontractors in
global industries to one another, and ultimately to international markets (Bair

‘the same characteristics of international production networks in the
[garment] industry that make them fascinating for commodity chain
analysts – their organisational complexity and far-flung geography – pose
challenges for those who want to reconcile trade liberalisation and the
globalisation of manufacturing with the rights and interests of garment
workers worldwide.’

Two GCC concepts are worth elucidating here. First, the process by which powerful
‘lead firms’ at the ‘top’ of chains coordinate and control the activities of other
participants is referred to as ‘governance’ (Bair 2008: 4; Gereffi 2013: 5). In
labour-intensive commodity chains such as the garment industry, lead firms are
referred to as ‘buyers’ because they typically have no equity relation to the
subcontracting ‘supplier firms’ that manufacture goods on their behalf? (Gereffi
the chain, meaning their behaviour strongly influences outcomes for supplier firms
(Bair 2009: 20). However, lead firms are also relatively free to pursue capital
accumulation without fear of externally enforceable sanctions, given their market
power and the globally dispersed nature of their operations (Barrientos & Smith
2007: 714; Bonacich et al. 1994: 5-6).

Second, the process by which economic actors seek to maintain or improve their
position in commodity chains is referred to as ‘upgrading’ (Bair 2008: 5). The
nature of the institutional arrangements between capital, labour and the state
determine the extent to which greater competitiveness and profitability (known as
‘economic upgrading’) translate into gains for labour through improved conditions
and remuneration (known as ‘social upgrading’) (Selwyn 2013: 79). Firm-level

7 The terms ‘buyer’ and ‘supplier firm’ or ‘factory’ are used throughout this thesis in line with the
terminology used by GCC researchers. While this terminology obfuscates the fact that ‘buyers’ do
not simply purchase an end product, it provides efficient shorthand to denote firms’ position and
functions within the garment commodity chain.
upgrading can be, and often is, achieved through the *worsening* of workers’ conditions within and beyond the workplace (Goto 2011: 945; Selwyn 2013: 76).

Understanding this apparent contradiction in the experience of workers, through a political economy analysis of the Better Work economic and social upgrading program, constitutes the main aim of this research. The thesis comprises a theoretical, historical, institutional and empirical examination of both the Better Work program and its wider political-economic context. The Better Work program is arguably one of the most significant mechanisms of global labour governance (Hall 2010: 427). It targets garment producing countries at the ‘bottom’ of the garment commodity chain and is a vehicle through which the International Labour Organisation (ILO) seeks to mediate the contradictions between the pursuit of decent labour conditions and the dynamics of competitive capital accumulation in the global economy (Taylor 2011: 450). Better Work provides factory monitoring, reporting, training, advisory services, and ‘social dialogue’ programs such as educational forums and contests (Better Work 2012a). It seeks to improve labour compliance (social upgrading) while strengthening factories’ competitiveness (economic upgrading) (Better Work 2012a). The program was established in Cambodia in 2001 under the name Better Factories Cambodia (BFC). By 2012 Better Work was operational in Cambodia, Vietnam, Indonesia, Haiti, Jordan, Lesotho and Nicaragua, with plans to extend it to Bangladesh and Morocco (Better Work 2012a).

Better Work is based on a market-driven enforcement model which relies on buyers’ reputation-sensitivity regarding labour conditions in their supply chains (Oka 2010: 62). It is *hoped* that buyers will base their sourcing decisions on factory monitoring results, ‘rewarding’ compliant factories with increased orders and either ‘punishing’ non-compliant factories through the withdrawal of orders or working with them to remediate violations (Seidman 2009: 588). The promise of an ‘ethical’ reputational advantage is the primary driver of Better Work’s geographical spread and acceptance by factory managers and developing economy states that seek to improve their competitive position, given their economies’

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8 ‘Throughout this thesis, ‘BFC’ will be used to denote the Cambodian country program while ‘Better Work’ will be used to denote the global program, including Cambodia.'
reliance on garment export earnings (Dicaprio 2013: 111). It is expected that workers and their unions will perceive the program to be in their best interest (Hale 2000: 354). However, BFC has had limited impact on workers’ remuneration, working conditions and union rights despite its presence in Cambodia for over a decade. Initial evidence suggests that Better Work programs in other countries are also struggling to promote progressive and sustainable improvements for workers.

It is therefore important to reflect critically upon the GCC approach’s assumptions and implications, given the widespread acceptance of its theoretical and methodological principles. Adherents include academics, policy-makers and international institutions, social movement and union activists, and non-governmental organisations (NGOs) (Bair 2005: 162; Gereffi 2013: 15). The extant GCC literature tends to be capital-centric, emphasising inter-firm relations and technological innovation but treating the firm itself as a ‘black box’ (Coe et al. 2008: 284). While numerous GCC analyses have sought to more adequately incorporate labour and the labour process, they have generally investigated how globalisation impacts on labour and frames workers as largely passive ‘victims’ of these processes (Selwyn 2012: 205-206). The GCC framework’s emphasis on governance and the role of lead firms as the organisational drivers of chains has often led to the exclusion of the broader political economy context, including consideration of the international ‘institutional framework’ or ‘rules of the game’ that bear on chains’ organisation and operation9 (Bair 2008: 4; Palpacuer 2008: 410-413). Finally, the gendered implications of commodity chain dynamics, particularly in the geography and configuration of chains, is also largely absent from the extant GCC literature in a context where the garment industry is dominated by female labour (Bair 2005: 175).

The thesis problematises both the GCC framework and the Better Work program. It does so in order to raise questions regarding the dominant trajectory of policy development since the 1970s, and the development paradigm reflected and reproduced within that trajectory (Bair 2007: 488; Sheldon & Quinlan 2011: 24).

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9 In line with the thesis’s holistic approach, the term ‘governance’ is used throughout to refer to the regulatory mechanisms and institutional arrangements which bear on commodity chains’ organisation and incentive structures, such as labour regulations and trade rules (Bair 2005: 168). This is in addition to lead firms’ coordinating activities (in the traditional GCC sense).
Following this introduction, the thesis unfolds over four substantive chapters followed by a brief conclusion. Chapter One provides a constructive but critical engagement with the GCC framework. It draws upon critical GCC scholarship in conjunction with Marxist and feminist literatures and establishes the theoretical framework of the thesis. The chapter argues that GCCs should be understood as historically contingent and politically constructed social relations between concrete actors (Bair 2009: 17-19). It contends that foregrounding the gendered roles of labour and national and international state institutions in the structural composition and power dynamics of contemporary commodity chains facilitates a deeper understanding of global industries ‘below’ and ‘above’ the level of the firm. The chapter concludes that the contemporary garment commodity chain’s organisation and power relations severely constrain the possibilities for ‘social upgrading’, meaning progressive and sustainable improvements in the wages and working conditions of workers at the bottom of the chain.

Chapter Two builds on these insights and applies the theoretical framework to the recent history of the international labour standards regime, which is ostensibly designed to address poor wages and working conditions. It also casts the theoretical lens on the international trade regime and the garment industry. The chapter focuses on developments between the 1970s and early 2000s in order to contextualise the emergence of Better Work. This period saw the advent of contemporary ‘globalisation’ processes and involved a restructuring of production in the global economy. The chapter argues that the emergence and ascendance of ‘neoliberal’ policy discourses in this context have posed challenges for the ILO’s traditional tripartite model of labour governance, given that they emphasise a reorganisation of state regulation in order to enhance opportunities for capital accumulation. The chapter thus centres on the resulting contestation surrounding

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10 This thesis uses the term ‘state’ to refer to national state institutions such as governments and security forces. It uses the term ‘international institution’ to refer to agencies comprising the international governance framework of the United Nations (UN). These include the International Labour Organisation (ILO), the World Bank and the International Monetary Fund (IMF). The World Trade Organisation, while not strictly a UN agency, is also considered part of this framework.

11 This thesis acknowledges that the meaning and implications of the term ‘neoliberal’ are contested, and treats these policy discourses as subject to ongoing processes of contestation.
'public' versus 'private' labour governance and the role of worker protections in development and trade. It concludes that new forms of labour governance, exemplified in Better Work, have emerged from and are reflective of struggles between capital, the state and labour. These struggles have gendered implications, given that women comprise the majority of the global labour force and are disproportionately concentrated in lower-paid, informal and ‘flexibilised’ jobs, including those that predominate at the bottom of GCCs.

Chapter Three shifts to the focused empirical examination of Better Factories Cambodia (BFC), being the ILO’s flagship labour standards program. It emerged out of a bilateral trade agreement with the US and was the first instance of ILO factory monitoring. The chapter argues that BFC’s emergence and early successes were contingent upon unique political-economic conditions which began to change after the expiration of the trade agreement in 2004. It examines the significance of Cambodia’s garment industry to the wider economy and highlights the gendered nature of its workforce. The chapter suggests that the reputational advantage promised by BFC does not compensate for the Cambodian garment industry’s lack of competitiveness in terms of prices, lead times and quality. It also argues that Cambodia’s ‘ethical’ reputation is under threat, due to the persistence of poor labour standards, threats to workers’ rights, industrial disputes and state corruption. The chapter concludes that Cambodia’s experience raises serious doubts regarding the long-term viability of the Better Work model of labour governance.

Chapter Four considers evidence from several other Better Work country programs in order to illustrate that the program’s lack of success is not isolated to Cambodia. The chapter then turns to a critical analysis of the deeper contradictions of the Better Work model of labour governance. It argues that the BFC program’s

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12 ‘Public’ refers here to state-led regulation whereas ‘private’ refers primarily to self-regulation by firms, but can include a variety of civil society actors such as NGOs.

13 ‘Informal’ economic activities contribute to a country’s economy but are recognised, unrecorded, unprotected or unregulated by public authorities and thus informal in areas such as registration, tax payments, operating licences and conditions of employment in an environment where similar activities are formalised (Becker 2004: 8; Castells & Portes 1989: 11-12). The informal economy does not include either the criminal economy or the ‘care’ economy characterised by unpaid domestic labour (Becker 2004: 11; Castells & Portes 1989: 12).
well-documented ‘procedural issues’ should not be interpreted as remediable design flaws. Rather, they are rooted in the ILO’s problematic mediation of the contradictions between capital, the state and labour. The chapter argues that the program thus reproduces the social relations and conditions of production it is notionally designed to address. It concludes that Better Work fails to disrupt deeply embedded structures of inequality in the garment industry and global political economy, and ultimately reinforces the power of large buyers and powerful states to the detriment of garment workers.

The thesis concludes with a reflection on two broader implications of Better Work’s institutionalisation. First, Better Work replaces a ‘regulatory vacuum’ with a ‘regulatory conundrum’, creating a façade of improved labour governance that potentially undermines more promising avenues of progress. Second, Better Work disempowers workers and delegitimises their independent collective actions, given that they threaten the ‘ethical’ reputation the program seeks to promote. The chapter suggests that Better Work reflects one particular configuration of capital-state-labour relations. Given the historical contingency of compromises between these actors, future developments and reconfigurations in labour governance should be continually problematised from a gender-sensitive perspective that accounts for the role of labour and international institutions in the global political economy.
Chapter One

Developing the Global Commodity Chains Framework

The global commodity chains (GCC) framework offers valuable insights into the ways in which people, places and processes are linked to each other in the global economy, including the full range of activities that firms and workers perform to produce and distribute a specific product (Bair 2009: 1; Gereffi 2013: 4). As Selwyn (2012: 209) suggests, ‘identifying these processes contributes to a greater comprehension of the reasons for the reproduction of the north-south divide and illustrates the intensely competitive and unequal nature of the world economy.’ This chapter offers a critical but constructive engagement with this GCC framework. It draws upon critical GCC scholarship in conjunction with Marxist and feminist literatures, and forms the conceptual basis for the thesis.

The conceptual development of the GCC framework unfolds over two sections. The first section traces the intellectual origins of the GCC framework and its interdisciplinary pedigree. Drawing on Marxist and critical GCC scholarship, it outlines the limitations of the framework’s core methodological concepts of value, governance and upgrading. It then reformulates the concepts in order to foreground the labour process and state institutions. The second section builds on these insights and extends the GCC framework’s conceptual basis through an engagement with Marxist and feminist literatures. It argues that GCCs are historically contingent and politically constructed social relations between concrete actors (Bair 2009: 17-19). It identifies three aspects of these contingent social relations – gender, workers and the labour process, and national and international state institutions – that are currently under-theorised in GCC research. It contends that foregrounding these social relations in the structural composition and power dynamics of contemporary commodity chains facilitates a deeper understanding of global industries ‘below’ and ‘above’ the level of the firm. The chapter concludes that developing the GCC framework beyond its capital-
centric and gender-neutral limitations allows this thesis to capture important dimensions of the contemporary garment commodity chain that are currently under-developed in GCC research.

**The global commodity chains framework**

The term ‘commodity chain’ was first coined by Hopkins and Wallerstein in 1977 and developed throughout the 1980s by world systems theorists (Bair 2005: 155). Over the past two decades a number of closely related frameworks have emerged which apply the concept of global chains or networks to the study of global industries (Bair 2005: 162-164; Henderson et al. 2002: 438). Three sets of terminology have become especially prominent (Coe et al. 2008: 272). These are global commodity chains (GCC; see Gereffi 1994 for the key initial contribution), global value chains (GVC; Gereffi et al. 2005), and global production networks (GPN; Henderson et al. 2002). GCC/GVC/GPN analyses are broadly situated within a variety of interdisciplinary research agendas, including new economic sociology, Marxist geography, development studies, new international labour studies, and industrial relations studies. While the terms are often used interchangeably, each of these chain/network constructs has particular theoretical implications, substantive emphases and empirical concerns (Bair 2009: 2).

In the earliest formulation of the GCC concept, Gereffi (1994) argues that GCCs have three main dimensions. First, GCCs have a specific input-output structure, which links various nodes of production, distribution, and consumption into a chain of economic activity in which value is produced. Second, GCCs have a territoriality in the sense that the various activities, nodes, and flows within a chain are geographically situated, with implications for levels and processes of development depending upon the position of firms and localities within a chain.

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14 Given such complexity, this project will retain the terms GCC and commodity chain throughout for purposes of clarity and in order to position this thesis within the critical GCC research agendas of scholars such as Bair, Palpacuer and Selwyn, while deriving insights from the GPN and GVC frameworks.

15 GPN researchers seek to overcome the perceived linearity and market reification of much GCC analysis by incorporating ‘all kinds of network configuration’ and ‘all relevant sets of actors and relationships’ (Coe et al. 2008: 272). GVC researchers have shifted away from a holistic GCC view of global processes and their social consequences in pursuit of more sophisticated and performance-focussed firm-level economic modelling (Palpacuer 2008: 394).
Finally, GCCs have a governance structure comprised of ‘authority and power 
relationships that determine how financial, material, and human resources are 
allocated and flow within a chain’ (Gereffi 1994: 96-97; Smith et al. 2002: 44). This 
contribution constituted an extension and reformulation of Wallerstein’s world 
systems theory and Schumpeter’s conceptualisation of capitalist innovation 
(Selwyn 2012: 207). Selwyn (2012: 209) argues that world systems theory’s 
conception of the way developed countries concentrate higher value-adding 
activities within their borders complements neatly the Schumpeterian emphasis 
on how entrepreneurial rents are purposefully generated by firms and states. 
These rents are held to yield super-profits which enable leading firms to invest 
more intensely in innovations and maintain their dominant position in the chain 
(Selwyn 2012: 209).

**Conceptual limitations**

Although GCC research is diverse and interdisciplinary, three particular notions 
form a common conceptual basis for the framework – value, governance, and 
upgrading. While these concepts capture important phenomena in the 
contemporary global economy, their capital-centric assumptions and limitations 
have particular implications for GCC analyses. The processes of producing, 
enhancing, distributing and realising ‘value’ are central to GCC analyses, and this 
focus on value enables an understanding of economic activity and firms as 
‘embedded’ in a context of social relations (Smith et al. 2002: 55). The organisation 
of value flows within commodity chains, and the various forces that impinge upon 
the process – including state action, labour organisation, and corporate practices – 
are seen as fundamental by GCC researchers to understanding of economic 
activities and changing territorial divisions of labour (Smith et al. 2002: 42-43).

A focus on flows of value and the differential power and position of economic 
actors in the governance of these flows enables investigation into *which actors* and 
*which places* benefit or lose out from such flows (Smith et al. 2002: 54). However, 
the measurement of such value and value transformations is a persistent challenge 
in complex commodity chains (Coe 2011: 396). The notion of value is usually 
understood within GCC research to refer to various forms of economic rent that
can be realised through markets, as well as non-market transactions within commodity chains (Coe 2011: 396). This approach ‘explains the distribution of wealth within a chain as an outcome of the relative intensity of competition within different nodes’ (Gereffi 1994: 4).

The GCC framework’s rent-based conceptualisation of value emphasises inter-firm relations and technological innovation, resulting in a top-down ‘network essentialism’ whereby the dynamics of GCCs are seen to ‘flow from the functional characteristics of the governance networks that constitute them’ (Taylor 2007: 534). Despite this capital-centric orientation, GCC research tends to view the firm itself as a ‘black box’ (Coe et al. 2008: 284). This results in a focus on flows of commodities and values *already produced* and a foregrounding of trading activities in the market over labouring activities in the production process (Smith et al. 2002: 55). Labour is handled as ‘a static factor of production’, often with the implicit assumption of the availability of cheap and/or disciplined labour power (Taylor 2007: 535). This neglects consideration of the social processes that construct and reproduce labour power in the form of a commodity with particular attributes in specific locations (Taylor 2007: 535).

Therefore, production is understood here as a ‘social’ rather than ‘technical’ process, which is embedded within dynamics of power and a continuous cycle of resistance and accommodation by workers in the new global factories (Munck 2009: 617). Focussing on the contradictory and contested nature of the labour process facilitates a more coherent conceptualisation of how value is created by labour before its realisation through the market (Smith et al. 2002: 55). Workers’ lives and livelihoods are further emphasised through a broad understanding of value or ‘wealth’ as encompassing ‘wellbeing’ rather than simply the private possession of economic value (Palpacerue 2008: 394).

GCC research analyses flows of value from two contrasting vantage points – top-down and bottom-up (Gereffi 2013: 4). The goal of GCC research is to understand the organisation of global industries, including where, how, and by whom value is created and distributed along a commodity chain (Bair 2005: 157). Much of the extant GCC literature has focussed on the top-down ‘governance structure’ of
commodity chains. Governance describes the process by which particular actors in the chain exert control and coordinate the activities of other participants, as well as how these powerful firms actively shape the distribution of risks and value along the chain (Bair 2008: 4; Gereffi 2013: 5). Special attention is paid to powerful ‘lead firms’, also known as ‘chain drivers’, because of their influence over other chain participants and their presumed importance as potential agents of upgrading and development (Bair 2005: 157).

A well-known distinction in the GCC literature is the one drawn by Gereffi between producer-driven (PDCC) and buyer-driven (BDCC) commodity chains (Gereffi 1994: 96-97). PDCC are characteristic of more capital- and technology-intensive industries like motor vehicles and aircraft, in which powerful manufacturers control and often own tiers of vertically-organised suppliers (Gereffi 1994: 97). BDCC are typically labour-intensive light-manufacturing industries such as garments and footwear, wherein subcontracting networks are managed by designers, retailers and other brand-name firms that design and market, but do not necessarily manufacture, the products sold under their brand (Gereffi 1994: 97-99). The garment industry is a prototypical BDCC because ‘it generates a highly aggressive pattern of global sourcing through a variety of organisational channels,’ including giant cost-driven discount chains, upscale branded marketers, specialty stores, and private label programs among mass merchandise retailers (Gereffi 1999: 40).

The tendency to emphasise governance in GCC analyses is intended to show that contemporary globalisation entails new forms of coordination and control, which in turn affect the composition, organisation and geography of various economic activities (Bair 2005: 173). The applicability and utility of the PDCC/BDCC dichotomy has been disputed and alternative typologies proposed. However, Bair (2005: 159) suggests that it remains significant for its theorisation of commercial capital or ‘big buyers’ as the power brokers that direct the activities of other firms in BDCCs even though they may have no equity relation to the firms actually

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16 For example, in order to address concerns that the PDCC/BDCC typology is too broad to capture the full complexity of chain governance structures, the GVC framework employs a five-fold typology of market, modular, relational, captive and hierarchical value chains (Gereffi 2013: 5-6).
producing the goods made on their behalf. Chains with more ‘market-like’ governance structures still require coordination, and lead firms typically assume these tasks given that they determine much of the division of labour along the chain and define the terms on which actors gain access to it (Bair 2009: 20). Buyers’ coordinating behaviours, including funding strategies, sourcing practices and design requirements, strongly influence outcomes for supplier firms (Bair 2009: 20). Research on the governance structure of BDCCs is particularly salient in the context of export-oriented industrialisation (EOI) strategies in developing countries (Gereffi 2013: 3). EOI strategies frequently encourage specialisation in the kind of labour-intensive light manufacturing industries associated with BDCCs such as the garment industry (Bair 2005: 160; Bonacich et al. 1994: 6-8).

However, the GCC framework’s emphasis on governance and the role of lead firms as the organisational drivers of chains has often led to the exclusion of the broader political economy context, including consideration of the international ‘institutional framework’ or ‘rules of the game’ that bear on chains’ organisation and operation17 (Bair 2008: 4; Palpacuer 2008: 410-413). GCC analyses tend to identify the strongest lead firm in the system, and then explain the nature of the system in relation to that dominance without adequately explaining how that dominance is produced and contested (Coe 2011: 394; Starosta 2010: 439-441). Strong emphasis has also been placed on technical and economic aspects of governance, overlooking changes of a more political nature in value allocation across the chain (Palpacuer 2008: 399).

The multiple governance structures that link the different components of the system together warrant closer attention – domestic and international, public and private, chain-based and civic (Gereffi 2013: 21). Rather than seeing the global economy as an autonomous entity that shapes the social world around itself, it is thus important to investigate the social foundations and social relations upon which the global economy is constructed and which shape its dynamics (Taylor 2008: 18). ‘Embedded’ social relations cannot be understood as self-subsistent

17 In line with the thesis’s holistic approach, the term ‘governance’ is used throughout to refer to the regulatory mechanisms and institutional arrangements which bear on commodity chains’ organisation and incentive structures, such as labour regulations and trade rules (Bair 2005: 168). This is in addition to lead firms’ coordinating activities (in the traditional GCC sense).
constellations but as moments in a circuit of capital spanning production and circulation (Starosta 2010: 441; Taylor 2007: 536). In this way, the struggles that surround embedded production may be understood to have reciprocal effects upon the wider terrain of global capital accumulation (Taylor 2007: 535).

The policy orientation of GCC research is most evident in the bottom-up concept of ‘upgrading’, which refers to the process by which economic actors (principally supplier firms) seek to maintain or improve their position in the commodity chain in order to increase the benefits that they receive from participating in it (Bair 2008: 5). The ability or inability of countries and firms to upgrade in various ways has been the focal point of numerous GCC studies, as researchers often emphasise the connection between chain participation and development strategies and the numerous factors that impinge upon the process (Barrientos et al. 2011: 325; Gereffi 2013: 11). The original formulation of the upgrading concept focussed exclusively on enhancing firm-level competitiveness and ‘moving up the chain’ in order to generate and retain more value (Gibbon 2008: 44).

As a reaction to the limitations of this conceptualisation, GCC scholars have recently proposed that greater firm-level competitiveness and profitability be termed ‘economic upgrading,’ whilst the betterment of workers’ conditions and remuneration be referred to as ‘social upgrading’ (Selwyn 2012: 79). The links between the two are complex and empirical studies demonstrate that economic upgrading does not necessarily lead to social upgrading, given that supplier firms must balance competing pressures to maximise quality in order to meet buyers’ standards while minimising costs in order to remain competitive (Barrientos et al. 2011: 332-333).

Economic and social upgrading are typically analysed through stylised typographies, although social upgrading is a newer concept and has been less systematically theorised than economic upgrading (Selwyn 2012: 206). Economic upgrading is delineated through a fourfold typology, with each type embodying a capital dimension (the use of new machinery or advanced technology) and a labour dimension (skill or productivity development) (Barrientos et al. 2011: 323; Coe 2011: 396; Gibbon 2008: 44). ‘Process upgrading’ involves making the
production process more efficient, including through mechanisation; ‘product upgrading’ involves introducing more sophisticated product types; ‘functional upgrading’ involves moving to higher value-added tasks; and ‘chain upgrading’ involves shifting to a more technologically advanced commodity chain in a new, but often related, industry or end market (Barrientos et al. 2011: 323-324; Gereffi 2013: 11).

Social upgrading is generally divided into two components, ‘measurable labour standards’ and ‘enabling workers’ rights’ (Anner 2012: 610; Barrientos et al. 2011: 324). ‘Labour standards’ are minimum acceptable conditions in areas such as wages, working hours, and occupational health and safety. Such standards are more readily observable and quantifiable, and are modifiable through stakeholder negotiations and government policy (Anner 2012: 610; Barrientos et al. 2011: 324-325). ‘Workers’ rights’ guarantee enabling procedures that mitigate the inherent power imbalance of the employment relationship but do not dictate outcomes and are less easily quantified (Barrientos et al. 2011: 324-325; Anner 2012: 610). These include freedom of association (i.e. the right to form a union), the right to bargain collectively, and the right to withhold one’s labour to improve working conditions (Barrientos et al. 2011: 325; Anner 2012: 610). Lack of access to enabling rights undermines workers’ ability to negotiate improvements in their labour standards (Barrientos et al. 2011: 325). It is hoped that benefits of social upgrading may accrue not just to direct employees, but also spread to their families and communities (Barrientos et al. 2011: 324).

These stylised typographies and trajectories of upgrading offer limited insights compared to case-based analyses that combine attention to specific characteristics of a local or national industry and its evolution over time, with an understanding of where these locations fit in the macro context of the global garment industry (Bair 2008: 9; Gibbon 2008: 44-46). The economic upgrading concept offers little theoretical conception of how firm-level upgrading can be achieved through the worsening of workers’ conditions within and beyond the workplace (Goto 2011: 945; Selwyn 2013: 76). Selwyn (2013: 75) argues that the social upgrading represents an ‘elite comprehension of relations between capital, the state and labour’. It assumes mutually beneficial relations between capital and labour while
denying the reality of labour’s exploitation by capital through the labour process (Selwyn 2013: 82). However, a vast and growing literature has demonstrated that firms that participate successfully in global chains may not deliver benefits to workers in the form of higher wages, greater job security, or improved working conditions. More serious attention must be paid to production and its broader political economy context, in order to examine the creation of value during the labour process and how value is subsequently distributed along the chain (Bair 2005: 166-167; Palpacuer 2008: 398-402).

**Beyond capital-centrism: gendered labour and international state institutions in the garment commodity chain**

Historical and comparative studies have demonstrated the importance of approaching GCCs as both historically contingent and politically constructed social relations between concrete actors (Bair 2009: 17-19). The extant GCC literature is often capital-centric and gender-neutral, offering limited insights into how chains are ‘articulated within and through the larger social, cultural and political-economic environments in which they operate’ (Bair 2005: 167-168). However, understanding the ways in which social relations co-determine processes of capitalist development and change helps to capture important dimensions of the contemporary garment commodity chain that are currently under-theorised in GCC research (Selwyn 2012: 222). This approach does not just ‘bring back in’ or ‘add on’ additional areas of investigation for GCC analysis, but potentially represents a fundamental re-orientation of the approach (Selwyn 2012: 222; Taylor 2009: 437). Foregrounding the gendered positions of labour and state institutions in the structural composition and power dynamics of contemporary commodity chains therefore facilitates a deeper understanding of global industries ‘below’ and ‘above’ the level of the firm.

**Gendered labour**

Labour is understood here to be a fundamental component of GCCs. While numerous GCC analyses have sought to more adequately incorporate labour, they have generally investigated how globalisation impacts on labour and frames
workers as largely passive ‘victims’ of these processes (Selwyn 2012: 205-206). This provides only a partial view of wider social relations and institutional contexts in the constitution and reworking of flows of value between economic actors and across space, which shape production and mediate its developmental impacts (Selwyn 2013: 77; Smith et al. 2002: 55; Taylor 2007: 534). It also marginalises important questions about power and subjectivity both within the labour process and within the wider context of the specific social relations through which local and national labour forces are produced, reproduced, and deployed to create value within the production process (Taylor 2007: 535). Smith et al. (2002: 47-48) thus argue that there is a ‘need for a more systematic analysis of the relations between capital, the state and labour in the production, circulation and realisation of commodities’ within commodity chains.

The capitalist labour process exists within two sets of mutually conditioning relations – competition between firms and the employment of wage labour by capital (Selwyn 2013: 82). It consists of two sub-processes – first, the production of use and exchange values, and simultaneously, the generation of surplus value (Selwyn 2013: 82). Because firms relate to each other through constant competition, the labour process is ‘characterised by an endless productivity drive designed to maximise the speed and intensity of the performance of tasks and the precision, predictability and quality of transformations being worked’ (Selwyn 2013: 82). However, labour power is ‘indeterminate’ in that there is often a disjuncture between the expectations of managers and of workers regarding what needs to be done, how that work is to be performed, and how quickly it must be completed. Cumbers et al. (2008: 370) argue that the ‘labour problem’ is threefold, involving

‘first, the need to successfully incorporate labour into the production process; second, the need to exercise control over labour time in the production process and third... the imperative to exploit labour as part of the process of commodification to realise surplus value.’

In other words, ‘capital comes up against the reality of labour agency and resistance’ (Cumbers et al. 2008: 370).
Workers are understood here to have both structural and associational power. Structural power accrues to workers on the basis of their position in the production process and their ability to disrupt it, whereas associational power comprises ‘the various forms of power that result from the collective organisation of workers’ (Wright 2000: 962). Whether or not workers’ structural power is exercised in order to achieve concessions from capital depends on the politics of their organisations (Arnold 2013: 3-4; Selwyn 2013: 78). The GCC framework’s ‘social upgrading’ concept represents a ‘top-down’ approach to addressing labour’s maltreatment by capital, wherein trade unions that complement capital’s objectives of profit maximisation, through facilitating the regulation of relations between employers and workers, are conceived of as ‘market-friendly’ actors (Selwyn 2013: 81). As will be discussed in subsequent chapters, states and employers in garment-manufacturing countries have sought to influence and control workers’ organisations while engaging in repressive actions against independent workers’ unions. These actions have significant chilling effects upon workers’ exercising of their associational and collective bargaining rights.

The alternative, critical GCC framework developed here represents a ‘bottom-up’ approach to these issues rooted in an analysis of the labour process and an emphasis on contestation and contradiction within that process (Selwyn 2013: 88). The top-down perspective allocates labour a subordinate ‘partnership’ role to firms’ capital accumulation imperatives and states’ attempts at regulating the capital-labour relation, assuming mutual gains for capital and labour (Selwyn 2013: 88). In contrast, the bottom-up perspective analytically prioritises workers’ struggles to ameliorate their conditions through genuine and independent (meaning free from state and employer influence) collective action (Selwyn 2013: 88). If workers are able to organise in the face of capitalist management systems designed to raise the rate of exploitation, then they significantly raise the possibilities of achieving some form of social upgrading (Selwyn 2013: 84). However, the gendered character of labour also bears on these processes of contestation (Rai 2004; 582-583; Seguino 2003: 3).

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18 The term ‘chilling effect’ describes the inhibition or discouragement of the legitimate exercise of a legal and/or human right, due to potential or threatened prosecution (Merk 2012: 16).
Understanding how gender pervades the social construction and utilisation of workforces within commodity chains is therefore critical to grasping their complexities (Taylor 2009: 442). Women comprise the majority of the global labour force, and the past several decades have witnessed their increasing integration into the labour market and capitalist system, particularly within the export-oriented industrialisation (EOI) development processes in the global South which typify GCCs (Beneria 2003: 77-78; Christian et al. 2013: 2; Elson 1999: 615; Kaur 2004: 37-38). There are a multitude of reasons behind the relationship between labour intensity and women’s employment. In simple terms, labour-intensive sectors are more likely to hire women as a result of women’s lower average wages, the higher level of turnover in such industries, and gendered discourses of work (Caraway 2007: 60; Christian et al. 2013: 3-5). Women’s employment in export-oriented manufacturing has been a particularly important source of foreign exchange for many countries throughout the developing world, in some cases (notably Cambodia) becoming the most important part of their economy (Bahramitash 2005: 46).

However, garment factory jobs typically offer little prospect for advancement or skills enhancement, are characterised by poor working conditions, and in many cases the gains of such employment have been offset by rising inflation and a drop in the real income of low-income families in particular (Bahramitash 2005: 46-48; Beneria 2003: 77-78; Christian et al. 2013: 5; Elson 1999: 618; Gimenez 2005: 21-24; Pearson 2003: 29). While in the 1980s the experiences of young female workers were often simplistically understood in terms of their ‘victimisation’ and ‘proletarianisation’, their ‘nimble fingers’ and docility providing attractive incentives for exploitative transnational corporations (TNCs) to mobilise their labour, the debate has since matured (Beneria 2003: 78; Caraway 2005: 400-401; Ruwanpura 2011: 199-200). Feminists are now contributing to a more nuanced awareness of how these changes generate both opportunities and challenges for women, their families, and their communities, including how women are exercising their agency in order to negotiate the competing demands on their time (Beneria 2003: 78; Christian et al. 2013: 5-6; Kaur 2004: 38).
Women’s participation in the labour market can enhance their autonomy and weaken traditional forms of gender inequality (Elson 1999: 614-616). However, they often end up shouldering a double burden of primary responsibility for their family’s reproduction through both paid work and unpaid domestic labour (Beneria 2003: 77-78; Gimenez 2005: 21). Gendered outcomes in the labour market are not simply a function of women’s role in the family (Caraway 2007: 60). Instead, ‘gender, as a set of context-specific meanings and practices, intersects the structure of global capitalism and its systemic logic of value extraction and capital accumulation’ (Bair 2010: 205; emphasis added). Gender norms and practices thus comprise part of the wider institutional context within which GCCs are embedded and affect the commercial dynamics of commodity chains at every stage (Christian et al. 2013: 2; Rai 2004: 591).

**Gendered institutions**

The institutional analysis adopted here views individual action as embedded in collective dynamics within which norms and rules are developed and sustained in society, including the economy (Palpacuer 2008: 410). Institutional dynamics shape the opportunities and constraints faced by individuals and have the capacity to generate inequalities in access to resources such as education and well-paid jobs in the labour market (Palpacuer 2008: 411; Rai 2004: 583). GCCs are embedded in various kinds of regulation, and a clearer understanding of the role of national and international institutions in governing chains is crucial to understanding how their ‘vertical’ dimensions intersect with their ‘horizontal’ embeddedness in particular places and localities (Coe 2011: 393; Gibbon 2008: 46). Institutional changes that occur ‘above’ GCCs have deep consequences in terms of the distribution of power, risks and wealth among firms, workers and communities across the chain (Gibbon 2008: 41; Palpacuer 2008: 395).

The institutional forms of the state, including international institutions, are thus the constant target of struggles that aim to redefine the social context of production (Taylor 2007: 538). Without arrangements that commit capital to providing benefits to labour, there is no reason why individual firms would choose to do so (even if they wanted to) as their actions would represent a cost, thus
potentially diminishing their competitive advantage (Selwyn 2013: 83). However, what the social upgrading concept and programs like Better Work often ignore is that ‘such institutional arrangements are often outcomes of and/or responses to real or potential struggles between capital and labour’ (Selwyn 2013: 83; emphasis added). International institutions are not neutral bodies as they play an important role in reproducing and legitimating the status quo, including gender norms, while absorbing counter-hegemonic ideas (Rai 2004: 581-582; Soederberg 2007: 509).

As will be further explored in the next chapter, the international governance of labour standards and trade issues has remained relatively distinct, at least at the formal level of public regulatory institutions, thanks to the establishment of separate international organisations in the early 20th century. The international labour standards regime has advanced largely under the aegis of the International Labour Organisation (ILO), while the liberalisation of international trade has been overseen by the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organisation (WTO) (Balaam & Veseth 2008: 108; Helfer 2006: 720). Both the World Bank and the International Monetary Fund (IMF) offer conditional financial and technical ‘assistance’ to developing countries, while the IMF also oversees the international monetary system and monitors the financial and economic policies of its members (IMF 2013; World Bank 2013).

These international institutions have often worked at cross-purposes. The ILO in particular has struggled to fulfil its mandate of promoting labour protections in the context of rising capital mobility and an increasingly competitive global trade environment, conditions which have been aggressively promoted by the GATT/WTO, World Bank and IMF (Berik & Rodgers 2010: 58; Helfer 2006: 706; Standing 2008: 363-365). This trade liberalisation agenda necessarily limits the efficacy of social upgrading programs like Better Work, which notionally address the needs of those hardest hit by political-economic restructuring (Rai 2004: 581; Soederberg 2007: 508). Instead, these initiatives legitimise and normalise the expropriation of labour while seeking to neutralise and depoliticise struggles tied to the deepening and widening forms of inequality both within developing countries and between developed and developing countries (Soederberg 2007: 510).
These struggles include deepening and widening forms gender inequality (Seguino 2003: 25-26). Institutional structures and policies are often considered to be ‘gender-neutral’, in the sense that they have no special implication for women or men or for power relations between them (Pearson 2003: 26). In reality, these institutional arrangements are deeply gendered. For example, the ILO’s traditional conceptualisation of ‘labour’ is largely based on the experiences of male, full-time, unionised employees (Helfer 2006: 705-706). The ILO has thus struggled to adapt its model of labour regulation to the realities of many women workers’ experiences in informalised and flexibilised job markets (Elias 2003: 294).

Changing trade rules also mean changes to the structure of incentives and rewards for different people, and affect women and men differently (Christian et al. 2013: 4; Pearson 2003: 26). Women are therefore disproportionately affected by changes in the global trade environment, because of their concentration in export-oriented manufacturing (Kaur 2004: 38).

**Conclusion: Social relations and conditions of production**

Developing the GCC framework beyond its capital-centric and gender-neutral limitations allows this thesis to capture important dimensions of the contemporary garment commodity chain that are currently under-theorised in GCC research. Selwyn (2012: 222) suggests that this ‘reformulated research agenda fits into a broader framework of progressive social science that places class relations at its centre, and seeks to elucidate ways in which labour can ameliorate its position in relation to capital. This is because class compromises, alliances and the institutionalisation of these relations ultimately emerge out of processes of collective action by workers as they pursue their own goals, demonstrating to capital their collective strength (Selwyn 2013: 88). However, as the next chapter illustrates, the structural dynamics and distribution of power within the contemporary garment commodity chain severely constrain the possibilities for progressive and sustainable improvements in the wages and working conditions of workers at the bottom of the commodity chain.
Chapter Two

The Origins of the Better Work Program

The previous chapter established the conceptual basis of the thesis and argued that the structural composition and power dynamics of the garment global commodity chain (GCC) severely constrain possibilities for ‘social upgrading’, meaning progressive and sustainable improvements in the wages and working conditions of workers at the bottom of the chain. This chapter builds on this analysis and contextualises Better Work’s emergence within broader shifts occurring over the last several decades in the global political economy, including the international labour standards regime, the international trade regime, and the garment industry. The chapter explores the debates surrounding ‘public’ versus ‘private’ labour governance and the role of worker protections in development and trade.

This historical account unfolds over two chronological sections. The first section explores the establishment of separate international labour standards and trade regimes during the early 20th century and traces the emergence of the contemporary garment commodity chain during the 1970s and 1980s. It highlights how the significant restructuring and global spread of the garment industry during this period was incentivised under a protectionist quota regime known as the Multi-Fibre Arrangement (MFA). It also signals the International Labour Organisation’s (ILO) limited capacity to address poor labour standards and threats to workers’ rights. The second section analyses the intense period of institutional and structural change that occurred during the 1990s-2000s as a result of this political-economic restructuring. It analyses the processes of contestation between social movements and firms that led to the significant privatisation and voluntarisation of labour standards governance. It also examines the legitimisation of these transformations at the level of the ILO. The section then studies the impacts of the MFA’s phase-out on the garment commodity chain, including increasing consolidation of buyers’ sourcing networks and an intensification of
competition at the lower ends of the commodity chain. It argues that both of these trends have had considerable negative implications for garment workers worldwide, putting further downwards pressure on their wages and working conditions. The chapter concludes that these developments demonstrate how the international labour standards and trade regimes are continually reconfigured in order to prioritise the interests of capital over workers.

**Contestation and control: labour standards, trade negotiations and the garment industry before the 1990s**

The international governance of labour standards and trade has remained relatively distinct, at least at the formal level of public regulatory institutions, thanks to the establishment of separate international organisations in the early 20th century. The international labour standards regime has advanced largely under the aegis of the International Labour Organisation (ILO) (Helfer 2006: 720), while the liberalisation of international trade has been overseen by the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organisation (WTO) (Balaam & Veseth 2008: 108). The regulatory arrangements established by these organisations are subject to ongoing scrutiny and debate, particularly as tensions between developed and developing countries over the ‘rules of the game’ have intensified with the significant restructuring of the global political economy that began in the 1970s and 1980s (Balaam & Veseth 2008: 114-115).

The most powerful countries, particularly the US, have typically responded to demands for change by arguing that developing countries should become more integrated into the global economy rather than trying to change the global system’s rules and procedures (Balaam & Veseth 2008: 115). From the 1970s onwards, this ‘integration’ typically involved the pursuit of export-oriented industrialisation (EOI) and involvement in global commodity chains (Gereffi 2013; Ruwanpura 2011: 198). However, as this section argues, these international labour and trade regimes ultimately favoured the capital accumulation imperatives of firms in the developed world. Meanwhile, workers in labour-intensive commodity chains around the globe were brought into more intense competition with one another.
for jobs and faced downwards pressure on their wages, working conditions, and union rights (Esbenshade 2008: 455-458; Hale 2000: 350-354). These processes were inherently gendered, as increasing numbers of women were ‘pulled onto the global assembly line’ (Kaur 2004: 55-57).

**The International Labour Organisation: tripartism and the labourist model of workplace regulation**

The ILO was established in 1919 in the wake of World War 1 and the Bolshevik revolution in Russia, with the aim of developing and promoting labour standards in order to ‘redirect the forward march of the working class’ amidst fears of socialist protests (Standing 2008: 356). It was feared that ‘capital has no country,’ and the ILO aimed to create a floor under labour conditions which would underpin international competition (Murray 2002: 33). The ILO is the only tripartite United Nations (UN) agency with government, employer, and worker representatives (ILO 2013). The ILO’s Conventions are designed to place obligations on states, representing benchmarks of strong labour standards towards which national governments can strive (Berik & Rodgers 2010: 58; Murray 2002: 33).

Tripartism is reliant upon strong national governments that are able to create and enforce regulations in line with the Conventions, as well as strong unions that have the capacity to bargain collectively with employers (Standing 2008: 379). Although the ILO’s mandate was to regulate national labour markets in order to give protection to workers, within this model workers were conceptualised as male ‘breadwinners’ in full-time, unionised, formal employment relationships (Helfer 2006: 705-706). Rather than a universal or citizenship-based system, the ILO was thus founded on a gendered ‘labourist’ model of national welfare capitalism in which workers’ entitlements are dependent on stable employment and the satisfactory performance of labour (Standing 2008: 358). Caraway (2006: 211) also suggests that the ILO has historically advanced a distinctly liberal interpretation of workers’ rights, with important implications for the creation of powerful as opposed to free trade unions. The ILO often makes policy recommendations that encourage union competition and discourage centralised collective bargaining (Caraway 2006: 211).
The ILO's effectiveness in creating and monitoring international labour standards and workers' rights has fluctuated significantly over its near century of existence, and the ILO's early decades were arguably its most successful (Helfer 2006: 720). Since the late 1970s numerous scholars, activists and policy makers have voiced concerns about the ILO's lack of effectiveness in addressing poor labour standards and threats to workers' rights in the context of rising capital mobility and an increasingly competitive world trade environment (Berik & Rodgers 2010: 58; Helfer 2006: 706). This is partly because the ILO has limited power to enforce its Conventions, relying on moral suasion and public embarrassment to bring about voluntary compliance by signatory national governments (Berik & Rodgers 2010: 58). The ILO has also struggled to respond to many challenges to its raison d'etre, including the increasing influence of 'supply-side economics' in the 1970s, the labour flexibility debates of the early 1980s, and restructuring policies such as the IMF and World Bank's Structural Adjustment Programs (SAP) (Helfer 2006: 706; Standing 2008: 363-365).

The rise of the 'informal economy' has also posed a particular intellectual and practical challenge, as the labourist model of regulation requires the clear identification of employers and employees (Helfer 2006: 706; Standing 2008: 370-371). Traditional forms of trade union organising based on secure employment are difficult in the context of increasingly informalised and dispersed labour forces within global commodity chains (GCC) (Hale 2000: 356). The issue of informality has never been sufficiently resolved, as confusions surrounding definitions and measurement have contributed to the confusion about the appropriate policy stance towards it (Standing 2008: 363-364). The ILO has become overstretched in response to these changes, trying to play three roles – a standard-setter, a technical assistance agency and a knowledge generator – without adequate capacity or funding (Standing 2008: 355).
The rules of the international trade game: the General Agreement on Tariffs and Trade (GATT), the Multi-Fibre Arrangement (MFA), and the restructuring of global production

The General Agreement on Tariffs and Trade (GATT) was the primary organisation responsible for the liberalisation of international trade through a series of multilateral negotiations, called ‘rounds’, from 1948 until 1994, when it was superseded by the World Trade Organisation (WTO) (Balaam & Veseth 2008: 108). Similar to the ILO, the GATT had no enforcement powers and was instead reliant on its members to fulfil their obligations (Balaam & Veseth 2008: 108). The GATT was notionally based on the principles of reciprocity and non-discrimination, meaning that all member nations agreed to lower their trade barriers together in order to discourage unilateralism, and to treat imports from all countries the same (Balaam & Veseth 2008: 108). However, policy decisions were made on the basis of consensus and their implementation often reflected a combination of political and economic interests (Balaam & Veseth 2008: 108). This meant that a series of exceptions from generalised trade rules were written into the GATT for certain goods and services, which were primarily in the protectionist interests of large firms in the developed world (Balaam & Veseth 2008: 108).

The textiles and garment industry was the only major manufacturing industry that was not subject to the rules of the GATT from 1961-2004 (Ernst et al. 2005: 1). Rather, it was subject to the extensive use of quotas by major importing countries in North America and Europe under the Multi-Fibre Arrangement (MFA). This quota regime was notionally intended to protect their domestic industries as the labour-intensive nature of textiles and garment production meant that by the mid-20th century it was becoming relatively easy for developing countries to compete (Hale & Shaw 2001: 516-517; Hale & Burns 2005: 211). Garment production is one of the oldest and largest export industries in the world (Hale & Shaw 2001: 516-518). It is generally regarded as a first step for developing countries embarking on

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19 The quota system started in 1961 with the Short-Term Arrangement Regarding International Trade in Cotton Textiles (STA), which extended in 1962, becoming the Long Term Agreement Regarding International Trade in Cotton Textiles (LTA) (Ernst et al. 2005: 1). In 1974 the LTA was superseded by the Multi-Fibre Arrangement (MFA), which was an expanded regime covering materials other than cotton as well as finished garments (Ernst et al. 2005: 1).
an export-oriented industrialisation (EOI)\textsuperscript{20} process while offering a potential gateway to export diversification (Bonacich et al. 1994: 13-15; Gereffi 1999: 40). In most developed countries of today and newly industrialised economies in East Asia, the garment and textile sector was central in the industrialisation process\textsuperscript{21} (Staritz 2010: 1). Given its low entry barriers (low fixed costs and relatively simple technology) and its labour-intensive nature, the garment sector absorbed large numbers of unskilled, mostly female, workers and provided economic upgrading opportunities into higher value-added activities (Hale & Shaw 2001: 518; Staritz 2010: 1).

The MFA’s stated purpose was to promote the expansion and progressive liberalisation of trade in textile products while avoiding ‘disruptive effects’ in individual markets and lines of production (Ernst et al. 2005: 1). However, the MFA regime is better understood within the context of a broader effort to kick-start global accumulation during the 1960s and 1970s, as capital sought to lower production costs by evading unions and labour regulations while intensifying competition between large numbers of small production units (Bonacich et al. 1994: 13-15; Eisenstein 2005: 489-490; Esbenshade 2008: 458). Importing countries’ domestic interests were crucial in determining which countries benefited. Strict quotas were established on imports from strong producers such as China, India and Hong Kong, in order to prevent them from establishing trade advantages over the US and Europe (Hale & Burns 2005: 211). Fewer restrictions were applied to poorer countries, in order to strengthen their ties with the capitalist world economy and weaken the appeal of communism (Hale & Burns 2005: 211; Schuerman 2001: 372).

Since the early 1970s US trade policy has also eased access to US markets for particular items from certain countries through both the MFA and its Generalised

\textsuperscript{20} From the 1970s until the 1990s, export-oriented industrialisation (EOI) was encouraged by the World Bank and International Monetary Fund (IMF) through Structural Adjustment Programs (SAP) (Eisenstein 2005: 492-494). SAPs involved market-oriented reforms such as trade and investment liberalisation, privatisation of state-owned services, and low levels of taxation (Soederberg 2007: 501).

\textsuperscript{21} Developed countries that historically specialised in garment and textiles include the UK, US, Germany and Japan. NIEs include China, Taiwan, Hong Kong and South Korea. More recent cases are Malaysia, Thailand, Indonesia, Sri Lanka, China, Vietnam, Bangladesh, Cambodia, and Mauritius.
System of Preferences (GSP) (Bonacich & Waller 1994: 86-89). The GSP provides tariff preferences on the condition that beneficiary countries ‘take steps’ to achieve internationally recognised workers’ rights enshrined in ILO Conventions (Caraway 2010: 233-234; Wells 2006: 359). By the mid-1980s, trade rules were re-imagined by US policy-makers as a form of development aid which could provide incentives for large firms to invest in the country’s allies, facilitating those developing countries’ efforts to liberalise their economies while lowering prices on imported goods for US consumers (Bonacich & Waller 1994: 88-89; Seidman 2009: 583-584). Through the implementation of bilateral and regional trade agreements which increased the attractiveness of particular locations as export platforms, the US government was able to establish its own rules in order to institutionalise their control and shape the geographical location of the garment industry (Bair 2008: 7; Hale & Burns 2005: 217).

The evolution of the garment commodity chain: triangular manufacturing and the so-called ‘race to the bottom’

Regulatory mechanisms and institutional arrangements, particularly trade policies, shape the geography and configuration of global commodity chains and the extent to which developing country exporters in particular benefit from their participation in the chain (Bair 2005: 168). The MFA regime and importing countries’ trade policies had many shaping effects on the global garment industry, and were driving forces behind the significant restructuring and geographical spread of the industry that began in the 1970s and continues today (Hale & Burns 2005: 214). The MFA did not actually ‘protect’ developed countries’ garment manufacturing industries. Instead, the regime created incentives to spread production across a range of countries (Bonacich et al. 1994: 8-12; Palpacuer 2008: 411). Large garment brands and retailers were encouraged to lower production costs by sourcing from countries around the globe with unused quota, lower wages and weaker labour protections, rather than manufacturing at home (Esbenshade 2008: 458; Natsuda et al. 2010: 470; Seidman 2009: 583).

The MFA also contributed directly to increased market concentration and increasingly complex global subcontracting networks, because only larger firms
were able to manage these processes (Hale & Burns 2005: 214). The most powerful firms within the garment industry became large retailers and brands or ‘buyers’ in the developed world, and large manufacturers who began subcontracting production through ‘triangular manufacturing networks’ to countries with less stringent quota restrictions and more favoured access to key markets in the developed world (Barrientos et al. 2011: 302; Bonacich et al. 1994: Gereffi 1999: 39; Hale & Burns 2005: 214-215). Tightly regulated industrial relations systems that provided for higher wages and social protections were brought into competition with loosely regulated, lower-wage locations in what Palpacuer (2008: 411) refers to as a ‘vicious cycle’ of global downward pressure on wages and working conditions. In this context, the ILO’s inability to adapt its labourist model of regulation to the realities of the global economy meant that it was of limited utility to workers at the bottom of the garment commodity chain, given the predominately informalised and flexibilised nature of their employment in subcontracting production units (Helfer 2006: 705-706; Palpacuer 2008: 411).

**Continuity and change: liberalisation, consolidation and the voluntarist turn of the 1990s-2000s**

The complex production networks that developed in the garment industry after the 1970s had significant implications for garment workers worldwide. After several decades of deteriorating conditions of employment for workers in a number of labour-intensive commodity chains, the 1990s ushered in a period of renewed interest in the connections between labour standards issues and trade. These debates ostensibly focussed on ‘protecting vulnerable workers’ in developing countries, and often emphasised the predominance of young, female workers in the industry (Elias 2003: 294). However, the reconfigurations that emerged in both the international labour standards and trade regimes continued to prioritise the capital accumulation imperatives of buyers in the developed world (Soederberg 2007: 510). Labour standards governance was significantly privatised and voluntarised in the context of the intense promotion of EOI development strategies based on attracting foreign direct investment (FDI) and orders on the basis of low labour costs (Elias 2003: 300-301). The garment trade was notionally
'liberalised' with the expiration of the MFA regime in 2004, which led to further consolidation at the top of the commodity chain and an intensification of competition for supplier firms and workers at the bottom. It was in the context of these contradictory developments that the ILO began to pursue its ‘Better Work’ program in Cambodia in 2001.

**Discursive transformations and privatisation: transnational activist movements and the shift towards corporate social responsibility**

By the early 1990s, states were increasingly perceived to be ‘weak’ in the face of mobile capital, and the logic followed that targeting lead firms would be a more beneficial route to improvements (Rai 2004: 584-585). A ‘discursive transformation’ began to emerge away from the labourist or *public* regulatory model, advanced by the ILO, of targeting states to enact and enforce national labour laws, in favour of targeting garment buyers to take responsibility for labour conditions through *private* governance initiatives (Mayer & Pickles 2010: 4; Murray 2002: 40-41; Seidman 2007: 15). ‘Anti-sweatshop’ campaigns became popular after several high-profile US brands – including Nike, the GAP and Liz Claiborne – were revealed to be sourcing from ‘sweatshops’22 that consistently violated international labour standards and workers’ rights (Mayer & Pickles 2010: 5-7; Micheletti & Stolle 2007: 163; Ruwanpura 2011: 201). Many lead firms began to adopt ‘corporate social responsibility’ (CSR) rhetoric in response, in an attempt to insulate themselves from criticism and reputational damage (DeWinter 2011: 111; Hale & Shaw 2001: 513; Pearson 2007: 732).

Anti-sweatshop campaigns generally aim to shift the focus of labour struggles from local workplace negotiations characterised by major power imbalances between workers and employers, towards mobilising consumers around the world to ‘punish’ or ‘reward’ transnational firms (Anner 2000: 243; Seidman 2007: 17-18). This involves urging consumers to consider how their seemingly private consumption choices are linked to the rights and conditions of garment workers in other countries, while encouraging them to use their power through market-based

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22 The term ‘sweatshop’ is an imprecise way to describe subcontracting factories with poor labour conditions. It is used here solely in the context of the ‘anti-sweatshop’ movement.
strategies such as ‘naming and shaming’ particular firms, boycotts, and the purchasing of ‘sweat-free’ goods (Barrientos & Smith 2007: 717; DeWinter 2001: 112; Micheletti & Stolle 2007: 165). Many firms and certain segments of the anti-sweatshop movement also support their pursuit of improved working conditions through the language of economic efficiency, arguing that healthy workers and safe work environments lead to increased productivity and that ‘sweat-free’ goods are a response to consumer demands (Arnold & Hartman 2005: 212-213; DeWinter 2001: 112). However, these campaigns often frame their appeals on behalf of the ‘voiceless’. This positioning of workers as ‘victims’ of global capitalism can become itself a victimising process as instead of insisting on the rights of citizens and workers to negotiate on their own behalf, they avoid issues of empowerment and emphasise workers’ helplessness and vulnerability (Seidman 2007: 34).

In this context, Taylor (2011: 449) argues that the CSR paradigm is ‘a sophisticated attempt to construct a discourse in which business activities have an ethical core that can stand alongside – or even help maximise – the pursuit of profit,’ with the potential contradictions between profits and ethics consistently downplayed. Scheuerman (2001: 363) further suggests that CSR rhetoric and moves towards privatised, ‘self-regulation’ accord well with the ‘reigning neoliberal mood’. They allow capital to acknowledge widespread public anxieties about globalisation while remaining hostile to traditional forms of state-backed regulation (Scheuerman 2001: 363). They also allow states to exhibit similar concern without ‘invoking the hostility of prospective private investors sensitised to even the slightest evidence of a ‘hostile business climate’ (Scheuerman 2001: 363). According to Taylor (2011: 449), this is because

‘in an era of mounting opposition to neoliberal policies and the social dislocations they have wrought, the notion of responsible business has gone beyond the level of the individual corporation to become a key ideological front in the struggle to maintain or deepen ongoing processes of state retrenchment, the reduction of social provision, the flexibilisation of labour markets and the reduction of controls on capital mobility.’
In particular, the emphasis on voluntary adherence to CSR initiatives is an attempt to undermine calls for a regulated system (Finnegan 2013: 17; Shannon 2010: 33). As DeWinter (2001: 111) suggests, one reason that lead firms may be willing to incorporate much of the anti-sweatshop movement’s agenda into their bottom line is that ‘the rhetoric of large parts of the movement does not contain language that challenges capital’s accumulation imperative.’ Voluntary, privatised labour standards initiatives are instead positioned as offering a ‘third way’ beyond the ‘rigidities’ of the traditional interventionist state and the extremes of ‘free market’ policies (Scheuerman 2001: 363-364). They act to legitimise and normalise the expropriation of labour, while seeking to neutralise and depoliticise struggles tied to deepening and widening forms of economic inequality in developing countries connected to global commodity chains (Soederberg 2007: 510).

Public governance responses: the social clause debate in the WTO and the ILO’s turn towards core labour standards

In the context of these discursive shifts in the labour standards debate, various scholars, activists, non-governmental organisations (NGO), trade unions and policy-makers began to debate whether to incorporate a ‘social clause’ addressing labour standards and trade into the WTO’s trade dispute mechanism23 (Alben 2001: 1416). This clause was to be introduced either through a more expansive interpretation of the language contained within the present agreement, or through the adoption of explicit language regarding labour standards, and would have been linked to the trade dispute mechanism (Alben 2001: 1416). The negotiations ultimately failed to reach a consensus due to disagreements regarding the implementation of the clause, given the WTO’s mandate of encouraging free trade and its lack of expertise in labour rights, especially when compared to the ILO (Hensman 2001: 138; Scheuerman 2001: 381). The arguments of both sides were also tainted by protectionist motivations, including what Hensman refers to as ‘labour protectionism’ – that is, the desire to protect employment in one’s own country at all costs (Hensman 2001: 123; Scheuerman 2001: 377). It was also

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23 Whereas the GATT had no enforcement powers, the WTO’s Dispute Settlement Panel (DSP) rules on trade disputes and can impose trade sanctions on member states that violate trade agreements. Member states submit cases for resolution and can appeal the DSP’s findings (Balaam & Veseth 2008: 111).
feared that the clause was most likely to serve the interests of the most powerful developed countries (Scheuerman 2001: 380).

Following the collapse of the social clause debate in the WTO, the Declaration of Fundamental Principles and Rights at Work was adopted by the ILO in 1998 after lengthy and often difficult negotiations. It emerged out of a period of crisis within the ILO after the end of the Cold War, as the ILO sought to recapture the ‘moral high ground’ on labour standards (Elias 2007: 51; Uvin 2002: 4). The ILO adopted the Declaration in order to prioritise a vast array of labour rights; rejuvenate the importance and applicability of labour standards in the global economy; and resolve tensions between trade and labour, formal and informal employment, and ratifying and non-ratifying states (Standing 2008: 366-367). The Declaration is unique in that it applies to all ILO member states regardless of whether they have ratified the treaties protecting the CLS (Helfer 2006: 709). The Declaration also marked a decisive shift in the ILO’s strategies and priorities towards ‘soft law’ and promotionalism, with a focus on vague ‘principles’ rather than relatively clearly defined ‘rights’ tied to specific Conventions (Alston 2004: 458).

The Declaration prioritised four ‘core labour standards’ (CLS), which are freedom of association and the right to collective bargaining; the elimination of forced and compulsory labour; the abolition of child labour; and the elimination of discrimination in the workplace (Berik & Rodgers 2010: 58). All four core standards are negative (‘freedom from’) rather than positive (‘freedom to’) rights, and are process- rather than result-oriented (Alston 2004: 483-486). Given the ILO’s liberal interpretation of workers’ rights, labour regulations that limit union fragmentation and increase union bargaining power are considered to be violations of freedom of association within the Declaration framework (Caraway 2006: 211). Alston (2004: 458 & 488) contends that a new normative hierarchy has been established between core and non-core rights, with the latter becoming gradually downgraded and ignored as firms, governments, and other actors are freer to narrow their gaze and focus on the core. Because economic and social rights were completely ignored in favour of civil and political rights, the pursuit of essential components of workers’ rights has been marginalised (Alston 2004: 483-486; Sheldon & Quinlan 2011: 24). These include entitlements to a safe and healthy
workplace, limits on work hours, mandatory rest periods, protection against abusive treatment, and the right to a minimum or living wage (Alston 2004: 483-486; Pearson & Seyfang 2002: 44-45).

In this sense, feminist scholars have challenged the CLS framework’s ‘gender-neutral’ language for sidelining the specific problems and concerns of women workers in the globalised, low-wage industries within which they are over-represented such as garments (Beneria 2003: 94-98; Elias 2007: 51-52). Elias (2007: 52) suggests that the relegation of these rights as

‘somewhow peripheral to the universal human rights agenda lends credibility to the argument that the kinds of rights that will bring about meaningful change for the world’s poorest are somehow incompatible with [an] economic development model characterised by the increasing vulnerability of employment as labour markets are further deregulated and ‘flexibilised’.’

In the context of a global shift towards neoliberal economic strategies and private regulatory schemes, the Declaration’s focus on negative rights has undermined the ILO’s efforts to strengthen labourist industrial relations systems and removed the transformative character of international labour standards (Seidman 2009: 587; Standing 2008: 368; Uvin 2002: 3-4). In many contexts, the term ‘labour rights’ has now become synonymous with the minimalist approach contained in the Declaration (Alston 2004: 518). This has ramifications for the operation of democratic participation and accountability within states (Murray 2002: 41). The CLS was designed to be a more ‘flexible’ and adaptable labour standards device that complements rather than supersedes the ILO’s existing regime, but this has not played out in practice (Alston 2004: 461; Caraway 2006: 211-212; Murray 2002: 40-41).

Instead, Alston (2004: 459) argues that the Declaration ‘put forward a vision of labour standards which was much more palatable to many governments and employers in a world of ever increasing capital mobility,’ allowing them to make weak rhetorical commitments to an incredibly constraining and non-transformative regime in which they are not held accountable. Banning ‘the worst
forms of child labour', forced labour, campaigning against gender discrimination and defending union rights do not constitute a strategy or a progressive agenda (Standing 2008: 367). This raises questions regarding the viability of the ILO in the 21st century as it seeks to legitimise the Declaration and pursues the vaguely defined ‘Decent Work’ agenda that it initiated in 1999, retreating into a ‘non-confrontational mode that sidelines equality while espousing the vagueness of ‘decency’, ‘fairness’ and ‘dialogue’’ (Standing 2008: 371).

The phase-out of the MFA: ‘liberalising’ the garment industry and consolidating the commodity chain

While debates on how to ‘protect’ workers in the garment industry were intensifying, the Uruguay Round of GATT negotiations saw all garment importing countries commit themselves to progressively removing all MFA quotas between 1995 and 2004 (Ernst et al. 2005: 1; Hale & Burns 2005: 211). The framework for the MFA’s phase-out was provided by the Agreement on Textiles and Clothing (ATC)24 and overseen by the GATT’s newly-formed successor, the WTO (Ernst et al. 2005: 1; Hale & Burns 2005: 211). Quota restrictions had created extra costs and reduced the flexibility made possible through the ‘logistics revolution’ in communications and transport technologies (Hale & Burns 2005: 215). In this context it had become more profitable for lead firms to remove barriers to global sourcing than to ‘protect’ local manufacturing (Gibbon 2008: 41; Hale & Shaw 2001: 516). The phase-out of the MFA has already had significant effects on the global distribution of the industry and its trade patterns, with negative implications for garment workers everywhere (Hale & Burns 2005: 210).

Whereas it previously made sense for large firms to locate factories in a large number of relatively uncompetitive countries, the MFA phase-out and ongoing liberalisation of the international garment trade have changed the logic of global sourcing and production and further incentivised the trend towards consolidation in supply chains (Appelbaum et al. 2005: 13; Bair 2008: 7). Competitiveness in the garment industry is increasingly driven by the extent to which production sites are

24 This thesis will continue to refer to the quota regime as the ‘MFA’, and the period following the removal of quotas as the ‘post-MFA’ period, in line with the academic literature.
vertically integrated, meaning their access to inputs produced in the 'backward' links of the commodity chain – fibres, yarns and fabrics – as well as 'forward' linkages to markets (Dussel-Peters 2008: 17). The increasing vertical integration of Asia and particularly China in most segments of the garment commodity chain is already negatively impacting other exporters that rely on simple assembly or ‘cut-make-trim’ (CMT) work at the bottom of the chain, rather than higher value-added ‘full package production’ (FPP)\textsuperscript{25} (Dussel-Peters 2008: 17; Quan 2008: 100).

The countries whose garment industries expanded rapidly under the quota system had no natural resource base or historical tradition of garment exports\textsuperscript{26} (Hale & Burns 2005: 219). Their growth was spurred by the relocation of companies from other Asian countries which, having exhausted their own quotas, set up factories around the world in order to utilise those countries' unused quotas (Appelbaum et al. 2005: 3). Without preferential treatment, these countries are struggling to compete against stronger players with a common set of interlocking problems in production and distribution (Appelbaum et al. 2005: 8; Ernst et al. 2005: 1). They typically have poor infrastructure, rely on a single market (the US or European Union), specialise in a handful of product lines, and compete on low labour costs alone (Appelbaum et al. 2005: 8). This has resulted in garment industries generally characterised by low levels of efficiency, productivity, and quality (Appelbaum et al. 2005: 8; Quan 2008: 100). Their exports are also sensitive to fluctuations in demand that emerge from economic downturns such as the global financial crisis of 2008-2009 (Arnold & Toh 2010: 404).

Discussions regarding who stands to gain and lose the most from the MFA phase-out have often focussed on competition between countries, with less attention paid to the distribution of benefits between capital and labour (Hale & Burns 2005: 224). However, the elimination of quotas has further intensified downwards pressure on unit prices and thus on wages and working conditions everywhere, for the labour-intensive nature of garment production means that wages are often one of the highest costs (Goto 2011: 946; Hale & Burns 2005: 221-224). Buyers are also

\textsuperscript{25} FPP production involves additional tasks such as design, prototypes, finishing, and distribution.  
\textsuperscript{26} Including countries targeted by Better Work, particularly Cambodia, Lesotho, Nicaragua and Haiti.
increasingly demanding in terms of lead times, flexibility, quality, and labour compliance, which translates into demands on workers to perform increased overtime and intensify the pace of work (Arnold & Toh 2010: 415; Barrientos & Smith 2007: 714).

**Conclusion: Illusions and reconfigurations**

These developments demonstrate that the international labour standards and trade regimes are continually reconfigured in order to prioritise the interests of capital over workers. The labour standards debate is often rhetorically focussed on protecting the rights of workers in low waged industries with poor working conditions, the kinds of jobs found at the ‘bottom end of global supply chains located in the developing world’ (Elias 2005: 53). However, the central driving force for most firms is the maintenance of profit levels in the face of intense competition (Hale & Shaw 2001: 516). Within labour-intensive industries such as garments this translates into downwards pressure on labour costs and increasing demands for flexibility (Hale 2000: 350; Hale & Shaw 2001: 519-521). Firms at the top of GCCs are therefore creating the conditions that operate against attempts to implement labour standards initiatives at the bottom (Caraway 2010: 238-239; Hale 2000: 353). The ILO’s Better Factories Cambodia program, the predecessor to the Better Work program examined in the following chapter, is therefore predicated on unrealistic assumptions about the capacity of supplier firms in developing countries to remain competitive while improving their labour standards compliance (Caraway 2010: 239).
Chapter Three

Reputation versus Reality: Unveiling Better Factories Cambodia

The previous chapter argued that the structural and institutional reconfigurations wrought over the last several decades in the global political economy prioritised capital accumulation at the expense of workers at the bottom of the garment commodity chain. This chapter elaborates on how this prioritisation has manifested in the Better Factories Cambodia (BFC) program, which emerged out of a bilateral trade agreement with the US and was the first instance of factory monitoring by the International Labour Organisation (ILO). The chapter explores the complex reality behind the popular narrative that Cambodia is a ‘post-MFA success story’ which is navigating the ‘high road to better working conditions’ (Arnold & Toh 2010: 416; Wells 2006: 376).

This empirical examination unfolds over four sections. The first section traces Cambodia’s conditioned entry into the global economy and the garment commodity chain in the mid-1990s. It argues that BFC’s emergence and early ‘successes’ were contingent upon unique political-economic conditions in the US and Cambodia, and trade incentives that were only allowable under the Multi-Fibre Arrangement (MFA) quota system. The second section examines the significance of Cambodia’s garment industry to the wider economy and highlights the gendered nature of its workforce. The third section explains BFC’s current operating procedures, and explores the program’s post-MFA role within the Cambodian garment industry. It situates BFC within the structural and institutional constraints upon the industry’s prospects for economic and social ‘upgrading’. The fourth section analyses ongoing threats to labour standards and workers’ rights in the Cambodian garment industry, which have persisted despite BFC’s presence for over a decade. The chapter concludes that Cambodia’s experiences raise serious doubts regarding the long-term viability of the Better Work model of labour governance, a theme explored further in the next chapter.
Cambodia’s conditioned entry into the global economy and garment commodity chain

Cambodia’s recent history of social struggles, war and political disintegration is a key factor in understanding why it entered the global economy from a severely disadvantaged bargaining position, with a single-party state and few domestic sources of resistance to policies pushing for a selective insertion into the global economy (Arnold & Toh 2010: 405; Dasgupta & Williams 2010: 151). Decades of conflict and upheaval during the US-Vietnam War, Khmer Rouge regime and Vietnamese occupation had devastating effects on Cambodia’s population, physical infrastructure and social fabric (Arnold & Toh 2010: 404-405; Brickell 2010: 458). Following a United Nations (UN) intervention and UN-sponsored elections in 1993, the post-conflict Cambodian state and society have been faced with the immense task of rebuilding from a relatively ‘blank canvas,’ which made the country conducive to development policy ‘experiments’ by foreign governments, international organisations and non-governmental organisations (NGO) (Arnold & Toh 2010: 404-407; Derks 2008: 60). The economic foundation of the significant rehabilitation, reconstruction and development activity since the early 1990s has laid in conditional development aid, technical assistance, foreign direct investment (FDI), and export-oriented industrialisation (EOI) in the garment industry (Arnold & Toh 2010: 407; Brickell 2010: 458).

The US state, ILO, International Monetary Fund (IMF) and World Bank in particular have sought to promote Cambodia as a new model of trade-led development, while disciplining the government on the workings of the global economy (Arnold & Toh 2010: 401). The World Bank and IMF actively and aggressively encouraged the Cambodian government to adopt comprehensive market-oriented reforms through a Structural Adjustment Program (SAP) in the mid-1990s (Derks 2008: 60; Soederberg 2007: 501). Cambodia’s SAP comprised multiple ‘good governance’ initiatives including the privatisation of state-owned corporations and services, the liberalisation of trade and investment, and low levels of taxation (Derks 2008: 60; Hall 2010: 431; Soederberg 2007: 501). A major goal of the SAP was to transform Cambodia’s garment industry from a small number of state-owned textile and
garment plants with negligible exports into a large, foreign-owned, export-oriented industry (Staritz 2010: 105; Wells 2006: 365).

Cambodia was a relative latecomer to the garment global commodity chain (GCC), only joining amidst the significant structural changes discussed in the previous chapter, including the phase-out of the MFA system, (Natsuda et al. 2010: 469-470; Staritz 2010: 104). The initial growth of the sector was driven by FDI from manufacturers in China, Hong Kong, Taiwan, Malaysia, and Singapore that had already reached their quota limits and were attracted by Cambodia’s low wages and relatively unprotected workforce (Dasgupta & Williams 2010: 152; Miller 2009: 14; Natsuda et al. 2010: 470; Staritz 2010: 104; Wells 2006: 362). At that time, Cambodia was not a member of the WTO and thus not subject to quota restrictions under the MFA (Staritz 2010: 104; Wells 2006: 362). Cambodian labour laws and international labour standards were frequently violated, including excessive and forced overtime, wage infractions, debt bondage, poor occupational health and safety conditions, and repression of union organising and worker dissent (Hall 2010: 437-438; Wells 2006: 362-363).

In response to international publicity of these labour violations, anti-sweatshop activism, and domestic political pressure over the outsourcing of US manufacturing jobs, the US and Cambodian governments implemented the US-Cambodia Textile and Apparel Trade Agreement (UCTA) in 1999 (Wells 2006: 362-363). This brought Cambodia under the MFA quota system only six years prior to its expiration (Hall 2010: 428; Staritz 2010: 105). The UCTA was the first bilateral US trade agreement to include a labour standards provision, and the only agreement to use trade-driven incentives (more quotas) to encourage increased government and employer compliance with labour standards, rather than the more traditional mechanism of sanctions (such as fines, reduced quotas or withdrawal of export licences) to punish non-compliance (Arnold & Toh 2010: 407; Merk 2012: 7; Miller 2009: 16; Wells 2006: 360). The rationale behind this incentives approach was to demonstrate that ‘trade and export-oriented policies could reduce poverty and play a central role in the development process,’ making Cambodia a ‘showcase’ for other developing countries entering the global economy (Arnold & Toh 2010: 407). In this way, the US state was able to reward Cambodia's adoption of market-
friendly policies with preferential access to its lucrative market, while assuring the Cambodian state and manufacturers that they would face no additional penalties in the event of non-compliance (Hall 2010: 439; Scheuerman 2001: 371-372; Staritz 2010: 105).

In 2001 the ILO stepped in to monitor labour standards and provide compliance information under the ILO Garment Sector Working Conditions Improvement Project, which was the first instance of ILO factory monitoring and was later renamed Better Factories Cambodia (BFC) (Hall 2010: 429; Wells 2006: 361-364). The UCTA expired in 2004, due to the phase-out of the MFA quota system and Cambodia’s accession to the World Trade Organisation (WTO) (Hall 2010: 441). Reputation-sensitive ‘buyers’ stepped in to fulfil the enforcement role of the US (Wetterberg 2011: 72). However, BFC’s emergence and early successes in encouraging a proliferation of trade unions and compliance improvements in certain areas were contingent upon unique political-economic conditions in the US and Cambodia, and trade incentives that were only allowable under the MFA quota system (Hall 2010: 429; Wells 2006: 375-376). As those conditions have changed BFC’s continued existence and impact have become increasingly uncertain with the expiration of the MFA and the UCTA in 2004, the global recession of 2008-2009, and the Cambodian state’s consolidation of its power in 2008 (Arnold & Toh 2010: 419; International Human Rights Clinic and Resolution Centre & Workers’ Rights Consortium [hereafter IHRCRC & WRC] 2013: 2).

**Gendered poverty and informality**

Cambodia is a relatively small country of around 14 million people, with a single-party-controlled government, a well-organised employer association (the Garment Manufacturers’ Association of Cambodia, or GMAC)\(^{27}\), few truly independent labour organisations, and a geographically concentrated garment industry\(^{28}\) (IHRCRC & WRC 2013: 6). The garment industry already accounts for a significant

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\(^{27}\) GMAC was founded in 1996 to advance the collective agenda of garment manufacturers operating in Cambodia. It aggressively lobbies the Cambodian government to take pro-manufacturer positions on issues including taxation, trade policy and the interpretation of the national labour law (Lowenstein Clinic 2011: 12).

\(^{28}\) Most garment factories are clustered in and around the capital city Phnom Penh.
share of the country's total exports, averaging around 85 percent or 95 percent when footwear is included (Natsuda et al. 2010: 470). The industry’s economic significance extends beyond the factories, and wage remittances to workers’ families are estimated to support around 1 million people (Dicaprio 2013: 114; Miller 2009: 13; Nam 2005: 1). The proliferation of factories has also stimulated a range of other, informal economic activities including housing provision, food stalls, karaoke bars, beauty parlours and other vendors (Derks 2008: 62; Heinonen 2008: 126; Natsuda et al. 2010: 473).

The connection between the garment industry and the livelihoods of Cambodians outside of direct factory employment is often highlighted to demonstrate the role of FDI in poverty eradication (Dicaprio 2013: 114; Soederberg 2007: 501). However, the garment industry's impact on human development outcomes is complex and may not be as far reaching or sustainable in the long-run as is sometimes assumed (Heintz 2007: 1). The informal economy continues to provide employment, income and services for the majority of Cambodia’s citizens, perhaps as high as 85-90 percent, and women are disproportionately concentrated in informal enterprises (Heinonen 2008: 130; Mehrotra 2009: 111-116). Over 90 percent of those living beneath the poverty line in Cambodia live in rural areas, and land dispossession and illegal evictions are common (Dicaprio 2013: 114). Cambodia’s recent economic growth, averaging 8 per cent per year during the period 1994-2009, has not been stable or equitably distributed and the country's development has therefore been marked by increasing inequality, particularly between rural and urban areas and between men and women (Dasgupta & Williams 2010: 151-152; Heinonen 2008: 125).

This wider political-economic context highlights the complexities surrounding Cambodian women’s integration into the garment commodity chain (Snyder 2008: 191-193). It is estimated that 85-90 percent of Cambodia’s garment workers are young women, often rural-urban migrants, and many have no higher than a primary school education (Allard K. Lowenstein International Human Rights Clinic [hereafter Lowenstein Clinic] 2011: 8; Dasgupta & Williams 2010: 149; Miller 2009: 12; Natsuda et al. 2010: 473). Cambodia’s garment workers are typically cast as ‘instrumental forces for economic development, often to the detriment of their
educational opportunities, and with little regard for familial workloads’ (Brickwell 2010: 459). The narrative of dutiful, ‘nimble-fingered’ daughters neglects these women’s agency and capacity to negotiate the competing expectations and demands of their families, communities and employers (Derks 2008: 170-197; Snyder 2008: 182-183). The ‘dutiful daughters’ narrative also downplays the significance of the challenges facing these workers, who were previously embedded in rural life, as they encounter and adapt to new forms of labour organisation and contestation when entering the garment factory environment (Derks 2008: 71). In particular, these workers have to overcome numerous barriers to organising including cultural constraints, gender norms, historical inexperience and male-dominated union leadership (Esbenshade 2008: 458-459). Their transition into garment factories and worker organisations is fundamentally shaped by the presence of BFC.

The reputational niche: Better Factories Cambodia’s role in the Cambodian garment industry

The Better Factories Cambodia model: monitoring, reporting and remediation

BFC relies on three core processes to protect and advance the interests of Cambodian garment workers, comprising of (1) monitoring, (2) reporting, and (3) remediation, sometimes termed ‘continuous improvement,’ which includes the provision of training and advisory services (Hall 2010: 443; Miller 2009: 14-15). Although BFC is an ILO entity, around 40 percent of its funding comes from international donor organisations (including the US government) (BFC 2013b; Lowenstein Clinic 2011: 11). The other 60 percent of funding comes from the Cambodian government, GMAC, Cambodian trade unions and buyers (BFC 2013b). From the outset, BFC has been supervised by a tripartite governance structure known as the Project Advisory Committee (PAC) which is comprised of equal representation from the Cambodian government, GMAC, and a rotating subset of union leaders (Finnegan 2013: 52; IHRCRC & WRC 2013: 29-30). The PAC meets periodically to assess BFC’s performance and review the contents of synthesis reports (IHRCRC & WRC 2013: 29-30). The scope of BFC’s monitoring is restricted
to factories that hold an export licence and are registered with GMAC and the Cambodian Ministry of Commerce (Merk 2012: 19). This means that subcontractors (including informal enterprises and homeworkers) and factories producing for the domestic market are not subject to monitoring (Berik & Rodgers 2010: 60).

Factory monitoring and reporting remain the focus of the program (Lowenstein Clinic 2011: 11; Merk 2012: 7). Due to the growing number of factories and the program’s limited resources, visits generally occur only once per year rather than biannually as was originally hoped (Merk 2012: 19). BFC normally sends two ILO-trained local monitors to each factory to conduct these visits, who use a large checklist of over 500 items based on Cambodian labour law and the ILO core labour standards (CLS) (Hall 2010: 444; Merk 2012: 7; Miller 2009: 14-15). These items cover freedom of association and collective bargaining, forced labour, child labour, discrimination, compensation, occupational health and safety, working hours, and contracts (BFC 2013c; Hall 2010: 444-445). The monitoring process includes interviews with management, workers, shop stewards and union leaders; observation of factory conditions or a factory walk-through; analysis of documents such as payroll records and time sheets; and observation of events such as trade union elections and collective bargaining sessions (Hall 2010: 444; Merk 2012: 7).

BFC has two primary reporting mechanisms. First, BFC’s biannual ‘public synthesis reports’ aggregate data across all of BFC’s monitored factories (BFC 2013c; IHRCRC & WRC 2013: vi). These originally functioned as a surveillance mechanism for the US government to monitor Cambodia’s progress and establish quotas under the UCTA, but currently serve as more of a ‘calling card for Cambodia’ that publicises information regarding the evolution of working conditions (Merk 2012: 8). According to BFC’s most recent synthesis report, by the first quarter of 2013 the program covered 354 factories and 374 597 workers (BFC 2013a: 10). Second, BFC’s ‘confidential factory reports’ offer individual factory managers and their buyers factory-specific results, and cannot be accessed by workers, their unions, or the public (IHRCRC & WRC 2013: vi; Merk 2012: 8).
BFC’s remediation procedures are significantly less formalised than its monitoring and reporting procedures. BFC’s expectation is that buyers will use factory reports to determine whether supplier factories are compliant, and if not, ‘encourage them to improve conditions’ and/or terminate their commercial relationship with the factory if improvements are not forthcoming (Merk 2012: 8). However, while the sale of confidential factory reports is a significant source of revenue for the program, buyers are also under no formal obligation to either purchase up-to-date reports or take any action based on their contents (BFC 2013d; Finnegan 2013: 52; Merk 2012: 15). The actual enforcement of labour laws remains the task of the Cambodian Ministry of Labour, despite the fact that its low capacity for enforcement and persistent issues with corruption were major impetuses for BFC’s implementation (Hall 2010: 430; Merk 2012: 15; Oka 2010: 62).

Individual factories are held responsible for remediating violations but are constrained in their capacity to do so, given the structural and institutional constraints facing the garment industry (Merk 2012: 15). BFC offers a variety of training and advisory services to factory owners in order to guide them through their remediation efforts addressing non-compliance issues identified during monitoring (Merk 2012: 8). This remains a discretionary resource, and even chronically non-compliant factories are under no obligation to take advantage of the services; according to BFC’s Chief Technical Advisor only 20 factories chose to utilise them in 2012, up from a mere 12 in 2011 (IHRCRC & WRC 2013: 41-42). Factory managers’ willingness and ability to address non-compliance issues is further constrained by the Cambodian industry’s uncompetitive position within the garment commodity chain.

Cambodia’s limited prospects for economic and social ‘upgrading’: the post-MFA role of BFC

Despite fears that the MFA phase-out would result in a mass exodus of buyers from Cambodia, in the eighteen months following the expiration of the MFA and UCTA Cambodia’s garment industry actually grew by 10 percent (Natsuda et al. 2010: 470; Shea et al. 2010: 104). While some brands explicitly attributed part of their decision to continue sourcing from Cambodia to the presence of BFC, there is no
evidence that this rhetorical enthusiasm has translated into a willingness to pay the higher prices required for wage increases and necessary investments to improve working conditions on the factory floor (Green 2009; IHRCRC & WRC 2013: 35-36; Shea et al. 2010: 104). Furthermore, Cambodia exports only a small fraction of the total global supply of low-cost garments, which significantly hampers the ability of the Cambodian government, manufacturers and unions to make demands on foreign investors and buyers that can easily switch to other supplier markets (Green 2009; IHRCRC & WRC 2013: 4-5). The bulk of the country’s earnings are therefore ‘subject to the demands of international [garment] companies and these companies’ own shifting fortunes in the global marketplace’ (IHRCRC & WRC 2013: 5).

Cambodia’s precarious dependence on these ‘footloose’ investors and buyers was revealed after the global financial crisis of 2008-2009 (Natsuda et al. 2010: 489). In the first quarter of 2009 garment exports dropped 26 percent, 50 factories closed, and over 60 000 workers were laid off (Arnold & Toh 2010: 404; Lowenstein Clinic 2011: 7-8). Women were disproportionately affected by the crisis due to their predominance in the industry, and many found it difficult to secure alternative employment given their lack of transferable skills (Dasgupta & Williams 2010: 158-159). Although the industry began to recover in 2010-2011, the country’s sensitivity to market fluctuations indicate the difficult and uncertain road ahead for Cambodia, given its dependence on the volatile and intensely competitive garment industry (Arnold & Toh 2010: 404; Merk 2012: 9).

As indicated in the previous chapter, there has also been a shift in the sourcing strategies of major buyers since the MFA phase-out in 2004 towards strategic partnerships with major producers in key exporting countries (price, delivery, quality, and labour compliance must be met in the shortest time possible at the highest possible margin) (Arnold & Toh 2010: 415; Barrientos & Smith 2007: 714). This does not bode well for Cambodia, where producers generally lag in price, delivery time and quality, and labour compliance issues are becoming more pronounced due to the increasing prevalence of strikes and industrial disputes (Arnold & Toh 2010: 415).
The industry's lack of competitiveness is due to a number of interrelated structural disadvantages. First, Cambodia's garment industry remains reliant on FDI and factory ownership is highly concentrated and primarily foreign, with Cambodian investors accounting for only 7 percent of ownership in 2008 (Arnold 2013: 4; Berik & Rodgers 2010: 72; Staritz 2010: 117). Ownership structures are important as they determine how supplier firms are linked to global production and distribution networks, and the viability of Cambodia's garment industry hinges not only on the performance of Cambodia's factories but also on whether they serve the strategies of foreign owners (Natsuda et al. 2010: 471-474; Staritz 2010: 118). Second, Cambodia's exports are heavily concentrated in a few basic product categories, partly as a result of the way the UCTA quotas were allocated, and the majority of exports are destined for the US market and to a lesser extent the European Union (EU) and Canada (Arnold & Toh 2010: 410-415; Natsuda et al. 2010: 483; Staritz 2010: 114-116).

Third, Cambodia's garment industry is concentrated in cut-make-trim (CMT) production whereby factories are supplied with imported inputs and only engage in a few low value-added production steps (Dasgupta & Williams 2010: 153; Natsuda et al. 2010: 480-483; Staritz 2010: 119). Around 60 percent of factories are only involved in CMT production, typically as subsidiaries of foreign firms (Staritz 2010: 119). Fourth, Cambodia lacks local textile production capabilities and over 90 percent of its garment manufacturing inputs are imported while domestic inputs are limited to basic cardboard and plastic packaging materials (Dasgupta & Williams 2010: 153; Miller 2009: 13; Staritz 2010: 120).

Fifth, while Cambodia's physical and bureaucratic infrastructure have improved significantly since 1993 there are still major constraints particularly in the areas of power (particularly electricity and water) and logistics (particularly transport links and customs fees) (Arnold & Toh 2010: 410-415; Dasgupta & Williams 2010: 153-154; Staritz 2010: 127-128). 'Administrative' costs due to corruption are another drag on price competitiveness and lead times (Arnold & Toh 2010: 414). Finally, the competitive benefits afforded by Cambodia's low wages are partly offset by the industry's low productivity and the lack of skills at worker, supervisor and management level (Arnold & Toh 2010: 410-415; Staritz 2010: 123-124).
Basic education and industry-specific training facilities for workers are incredibly limited given Cambodia's history, and the skills gap is particularly pronounced in the areas of technical, design and management skills (Oxfam Australia 2013; Staritz 2010: 124).

Together, these factors significantly diminish the Cambodian garment industry’s prospects for economic upgrading from the global commodity chain (GCC) perspective outlined in Chapter One, which has negative implications for ‘social upgrading’ through BFC (Natsuda et al. 2010: 486-487). For example, the industry’s foreign ownership structure means that a significant proportion of the profits generated are repatriated abroad rather than retained and reinvested in Cambodia (Dasgupta & Williams 2010: 153). By comparison, the majority of firms in Bangladesh and to a lesser extent in Vietnam are locally owned, which increases economic upgrading possibilities and the potential for local linkages and spillovers into the rest of the economy as more decision-making power is located locally (Natsuda et al. 2010: 474; Staritz 2010: 162). In this context, BFC acknowledge that while their ‘monitoring, advisory, and training work is focused primarily at the individual factory level... many of the issues [facing the garment industry]... are systemic in nature and require intervention relating to national policies or to relationships and pressures in the global supply chain’ (BFC 2013a: 8).

**The reality behind the popular narrative: persistent threats to labour standards and workers’ rights in Cambodia**

Following the removal of the UCTA's quota incentives, Cambodian factory managers began to rely less on labour compliance as a source of competitive advantage and exerted downward pressure on working conditions in order to lower production costs (Arnold & Toh 2010: 9; Green 2009). This has resulted in significant backslides in the post-MFA post-UCTA period, as management strategies have included shifting the workforce to temporary employment contracts, expanding subcontracting to unmonitored factories, continuing to require excessive overtime, and aggressively resisting attempts by trade unions to collectively bargain for better wages and working conditions (Arnold 2013: 11; Finnegan 2013: 52-53; IHRCRC & WRC 2013: 36). Garment workers’ rights, roles
in production and livelihoods are considered tangentially important to the industry’s drive towards greater global competitiveness and economic growth (Nam 2005: 2).

While global buyers are ‘demanding that Cambodia’s industry make good on its commitment to decent work,’ the data reveals waning attention to working conditions over the last several years (BFC 2013a: 1). In BFC’s words, while ‘individual factories must take responsibility for positive changes, sector-wide change is unlikely without the sustained and targeted intervention of industry players such as GMAC, unions, and the Royal Government of Cambodia’ (BFC 2013a: 1). The BFC program’s top-down and capital-centric implementation and operation are the most significant constraints upon the program’s capacity to deliver sustainable and progressive improvements for workers. Cambodian garment workers continue to work in difficult circumstances and their rights remain under threat, belying the popular narrative of BFC’s successes and Cambodia’s reputation as an ‘ethical’ or ‘sweat-free’ sourcing option (Arnold & Toh 2010: 416; Wells 2006: 376).

**Threats to labour standards: wages and working conditions**

Cambodia’s garment workers continue to receive very low wages while performing long hours of work in conditions that threaten their health and safety. Despite the presence of BFC since 2001, by 2011 Cambodia had the second-lowest prevailing monthly wages for straight-time work – pay before tax deductions and excluding overtime – of any major garment exporter to the US, with workers earning approximately US$70 per month (WRC 2013a: 8). This represents a decline of 19.2 percent in real terms since 2001, which is in line with global industry trends (WRC 2013a: 3). Garment workers do not live in absolute poverty, and their wages are above average in the context of Cambodia’s poor and largely informal economy (Dasgupta & Williams 2010: 152-153; Miller 2009: 12-13). However,

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29 The lowest was Bangladesh, at just US$50/month in 2011 (WRC 2013a: 8).
30 The WRC studied wage trends for 2001-2011 in 15 of the top 21 countries in terms of garment exports to the US, and found that most countries have seen declining real wages or growth that is so slow a living wage is decades away, resulting in an average wage that is only a third of the living wage (WRC 2013a: 2-4). The sole exception is China, whose workers experienced 124 percent wage growth during 2001-2011 thanks to changes in the minimum wage and strong export growth; workers are on track to achieve a living wage in 2023 if current growth rates continue (WRC 2013a: 3).
their incomes generally do not provide them and their families with adequate nutrition, decent housing, and the other minimum necessities of a humane and dignified existence and in that sense remain below subsistence level (Pruett 2005: 40; WRC 2013a: 2). Workers often reduce their own basic consumption and/or borrow money when their earnings decline in order to send remittances to their dependents or meet emergency expenses such as medical treatment (Chandararot & Dannet 2009: 7 & 19; Snyder 2008: 191-193). Despite these efforts, the average level of remittances is around a third of what is required to ensure a minimum living standard for workers’ families (Chandararot & Dannet 2009: 20-21).

The ILO and leading NGOs maintain that a living wage should be attainable in a regular workweek without requiring overtime (WRC 2013a: 14). Despite the Ministry of Labour’s requirement that all overtime be voluntary and not exceed two hours per day, workers consistently perform illegally excessive amounts of overtime at around nine out of ten Cambodian factories (BFC 2012: 9; BFC 2013e: 1). Multiple factors account for this pervasive and persistent violation of the country’s labour laws (IHRCRC & WRC 2013: 10). Factory owners rely on overtime to accommodate the constantly fluctuating and often last-minute demands of buyers, while allowing them to maintain a smaller workforce and thus reduce their per-worker overhead costs (IHRCRC & WRC 2013: 10-11; Pruett 2005: 39-40). Overtime is also a crucial component of many Cambodian garment workers’ earnings, constituting around 15 percent of their income by 2009 and providing a significant source of savings for cautionary and future purposes (Chandararot & Dannet 2009: 6-7). Workers’ attitudes about performing overtime are mixed. While they rely on overtime to supplement their inadequate wages, they often feel exhausted and want the freedom to opt out instead of being pressured by their employer to work longer hours (Derks 2008: 73-74; Pruett 2005: 39).

Despite the fact that occupational health and safety issues are among those most amenable to corrections based on visual inspections of factory premises, compared to issues such as excessive overtime and freedom of association, non-compliance with basic labour standards remains endemic after more than a decade of BFC monitoring (Barrientos & Smith 2007: 716; IHRCRC & WRC 2013: 22). Approximately half the BFC-monitored factories stubbornly refuse the minimal
investments required to meet the basic occupational health and safety standards mandated by Cambodian labour law, such as adequate ventilation, access to drinking water, clear access paths and regular fire drills (IHRCRC & WRC 2013: 25). These low wages, excessive overtime, inadequate nutrition, exhaustion and unsafe working conditions have contributed to a series of mass faintings of workers in recent years. The widely publicised incidents have ranged from dozens to several hundred workers at a time, with at least 2 400 workers fainting in 2011 alone (Merk 2012: 17). Whilst no workers have suffered serious injuries ‘it remains a worrying trend, which is detrimental to both the public image and efficiency of Cambodia’s factories’ (Merk 2012: 17).

**Threats to workers' rights: freedom of association and collective bargaining**

The ability of Cambodia’s garment workers to achieve meaningful and sustained improvement in their wages and working conditions, the kind of changes necessary to deal with the mass fainting phenomenon, is constrained by threats to their rights to establish independent and democratic unions, bargain collectively and strike (Anner 2012: 632). Brands and retailers seeking to protect their competitive position and brand reputation also want to maintain control over their supply chains (Anner 2012: 633). Workers’ collective organising and bargaining efforts have the potential to disrupt supply chains and debilitate this control, which is why buyers like to participate in voluntary initiatives like BFC that place no real obligations on them (Anner 2012: 633; Natsuda et al. 2010: 487). They prefer to publicise their commitment to ‘no tolerance’ of labour standards violations like child labour and forced labour, while dampening workers’ freedom of association and collective bargaining rights even though they are also considered CLS (Anner 2012: 609; Caraway 2010: 238-239; Pearson 2007: 933). In this context, there are three significant threats undermining freedom of association and collective bargaining for Cambodian garment workers.

First, while the proliferation of unions and the expansion of unionisation rates in the Cambodian garment industry have been touted as evidence of the program’s
success, only a small number of those unions operate without management or political influence, or pursue an agenda that advances the genuine interests of workers (Arnold 2013: 12-14). Cambodian labour law encourages union fragmentation and promotes collective bargaining at the enterprise rather than national level, in line with the ILO’s liberal interpretation of workers’ rights (Caraway 2006: 211). While the establishment of unions is a significant achievement, ‘it is of only limited value to workers if they cannot make use of collective representation to bargain for improvements in their working conditions’ (IHRCRC & WRC 2013: 20). In this sense, ‘promoting trade unions and state involvement in regulating labour relations does not necessarily entail empowered workers’ (Arnold & Toh 2010: 409).

The large number of highly atomised federations and unions makes it difficult for genuine unions to promote the rights of their members, and many remain weak and under-funded due to competition and conflict (Arnold 2013: 13-14; Caraway 2006: 226). Hughes (2007: 846) suggests that BFC’s administrative and technocratic approach to monitoring and remediation also frames militant workers as ‘an irresponsible drag on the flourishing Cambodian economy.’ Given the absence of genuine negotiations with factory management, militant industrial actions such as wildcat strikes (organised by workers outside union structures) and mass demonstrations remain a common strategy for workers who feel their grievances are being ignored (Arnold 2013: 14-19; Arnold & Toh 2010: 419).

Second, the state and GMAC have mobilised against union organisers and demonstrators with relative impunity thanks to numerous legal loopholes, while public space for criticising government policies is shrinking (Arnold & Toh 2010: 409; Hall 2010: 430; Hughes 2007: 846). Union organisers are often subject to harassment, intimidation, dismissal, violence, arrests and even assassination, particularly when they attempt to coordinate industry-wide bargaining (Hughes 2007: 844-847). This repressive environment is demonstrated by the recent

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31 Cambodia’s garment industry has the highest union density of any industry in Asia, and one of the highest unionisation rates (percentage of factories with at least one union present) of any major garment-producing countries in the world (IHRCRC & WRC 2013: 17).

32 For example in September 2010, at least 200 000 garment workers from over 100 factories participated in strike actions to lobby for higher wages (Arnold 2013: 17-19)
history of one of the industry’s few independent unions, the Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC) (Arnold & Toh 2010: 416; Hughes 2007: 846-847). In January 2004 its national president, Chea Vichea, was shot dead in broad daylight on a Phnom Penh street (Clean Clothes Campaign 2007). This was followed by the assassination of two of the FTUWKC’s top factory-level leaders, Ros Sovannarith and Hy Vuthy, in May 2004 and February 2007 respectively (Clean Clothes Campaign 2007). The credibility of the Cambodian justice system has been seriously compromised by the apparently dubious investigations of the three cases, fuelling allegations that the killings were sanctioned or even perpetrated by the state (Clean Clothes Campaign 2008; Hughes 2007: 847). While the cases attracted widespread condemnation from local and international organisations and prompted several mass demonstrations, they disturbingly passed without an official statement from BFC or mention in the program’s newsletter or synthesis reports33 (Hughes 2007: 846; IHRRC & WRC 2013: 20).

Finally, factory managers increasingly use informal and flexible short-term and daily labour to maintain or increase profit and to avoid the demands of organised workers (Arnold & Toh 2010: 409; Lowenstein Clinic 2011: 14). Cambodian labour law has two main categories of employment contract – undetermined duration contracts (UDC) which are valid for unlimited time, and fixed duration contracts (FDC) valid for a specific period usually 3-6 months, after which they can be extended indefinitely if workers and employers ‘agree’ on the terms (Arnold & Toh 2010: 417; Lowenstein Clinic 2011: 17-19). During BFC’s initial phase in 2001-2005, the majority of workers in registered garment factories were UDC workers with associated benefits such as sick and maternity leave, regular wages, and holidays (Arnold & Toh 2010: 417; Lowenstein Clinic 2011: 14). Since 2005, nearly all GMAC factories have converted their workforces to FDCs, and following the 2008 recession the terms have generally shortened from 6 to 3 months (Arnold & Toh 2010: 417; Lowenstein Clinic 2011: 15).

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33 For example in the synthesis report issued a month after Vichea’s death, BFC concluded that ‘there has been some improvement in ensuring freedom of association and protection against anti-union discrimination, though this remains a problem in a small number of factories’ (BFC 2004: 6; Hughes 2007: 846).
FDCs have become the biggest challenge for trade union organising and workers’ livelihoods, for they allow employers to not renew the contracts of workers who engage in union activism, thereby intimidating other workers into foregoing their associational rights (Arnold 2013: 11; Lowenstein Clinic 2011: 77). The expansion of FDCs has also been a major factor in the increase of plant-level strikes since 2005 (Arnold & Toh 2010: 418; Lowenstein Clinic 2011: 15). Taking a public position the excessive use of FDCs would seemingly fall within BFC’s mandated role to ‘help draft new laws and regulations for improving working conditions and to make labour laws more effective’ (Wells 2006: 364). However, BFC has primarily addressed labour rights abuses related to FDCs through private and informal channels, rather than its published newsletter and synthesis reports (IHRCRC & WRC 2013: 14).

**Conclusion: A problematic template for upgrading**

The structural and institutional constraints operating against the Cambodian garment industry’s competitiveness and prospects for both economic and social upgrading highlight the wider context within which BFC is embedded and the perverse effect of the program on Cambodia’s development prospects. In the early 2000s, the UCTA and BFC artificially promoted and protected a garment industry in a country that was always destined to be in an uncompetitive position when the MFA quota regime was phased out in 2004 (Dasgupta & Williams 2010: 152). Instead of pursuing economic and export diversification, the Cambodian economy was made reliant on garment exports and thus vulnerable to changes in the global economy and particularly in the volatile and competitive garment industry (Arnold & Toh 2010: 404 & 410-415; Staritz 2010: 109-125). As indicated in the previous chapter, the MFA’s phase-out should not have been an unanticipated challenge given that it was negotiated in 1994. Nevertheless, the precarious nature of work in Cambodia’s garment factories now restrict possibilities for enduring forms of collective action and workers’ ability to engage in BFC’s tripartite governance structures (Arnold 2013: 19). Cambodia’s experience therefore raises serious doubts regarding the long-term viability of both EOI strategies and the Better Work model of labour governance, a theme explored further in the next chapter.
Chapter Four

Institutionalising the Contradictions of the Chain

As argued in the previous chapter, the limited impacts of Better Factories Cambodia (BFC), particularly in the post-MFA period, raises serious doubts regarding the long-term viability of the Better Work model of labour governance. This chapter elaborates on the deeper contradictions of the Better Work model in three sections. The first section examines the expansion of the Better Work program into other garment manufacturing countries after 2008. It considers evidence from several Better Work countries and argues that the program’s lack of success is not isolated to Cambodia. The second section delves into why BFC and Better Work have had such limited impact. It argues that the BFC program’s well-documented ‘procedural issues’ should not be interpreted as remediable design flaws. Rather, they are rooted in the International Labour Organisation’s (ILO) problematic mediation of the contradictions between capital, the state and labour. The third section takes this critical analysis further and scrutinises the paradoxical logic and priorities underpinning Better Work. It argues that the program reproduces the social relations and conditions of production it is notionally designed to address. The chapter concludes that Better Work fails to disrupt deeply embedded structures of inequality in the gendered garment industry and global political economy, and ultimately reinforces the power of large buyers and powerful states to the detriment of garment workers.

Replicating the experiment: the global spread of Better Work

The early successes of BFC were largely dependent on the quota incentives offered under the US-Cambodia Textile and Apparel Trade Agreement (UCTA), and the program has since struggled to generate sustainable and progressive improvements for Cambodia’s garment workers (Oka 2010: 62). Nevertheless, the ILO was encouraged by these initial results as they lent credence to the hope that the experiment may be replicable in other garment manufacturing countries.
In 2007 the ILO formed a partnership with the International Finance Corporation (IFC), a division of the World Bank group, to launch the expanded Better Work program. The partners argue that this collaboration was designed to combine the ILO’s expertise in social dialogue and the application of labour standards, with the IFC’s credibility, investment networks and expertise in private-sector development (Better Work 2012b). The rollout of the program commenced amidst the Cambodian garment industry’s downturn during the global recession of 2008-2009.

Better Work was established in Jordan in 2008, Vietnam and Haiti in 2009, Lesotho in 2010, and Indonesia and Nicaragua in 2011 (Better Work 2012c; Better Work 2012d; Better Work 2012e; Better Work 2012f; Better Work 2012g; Better Work 2012h). Plans are underway to extend Better Work to other major garment-producing countries such as Bangladesh and Morocco, and to other labour-intensive light manufacturing industries including footwear, toys and consumer electronics (Better Work 2012a). Participation remains voluntary for factories in Vietnam, Lesotho, Indonesia and Nicaragua (Better Work 2012e; Better Work 2012f; Better Work 2012g; Better Work 2012h). The Jordanian program was made mandatory in 2011 but is yet to achieve industry-wide coverage, while the Haitian program is mandatory but only covers factories exporting to the US (Better Work 2012c; Better Work 2012d). According to Better Work, the primary purpose of their country programs is to achieve sector-wide, sustainable improvements in adherence to national labour law and core labour standards (CLS) (social upgrading) while strengthening factories’ competitiveness in global supply chains (economic upgrading) (Better Work 2012a).

Progress towards these dual upgrading goals has been difficult across the board. In Haiti, for example, where a new minimum-wage law was passed in 2012 to raise garment workers’ salaries to 300 gourdes for an eight-hour day (around US$6.90), the country’s most recent synthesis report revealed 100 percent of monitored factories had failed to comply, continuing to pay the previous wage of 200 gourdes (around US$4.60) (Doucet 2013). In Jordan, garment factories accorded ‘Golden List’ status by the Ministry of Labour, which are supposed to be the ‘very best’ export garment factories that meet or exceed all of the nation’s labour laws, have
been found to pay their workers well below minimum wage, have mandatory overtime and permit no rest or sick days (Institute for Global Labour and Human Rights 2012: 3). In Vietnam, local law does not respect freedom of association or the right to collective bargaining. 'Wildcat strikes' occur often, many times in protest of abusive treatment or other labour law violations by factory managers, and the workers who lead such strikes can suffer firing, blacklisting, physical violence and imprisonment as a result of employer and state retaliation (WRC 2013b: 2). These difficulties indicate that the program's lack of success is not isolated to Cambodia. To determine why the programs have had such limited impact, it is necessary to examine Better Work’s procedural template – BFC.

‘Win-win-lose’: Better Factories Cambodia’s problematic relations with capital, the state and labour

BFC’s ineffective ‘procedural issues’ have been well documented in the academic literature (Berik & Rodgers 2010; Dicaprio 2013; Miller 2009; Wells 2006) and by NGOs including Clean Clothes Campaign (Merk 2012) and Workers’ Rights Consortium (IHRCRC & WRC 2013). Although these authors generally acknowledge the significant structural impediments to improvements, in most cases these arguments form the background for their proposed fixes for the program’s ‘design flaws’. However, in conceptualising seemingly ‘technical questions’ of policy design, implementation and monitoring ‘within the manifestations of power and uneven development that are central to the workings of global capitalism,’ the problematic character of the program itself is neglected (Taylor 2011: 446). In this context, the BFC program’s ‘procedural issues’ should not be interpreted as remediable design flaws. Rather, they are rooted in the ILO’s attempt to mediate the contradictions between capital, the state and labour. The program thus reflects and reinforces unequal power relations within the garment industry, as it seeks to maintain the goodwill of buyers, factory managers and developing country states at the expense of garment workers.
Relationship with capital: factory managers and buyers

The majority of BFC’s monitoring, reporting and remediation activities are entirely shielded from external scrutiny, preventing the public from verifying BFC’s claims about its ongoing positive impact on compliance and reducing the obligations placed on factory owners and buyers (O’Rourke 2006: 909-910; Miller 2009: 17). The promise of greater orders from buyers, and the corresponding risk of losing them as a result of reputational damage, has always been the primary source of BFC’s support from both the Cambodian government and the Garment Manufacturers’ Association of Cambodia (GMAC) (IHRCRC & WRC 2013: 73; Lowenstein Clinic 2011: 12-13). BFC’s lack of transparency and obligations impedes the market-driven ‘enforcement’ process in at least four ways. First, it is difficult to gain insight into a factory’s record from a single confidential report and verify their remediation efforts, as BFC’s questionnaire does not require its monitors to document whether the issues raised in previous visits have been addressed (IHRCRC & WRC 2013: 62). This longitudinal track record of a factory matters, as the appropriate remediation and enforcement measures differ depending upon whether the managers are taking meaningful steps to remedy labour rights issues (Finnegan 2013: 11-12; IHRCRC & WRC 2013: 62).

Second, the only publicly available data generated by BFC is the sector-wide, aggregated data presented in its biannual synthesis reports, which contain no specific details about the methodology used to collect it and which cannot be easily tracked over time (IHRCRC & WRC 2013: 40). This shields BFC from external scrutiny of its methodology, reducing the incentives for the organisation to strengthen its monitoring and reporting work (Finnegan 2013: 17-18; IHRCRC & WRC 2013: vi; O’Rourke 2006: 911). The synthesis reports generally only discuss a small subset of the findings made by BFC monitors during factory visits, and the framing and presentation of that data through non-quantitative language is the product of intense negotiations among the Project Advisory Committee (PAC) members (IHRCRC & WRC 2013: 44). While BFC presents itself as an authoritative and non-partisan source of information on Cambodia’s factories, the synthesis reports are more reflective of politically expedient compromise than of rigorously
independent oversight and in this sense fail to capture the true state of the sector (Finnegan 2013: 27-29; Hughes 2007: 845; IHRCRC & WRC 2013: 44).

Third, the scope of BFC’s monitoring is restricted to factories that hold an export licence and are registered with GMAC and the Cambodian Ministry of Commerce (Merk 2012: 19). This means that both subcontractors (including informal enterprises and homeworkers) and factories producing for the domestic market are not subject to monitoring (Berik & Rodgers 2010: 60). Since 2005, GMAC factories have increasingly relied on subcontractors due to the fluctuating nature of demand, the need to fulfil orders within very short time-frames, and the desire to evade monitoring (Lowenstein Clinic 2011: 14). Estimates of their precise number in Cambodia range anywhere between 300-3000, and some larger factories are known to have up to a dozen subcontracted facilities (Merk 2012: 19). While BFC has acknowledged the issue of subcontracting factories in particular and pursued small pilot programs in monitoring their operations, there has not been much movement on the issue (IHRCRC & WRC 2013: 22). Working conditions and wages in these subcontracting factories and for homeworkers are generally much poorer than in regulated GMAC factories, and unions are effectively non-existent (Finnegan 2013: 52-53; Merk 2012: 19).

Finally, buyers retain complete discretion over whether to purchase confidential factory reports and whether to seek remediation of the violations that are identified (Miller 2009: 18). BFC prevents the public from judging buyers’ performance by concealing information regarding buyer-factory relationships and buyers’ contributions, or lack thereof, to the remediation process (Berik & Rodgers 2010: 76; O’Rourke 2006: 911; Miller 2009: 17-18). This lack of transparency acts as a disincentive for motivated and progressive factory owners and buyers while protecting chronically non-compliant ones (Finnegan 2013: 53; IHRCRC & WRC 2013: 43). Even ‘reputation-sensitive’ buyers are unlikely to take meaningful action based on this sensitivity if they doubt their failures to address labour rights violations in their supply chains will ever be exposed (O’Rourke 2006: 911; Miller 2009: 17-18).
**Relationship with the state: the Cambodian government and the relevant Ministries**

BFC’s ‘continued dependence on government and industry support severely constrains its ability to advocate publicly for workers’ rights,’ particularly given the weak position of workers’ representatives within the PAC (IHRCRC & WRC 2013: 55). While some ILO bodies routinely pass judgment on countries’ adherence to international labour standards, BFC’s country director Jill Tucker considers advocacy to be over and above her core mandate, ‘possibly even in tension with the neutrality she feels is so important for BFC's monitoring and reporting functions’ (IHRCRC & WRC 2013: 54). In contrast Rong Chhun, President of the Cambodian Conference of Unions (CCU), has stated that BFC’s resistance to taking a more forceful public stance on key policy issues affecting Cambodian garment workers makes it easier for the government and GMAC to suppress public debate, diminishing BFC’s potential to promote positive change (IHRCRC & WRC 2013: 54-55).

BFC has also indicated that ‘the industry’s chronically non-compliant factories [should] be held accountable’ (BFC 2013e: 2), even though their non-transparent reporting mechanisms specifically shield those factories from public scrutiny (Merk 2012: 20; IHRCRC & WRC 2013: 38-46). Instead, BFC chooses to selectively share its data on chronically non-compliant factories with the relevant government ministries ‘in an effort to strengthen legal enforcement’ (BFC 2013a: 8). These ministries are widely recognised to be under-funded, with low capacity for enforcement and persistent issues of corruption (Oka 2010: 62; Merk 2012: 15-16). Indeed, there have been no recorded instances of the Ministry of Commerce actually sanctioning a factory for non-compliance based on BFC’s monitoring (IHRCRC & WRC 2013: 45-46).

**Relationship with labour: workers and unions**

Interviewing workers is an important element of any factory monitoring process, as it is workers who are continually present at the production site and have first-hand experience of working conditions (O'Rourke 2006: 910). The procedure must
be handled carefully, as managers might try to deceive monitors by coaching workers before they are interviewed to convey false or misleading information, and by threatening workers’ jobs if they actually describe the real working conditions they face (Finnegan 2013: 26; Merk 2012: 19). This deception is encouraged by a system where buyers demand both compliance with labour standards and the lowest possible prices for goods (O’Rourke 2006: 907-908; Pruett 2005: 16; Shannon 2010: 31). The context in which workers are interviewed greatly influences whether they will speak openly or simply tell monitors what their employers want them to say (IHRCRC & WRC 2013: 40; Pruett 2005: 16). Group interviews held on factory premises are highly susceptible to employer coaching and coercion, given that workers’ anonymity is not protected and workers who speak out may be named by their colleagues (Finnegan 2013: 26; Merk 2012: 19-20). It is difficult to ascertain how systematically BFC monitors pursue off-site interviews, and evidence suggests that they are conducted in a relatively informal and ad-hoc fashion (IHRCRC & WRC 2013: 48-49).

BFC has also failed to offer workers a political role in determining their own future, divorcing issues of pay and conditions on the factory floor from wider questions regarding power relations between workers, their employers, and the state (Hughes 2007: 846). While BFC monitors derive much of their information about workplace conditions from the workers with whom they speak, this information flows one way and workers have no way of accessing or commenting on what BFC does with the information it collects (IHRCRC & WRC 2013: 43; Pruett 2005: 49). An adequate complaints mechanism would involve both a worker/employer grievance handling system at the level of the supplier factory, and a means by which workers or their representatives can take their complaint up to the level of BFC or even the buyer if it is not resolved by their employer (Finnegan 2013: 13-16; Pruett 2005: 77). However, BFC offers no adequate procedure for workers to report violations in a way that will be followed up (IHRCRC & WRC 2013: 43). This leaves individual workers in the disempowered role of respondent, dependent on the monitors’ directives regarding what information is considered most relevant for BFC but without any ability to influence or even know what actions BFC will
take in response (Finnegan 2013: 13-16; IHRCRC & WRC 2013: 59; Pruett 2005: 49-50).

### The paradoxical logic of Better Work

The BFC program’s (and thus Better Work’s) ‘procedural issues’ are rooted in the ILO’s problematic mediation of the contradictions between capital, the state and labour. Better Work is founded on paradoxical logic which is institutionalised in two ‘spaces’ – the tripartite governance institutions that mediate social relations, and the market-driven enforcement mechanisms that mediate conditions of production. First, four problems emerge from the top-down institutionalisation of tripartite labour governance in developing countries enmeshed in global commodity chains. Better Work is ineffective at dealing with the complexity of subcontracting relationships in the garment commodity chain, the regulatory challenges facing developing states, the weak bargaining position of workers, and the gendered organisation of global production and governance institutions. Second, there are two contradictions associated with the institution of market-driven enforcement mechanisms in a buyer-driven commodity chain. These contradictions are the prioritisation of capital accumulation over labour standards and the subsequent lack of incentives for improvements enforcement.

### Tripartite governance and social relations

Better Work should be understood within the context of the ILO’s broader agenda to adapt, promote and institutionalise its tripartite model of labour governance in the developing world (Alston 2004: 458-461). Effective tripartite negotiations are reliant upon the existence of clearly established formal employment relationships; strong national governments that are able (and willing) to enforce labour regulations; and strong unions that have the capacity to bargain collectively with employers (Standing 2008: 379). These conditions do not reflect the reality of the contemporary global economy, and there are four key constraints upon Better Work’s implementation and operation of effective and equitable tripartite labour governance institutions that further the interests of women workers in the garment commodity chain.
First, Better Work does not address the complexity of subcontracting relationships in the garment commodity chain. Subcontracting makes it difficult to clearly identify employers and employees and obfuscates the fact that buyers do not simply purchase an end product (Cheng & Gereffi 1994: 63-68; Hale 2000: 352; O'Rourke 2006: 907; Standing 2008: 365). This makes it difficult to pin down precisely where ultimate responsibility for labour standards and workers' rights lies (Bair 2009: 20; Miller 2009: 17). While factories are technically the direct employers of the formal workforce, buyers coordinate and control many aspects of the production process and their sourcing practices often severely undermine labour standards and workers' rights (Hale 2000: 351; Merk 2012: 23). Buyers expect factories to comply with increasingly detailed labour standards while simultaneously lowering costs and shortening lead times (Pruett 2005: 78-79; Taylor 2011: 447).

These buyer-driven demands limit factory owners' ability to turn a profit under intensely competitive conditions while enforcing the type of disciplinary labour conditions, including forced overtime and intensive labour processes, necessary to react to the demands of buyers for flexible production to meet fluctuating demands (Pruett 2005: 78; Taylor 2011: 452). The employers' associations that participate in Better Work's tripartite governance institutions, such as the Garment Manufacturers' Association of Cambodia (GMAC), are therefore limited in their ability to make long-term commitments for improvements, even if they wanted to (Merk 2012: 23; Miller 2009: 16-18; Pruett 2005: 79).

Second, Better Work does not sufficiently tackle the regulatory challenges facing developing states. The issue is not primarily one of insufficient protective labour standards, although workers' rights to freedom of association and collective bargaining are typically areas of concern (Anner 2012: 613). Rather, developing states lack the funding, capacity, technical capability and administrative integrity to effectively administer and enforce their growing number of regulations and policies (Becker 2004: 23; Oka 2010: 62). Economic dependency on the garment industry for investment and revenue also acts as a powerful disincentive against applying strong penalties on non-compliant factories (Islam & McPhail 2011: 792; IHRCRC & WRC 2013: 45-46).
Better Work exists precisely because of these regulatory challenges, yet the program is reliant upon those states to enforce their labour laws in the instance of violations (BFC 2013e: 8; Hall 2010: 430; Oka 2010: 62; Miller 2009: 16). As Seidman (2007: 144) argues, there is no substitute for strong, democratic states that are both able and willing to enforce robust national labour laws in order to improve labour standards and workers’ rights. Better Work does not engage states on the need to strengthen their own weak regulatory capacity nor get involved in policy advocacy concerning issues of most concern to workers such as living wage demands (IHRCRC & WRC 2013: 54; Seidman 2009: 594).

Third, Better Work does not seek to resolve the weak bargaining position of workers. The ILO’s liberal interpretation of workers’ rights encourages union fragmentation and discourages centralised collective bargaining (Caraway 2006: 211 & 226). Selwyn (2013: 86) further argues that the ILO problematically conceptualises the institutionalisation of capital-labour relations as analytically prior to those relations themselves, regarding workers’ actions as secondary to the institutional arrangements between capital, labour, and the state. In practice, Better Work does not regulate a rigid set of production relations and has been implemented with a ‘focus on remedying the most visible and simplest dimensions of work relations while attempting to stymie a broader transformation of the power structures in place’ (Barrientos & Smith 2007: 726-727).

In this sense, Hughes (2007: 834) suggests that Better Work’s seemingly collaborative tripartite agenda is underpinned by a marked insistence on highly regulated and atomising modes of participation designed to demobilise and depoliticise contentious groups. Capital-labour confrontations are routed through internationally sanctioned sites of participation, undermining the genuine representation of workers’ collective interests (Hughes 2007: 834; Munck 2009: 617). Within these sanctioned sites, whereas states and employers’ associations are centralised organisations, workers’ representatives (unions) are fragmented into a number of competing organisations, and many are heavily influenced by the state and employers (Arnold & Toh 2010: 445; Hall 2010: 429-430). This makes it difficult to achieve a genuine balance of interests.
Finally, Better Work does not address the gendered organisation of global production and governance institutions. The program is underpinned by the implicit assumption that gender inequalities are located externally to markets, which are conceptualised as formally gender-neutral institutions (Roberts & Soederberg 2012: 952-953; Elias 2007: 46; Elson 1999: 611). Women are over-represented in lower-paid, informal and ‘flexibilised’ jobs, and comprise the majority of the global garment workforce (Beneria 2003: 77-78; Elson 1999: 617; Kaur 2004: 37-38). However, Better Work is not aimed at transforming the traditional notion of ‘labour’ as a male ‘breadwinner’. Instead, it is designed to make that type of labour more accessible to women, given that women working in urban garment factories often remit a significant portion of their income home to support their rural families (Dasgupta & Williams 2010: 149 & 163).

Conversely, the specific concerns of women workers are not adequately represented in any of the three stakeholder groups within Better Work’s tripartite framework, given their under-representation in factory managerial roles, senior government positions, and union leadership positions (Caraway 2005: 423-424; Elias 2007: 51-52; Hale & Shaw 2001: 522-523; Pearson & Seyfang 2002: 51). For example, Better Work does not address ‘non-employment’ issues faced by women workers in the garment industry, including problems such as childcare, housing, and education (Ruwandura 2011: 203). These issues exist outside the factory environment but have a significant impact upon labour relations inside the factory (Ruwandura 2011: 203). Better Work has also had a limited impact on conditions inside the factory environment.

**Market-driven enforcement and conditions of production**

A major impetus for the existence of Better Work is the prevalence of deleterious conditions of production in the garment industry. However, the program interacts with existing forms of discipline and contestation rather than remaking the politics of production in the garment industry’s buyer-driven commodity chain (BDCC) (Taylor 2011: 447). Labour standards compliance has instead been transformed into an additional source of competitive advantage for factories seeking orders from reputation-sensitive buyers that wish to publicise their commitment to their
corporate social responsibility (CSR) (Pearson 2007: 734; Roberts & Soederberg 2012: 956). Rarely questioned is the underlying assumption that there is no necessary contradiction between the pursuit of social values such as fair labour standards and continuing competitive accumulation through profit maximisation and continuous growth (Pruett 2005: 78-79; Taylor 2011: 449). Better Work’s market-driven governance model ultimately prioritises capital accumulation over labour standards in two interrelated ways.

First, Better Work’s primary focus is on monitoring production in individual factories, and the program neglects to engage seriously with declining real wages and threats to workers’ rights (Miller 2009: 23). The program also exclusively targets formal rather than informal spaces of production, despite the fact that subcontracting and short-term employment contracts are pervasive in the garment industry and facilitate the evasion of labour standards and workers’ rights (Berik & Rodgers 2010: 60; O’Rourke 2006: 907-908). This means that the program has no jurisdiction to protect the significant proportion of the workforce whose labour standards and rights are most under threat, and allows factories and their buyers to shield a significant aspect of their operations from public scrutiny (Berik & Rodgers 2010: 60; IHRCRC & WRC 2013: 22). As Elson (1999: 624) suggests, maintaining a strong dichotomy between a ‘formal sector’ within which attempts are made to set and enforce comprehensive labour standards, and an ‘informal sector’ which is left completely outside of the realm of governance, tends to undermine the purpose of having standards in the first place.

While Better Work has elicited small improvements in certain factory procedures, it has sought to do so without undermining the prevailing disciplinary nature of labour relations by facilitating the genuine independent association and organisation of workers (Taylor 2011: 447). Provisions that empower workers to self-organise and bargain collectively are routinely undermined by factories and states because these actions threaten the political basis upon which the restructuring of the global economy over the past several decades has been predicated (Arnold & Toh 2010: 416; Pruett 2005: 29; Taylor 2011: 445). Factory managers often transfer compliance expenses that they do incur, primarily for superficial health and safety issues, onto workers under the pretext of maintaining
competitiveness, particularly through wage compression and the withdrawal of benefits (Pruett 2005: 14; Taylor 2011: 455). Meanwhile, workers’ productivity (or the ‘rate of exploitation’) has increased as they are required to meet higher targets at a faster pace in order to meet buyers’ demands while their real wages have stagnated or declined over the last decade (Miller 2009: 26; WRC 2013a: 2).

Second, Better Work is constructed primarily as a voluntary promotional service for buyers and developing country states, rather than as an enabling framework for workers to hold these actors accountable (Miller 2009: 26). The program’s top-down elaboration and implementation has ultimately accorded little space for workers or their interests to be adequately represented in the process (Pearson & Seyfang 2002: 51; Pearson 2007: 735; Pruett 2005: 14). Without workers’ full participation their concerns, particularly gender-related concerns, are often missed (Pruett 2005: 14). For voluntary initiatives to be credible there is also a need for transparency and accountability (Alston 2004: 512). As discussed in the previous section, Better Work’s promotional agenda means that it shields factory owners, their buyers and developing country states from public scrutiny in order to protect their reputations and thus their market position, undermining the legitimacy of the program in the process. Better Work’s lack of transparency allows these actors to claim that they are addressing problems without being held publicly accountable and ‘the result is an organisation charged with policing violations that approaches its work as if one of its primary tasks were to maintain the goodwill of those same violators’ (IHRCRC & WRC 2013: 55).

Better Work also lacks the mandate, the resources, and the systemic verification procedure to see that violations are remedied (Finnegan 2013: IHRCRC & WRC 2013: 41; Pruett 2005: 14). While the program regularly identifies labour rights violations in the factories it monitors, it does not share that information with those who would ensure effective action to address those problems (Esbenshade 2008: 457; IHRCRC & WRC 2013: 76). In the absence of independent and transparent information regarding the conditions in the factories where their clothes are manufactured, buyers can describe their labour practices and policies however they wish (Finnegan 2013: 17-19). Better Work also declines to engage states and employers on the repressive actions they take against workers’ rights to freedom.
of association and collective bargaining (Miller 2009: 23). Better Work’s current approach thus gives buyers and states all the reputational benefits of being publicly associated with the program, without subjecting them to any scrutiny regarding how their sourcing practices and repressive actions contribute to labour standards and rights violations in garment factories (IHRCRC & WRC 2013: 67; Miller 2009: 16-18).

**Conclusion: The prioritisation of buyers over workers**

The Better Work program is a vehicle through which the ILO seeks to mediate the contradictions between the pursuit of decent labour conditions and the dynamics of competitive capital accumulation in the global economy (Taylor 2011: 450). The ILO's hope is that 'socially responsible’ garment buyers may be persuaded to support the program in order to promote jobs and new exports while simultaneously strengthening protection for labour standards and workers’ rights (Seidman 2009: 588). However, Better Work has made limited progress towards its dual aims of economic and social upgrading. This is because the program notionally but ineffectually adapts the ILO's tripartite model of labour governance to suit the needs of powerful garment firms operating in the developing world. Better Work therefore reinforces rather than disrupts the deeply embedded power imbalances and structures of inequality operating within the garment commodity chain that drive down labour standards and threaten workers' rights. The program is ultimately more effective at legitimising and facilitating buyers’ control over their supply chains and brand reputation than it is at delivering improvements for workers. The concluding chapter of the thesis reflects upon the broader implications of the ILO’s institutionalisation of Better Work and the program's expanding legitimacy and reach.
Conclusion

This thesis has argued that Better Work’s limited impact on labour standards and workers’ rights is primarily the result of two processes – one theoretical and one political-economic. First, the global commodity chains (GCC) framework, which provides the conceptual basis of Better Work, is both capital-centric and gender-neutral. The wider political-economic context and social relations within which commodity chains operate remain under-theorised. This means that labour, state institutions, and gender are noticeably absent in mainstream GCC research, with implications for policy elaboration and implementation. Second, the structural composition and power dynamics of the global political-economy have undergone major shifts since the 1970s with the advent of contemporary ‘globalisation’. These shifts were accompanied by significant contestation regarding the international labour standards and trade regimes, which led to institutional and political reconfigurations that prioritised the interests of capital over workers. Importantly, labour standards governance has been progressively voluntarised and privatised since the 1990s, with negative implications for workers at the bottom of GCCs. These struggles have gendered implications, given that women comprise the majority of the global labour force and are disproportionately concentrated in lower-paid, informal and ‘flexibilised’ jobs, including those that predominate at the bottom of GCCs.

The ways in which particular political-economic ‘problems’ are conceptualised affects what ‘solutions’ are devised, how they are implemented, and their effects. This concluding chapter reflects on the significance of the thesis and suggests that the International Labour Organisation’s (ILO) institutionalisation of Better Work and the program’s expanding legitimacy and reach have two broader implications for the international labour governance regime and for workers in buyer-driven commodity chains (BDCC) such as the garment industry.
The broader implications of Better Work

The ILO has always endeavoured to maintain its relevance and legitimacy within the global political economy and is in constant need of ‘regaining the moral high ground in order to fend off criticism and mobilise resources’ to pursue its mandate of promoting labour standards and workers’ rights (Uvin 2002: 4). However as detailed in Chapter Two, the ILO has confronted significant challenges to its raison d’etre following the major structural, institutional, economic and political changes that began in the 1970s with the advent of contemporary globalisation processes (Berik & Rodgers 2010: 58; Helfer 2006: 706). Since the 1990s, the ILO has positioned itself as institutionally concomitant with a ‘neoliberal’ view of protective regulations and economic development that is accommodating of capital accumulation (Sheldon & Quinlan 2011: 22; Standing 2008: 367-368). Better Work should therefore be understood as part of a larger project initiated by the ILO with its Declaration of Fundamental Principles and Rights at Work in 1998 and the unveiling of the Decent Work agenda in 1999 (Selwyn 2013: 80-82; Sheldon & Quinlan 2011: 22-24; Standing 2008: 368-370).

The first implication of Better Work’s institutionalisation is the way its market-driven governance model replaces a ‘regulatory vacuum’ with a ‘regulatory conundrum’. The regulatory vacuum notionally addressed by Better Work is the so-called ‘race to the bottom’ in labour standards and workers’ rights in buyer-driven commodity chains outlined in Chapter Two (Oka 2010: 59-60). However, Berik and Rodgers (2010: 73) suggest that the Better Work system is characterised by a ‘judge and jury’ problem, whereby the organisation charged with monitoring factory compliance (the ILO) also has the authority to compile and publish the results. This means the ILO is largely autonomous in determining whether particular factories are compliant or not. If the ILO seeks to signal program success, it may downplay non-compliance; it may also overcompensate for its lack of authority and enforcement power by taking a tougher stance (Berik & Rodgers 2010: 73-74).

The ILO clearly favours signalling program success, as it has sought to expand the Better Work program despite the problems facing Better Factories Cambodia
(BFC) (Miller 2009: 27-28). Rather than bolstering the program’s efficacy or ensuring that non-compliance issues are addressed, the ILO has made the program less transparent and has taken little action on pervasive issues such as declining wages and repressive actions against workers’ union rights. The result is that BFC and Better Work’s flawed monitoring and reporting procedures provide a misleading and incomplete picture of working conditions in factories (Finnegan 2013: 25-27; Pruett 2005: 18).

Better Work also relies on governments’ and manufacturers’ interest in positioning their country as a provider of ‘responsibly produced’ goods as a source of competitive advantage (Taylor 2011: 457). Given that every Better Work country depends significantly on their garment industry, none of the stakeholders in the program has a real interest in labour abuses coming to light (Seidman 2009: 594-595; Taylor 2011: 455). The rapid rise and fall of garment exports from countries at the bottom of the commodity chain indicates that while export-led industrialisation may lead to fast economic growth in gross domestic product (GDP) terms, it comes with the risk of further relocations of production and does not guarantee widespread or sustainable ‘spillovers’ into the rest of the economy (Baldwin 2011: 33-34). Thus ‘branding an entire national industry ‘sweat-free’ might silence workers’ voices, rather than encouraging them, if the entire country’s exports depend upon presenting production as problem-free’ (Seidman 2009: 594).

Therein lays the regulatory conundrum of Better Work. If ‘workers’ jobs and the country’s economic livelihood depend on defending a ‘sweat-free’ brand, why would participants willingly reveal problems at work when to do so might undermine the industry’s appeal to global markets?’ (Seidman 2009: 595). In this sense, the purported act of unravelling the chain and ‘unveiling’ the conditions under which garments are produced has actually led to the creation of a new ‘ethical’ veil (Guthman 2009: 199-205). This façade of improved labour governance has the potential to allay efforts to explore other possible avenues for improving labour standards and protecting workers’ rights (Alston 2004: 518).
The second implication of Better Work's institutionalisation is therefore its disempowering and constraining effects upon workers' struggles. Better Work relies on socially responsible buyers voluntarily 'doing the right thing' and subsequently delegitimises workers' independent collective actions for threatening this endeavour. As argued in Chapter One, this is because the GCC 'social upgrading' concept underpinning Better Work involves a top-down comprehension of relations between capital, the state and labour (Selwyn 2013: 75). It is only partially equipped to explain the existence of deleterious work conditions because it denies that capital systematically exploits labour within the production process (Selwyn 2013: 80). Rather exploitation, when it occurs, is perceived to take place within the sphere of exchange as workers receive below-market rates for their labour power (Selwyn 2013: 80).

As established in Chapter One, capitalism is an ongoing, social, dynamic system undergoing constant processes of restructuring (Taylor 2011: 455). It is not simply a stable, technical process that can be administered through regulated negotiations (Munck 2009: 617-619; Taylor 2011: 455). Within this system, capital does not simply seek access to 'cheap labour' in terms of wages; it seeks to profit from access to labour forces with specific characteristics encompassing political questions over how, when and under what conditions labour can be utilised (Bair 2010: 219; Taylor 2011: 450). The positioning of buyers as the central agents in the promotion of labour standards and workers' rights is therefore highly problematic, because it fails to acknowledge the active role played by those firms in the construction of global systems of inequality (Elias 2007: 57). It also marginalises how the program is woven into broader processes of capital accumulation, while reinforcing the uneven development of capital intrinsic to the spread of global commodity chains (Taylor 2011: 446).

Capitalism involves dynamics of power and continuous cycles of resistance and accommodation by workers in the new global factories at the bottom of commodity chains (Munck 2009: 619). Better Work therefore mediates a series of struggles between overlapping and often irreconcilable interests along the garment commodity chain, including the conflict over the distribution of profits (Taylor 2011: 446-447). Given the program's prioritisation of capital accumulation
and lack of will to more effectively remediate non-compliance issues, particularly in the areas of wages and union rights, workers and their unions will continue to seek solutions outside formal institutional processes in the form of strikes, protests and activist campaigns which serve to undermine the program’s claims of efficacy (Anner 2012: 634; Arnold 2013: 8; Miller 2009: 27). The irony is that one of the main impetuses for buyers and governments to participate in Better Work is to avoid such tactics (Anner 2012: 634).

The contingency of political-economic compromises

While the contemporary global political economy has ‘generated unprecedented wealth and global interconnections,’ it has done so ‘in a way which has exacerbated rather than overcome the contradictions of capitalism’ (Munck 2009: 624). The ILO is not a neutral or pluralist institution within this system. Rather, it plays an important role in reproducing and legitimating the status quo, drawing its power and contradictions from the relations of power found in global capitalism (Soederberg 2007: 508-509). This thesis has demonstrated that labour governance will always be a source of struggle and contestation between capital, the state, and labour and that Better Work reflects one particular configuration of these social relations. Indeed, all political-economic compromises between capital, the state, and labour must be understood as historically contingent, subject to contestation, and inherently gendered. Therefore, future developments and reconfigurations in labour governance should be continually problematised from a gender-sensitive perspective that accounts for the role of labour and international institutions in the global political economy.


Workers’ Rights Consortium: