

Global Supply Chains: Struggle within or against them?¹

Sanjiv Pandita and Fahmi Panimbang

Introduction

Jayanti is worried and she never felt like this before. Working as a garment worker for more than 18 years in Sri Lanka, she thought she had seen the worst. At 17, she moved out of her village to help her family out of poverty by working in garment factories near Colombo. Life has never been easy for her. It has been marked by very low wages, excessive overtime and filthy and crowded living conditions. She was called 'Juki girl'¹ and abused many times both inside and outside the factory. Over the years she has changed jobs, but the conditions have hardly changed. Her body gave up many times but she always came back as there were no other jobs available. Yet she tolerated it, hoping for a better life for her children. Padma, her 16 year old daughter, has been unable to finish school due to the financial burden and may have to join Jayanti as a garment worker. Jayanti is desperately trying to hold back her tears for the fear it may spoil the shirt she is sewing, yet one can see the rage in her eyes – nothing has changed for her over past two decades and her children may have to face the same.

Jayanti's story exemplifies the condition of millions of garment workers spanning dozens of developing countries in Asia and across the world. Jayanti's story reverberates with Fatma, working in Ashulia – near Dhaka, Bangladesh, and Tevy, a garment worker from Phnom Penh, Cambodia, and all those workers at the lowest tier of the multi-billion dollar garment supply chain. It is a known fact that global garment production takes place through an intricate web of supply chains spread around the globe. This process of production, which has been in existence for more than three decades, is carried out by workers, predominantly young migrant women, in workplaces better identified as 'sweatshops', in conditions that have been proven over the years to be inhumane.

Just as this chapter was being written, it was announced that Amancio Ortega, the founder and Director of Spanish Clothing giant the Inditex group – better known for its brand Zara, became the third richest person in the world with an estimated wealth of about US\$ 46 billion.² Ironically his wealth is more than three times than the GDP of Cambodia (estimated at US\$ 12.9 billion),³ where many of the 300,000 garment workers stitch garments for Zara earning a meager US\$ 60-80 a month, working for more than 10–12 hours a day. There is more irony to this, reflective of the nature of the garment supply chain. This rise of Amancio Ortega also comes at a time when Spain is reeling under one of the worst economic crises in its history; workers in Spain are struggling, the unemployment rate has reached 25 per cent and is still spiraling. In an extreme contrast with Jayanti's story and those of millions of workers in many countries, including in his own country, Ortega's accumulation of wealth reflects the injustice and exploitative nature of the global supply chain system.

¹ This is the draft of chapter that appears in the book **Lessons for social change in the global economy : voices from the field / edited by Shae Garwood, Sky Croeser and Christalla Yakinthou**; Lexington Books 2013.

This paper discusses the global supply chain system and analyses it as a symbol of exploitation and capital accumulation in the era of the 'global factory'. It describes the impact of the global supply chain system. In particular, the chapter describes uneven development and unequal relationships between countries in Asia, and elaborates how the supply chains model of growth has impacted upon working populations and the environment. It argues that global supply chains cannot be reformed by Corporate Social Responsibility (CSR), since CSR is a form of charity rather than representing any meaningful structural change. The chapter concludes with a proposed agenda for labour movements.

Understanding the Concept of Global Supply Chains

Global supply chains are systems of capital accumulation through the coordination of international trade. As systems that connect technology-intensive economic activities and organisational networks including supply chain management, global supply chains have allowed companies to develop, manufacture and market certain commodities with maximum profit. In the transnational production system that characterises global capitalism, economic activity is not only *international* in scope but also *global* in its organisation. While the 'internationalisation' refers to the geographical spread of economic activities across national boundaries, 'globalisation' indicates a degree of functional integration between these internationally dispersed economic activities.⁴ Like the theory of global commodity chains, the concept of global supply chains not only considers the significance of the geographical spread of economic activities, but also their organisational scope i.e. the linkages of various economic actors, including raw material suppliers, factories, manufacturers, traders and retailers.⁵

Although the two concepts of global commodity chains and global supply chains are related, they differ slightly. The notion of global supply chains refers to a broader analysis than commodity chain theories introduced by scholars such as Wallerstein, Hopkins and Gereffi.⁶ Wallerstein's World System Theory includes analysis of the emergence of a new global manufacturing system in which economic integration goes beyond international trade in raw materials and final products, to cover the centrally co-ordinated but internationally dispersed production of many of the activities along the chains of certain commodities or manufactured products.⁷ Supply chains are the most important dimensions of the commodity chain in terms of governance structures that include the authority and power relationships that determine how financial, raw materials, and other resources, including labour, can be organised, allocated, and managed within a chain to produce a certain commodity. There are two important types of structures within global supply chains: supply chains driven by the manufacturer, and those driven by the buyer or brand.⁸ Currently the networks of both types of supply chains are increasingly spreading to all corners of the world. These networks involve natural resources, raw materials and components, and labour in numerous countries. For example, a certain brand of clothing can be designed in the US, made of raw materials from Pakistan and components from Bangladesh, partly manufactured in Thailand and Indonesia, and then shipped to Cambodia or China to be finished, and marketed primarily in the US and Europe. In fact, there is nothing new about the phenomenon of the linked global supply chain, as it has been in existence at least since the 19th century when cotton from Asia was supplied to the British textile industry during the colonial period. However, in the last three decades the spread and complexity of global supply chains have developed more rapidly than ever before.

Global Supply Chains as Capital Accumulation

For corporations, global supply chains are seen as trade relations between the buyer/brand companies and suppliers that are not restricted to domestic markets, but that are also connected to each other 'upstream to downstream' and from local to global levels. Corporations recognise that a logistical system that is integrated internationally can create more effective processes of capital movement and market integration.⁹ The emergence of the flexible labour market system is linked to this effort where corporations view labour as a production factor that should be bent to facilitate and smooth the connected processes of industry, trade and markets in order to maximise profits.

Though the issues and problems of global supply chains are familiar to labour movement activists, global supply chains remain under-analysed. Some labour groups limit their responses to the system by seeking to make a particular company respect workers' labour rights. This response is often triggered by the exposure of high-profile cases that involve multinational companies violating workers' rights or causing environmental pollution. Emerging issues in global supply chains will never be adequately addressed by focussing on a particular issue within a particular company, or even by focussing on a particular industry. The problems arising from global supply chains should be addressed in a way that acknowledges and focuses on the root problem, which is the complex capitalistic system that involves various actors including states and global capital.

A recent case illustrates the challenges activists face in addressing specific issues in one particular factory at the expense of addressing the root causes of the problem. The campaign and lobbying effort was coordinated by a US-based NGO, *Educating for Justice*, which successfully dismantled the hidden sweatshops in a Nike subcontractor, PT Nikomas, in Serang, Banten province, Indonesia. Activists demanded an investigation and eventually urged Nike to pay one million US dollars for two years of unpaid overtime to thousands of workers (although the sweatshop had been operating for 18 years).¹⁰ Urging Nike to pay one million US dollars to the workers is an important step, yet this does not end the sweatshops in the factory, let alone in many other factories. Campaigning and lobbying is necessary but obviously not sufficient, as the sweatshop continues and Nike's business continues to run as usual. The investigation in PT Nikomas does not change workers' fate and the practice of unpaid work continues because there is not an adequate mechanism in place to ensure that factories are inspected. Even after the investigation, workers at PT Nikomas are still working 30-60 minutes longer than their official working day. They are obliged to start their work 15-30 minutes earlier, reduce the time for a break, and go home later than the official workday.¹¹ A union leader said that most of the workers did not get their unpaid wages; Nike's obligation to pay one million US dollars is still unchecked. There is no union engaged in the process and the management is not transparent.¹² One of the major problems is that there is not an adequate supervisory role for the state to monitor companies' activities. For example, at present in Indonesia there are only 2,384 inspectors to handle 216,547 companies, and labour activists claim that inspectors are not doing their job.¹³ This clearly reflects an anti-labour regime that prioritises the interests of corporations over workers. CSR projects further engender corporations to states by allowing corporations to engage in voluntary mechanisms such as Codes of Conduct, which undermine and in some cases nullify instruments of state supervision.

Global supply chains require the exploitation of capital against labour and beyond. The disregard for workers' rights and dignity is pervasive. For example, Nike paid the basketball legend Michael Jordan 20 million US dollars for advertising Nike products, equivalent to the amount of wages received by thousands of workers in four of Nike's big supplier factories in Indonesia. The majority of these workers are women who earn only 15 US cents per hour.¹⁴ It is, therefore, important to see global supply chains – as evidenced by the production network of corporations such as Nike – as symbols of the expanded capacity and mobility of global capital.

Transnational corporations such as Nike have been in constant motion across the globe in search of capital accumulation. The number of transnational corporations has grown dramatically over the past four decades. In 1971 there were 1,337 transnational corporations based in the US. In 1983, this number increased to 1,339 companies and in 1998 it was 2,901 companies. Transnational corporations from Japan totalled 13 in 1971, 64 in 1983 and by 1998 increased to 2,296. There were 80 transnational corporations from Germany in 1971, up to 241 in 1983, and increased further to 1764 in 1998.¹⁵ Those corporations do not work alone, but are connected to each other in a complicated web of networks. Today, the multinational corporations that are most influential, and control global networks, are primarily from the US (163 corporations), Germany (101 corporations), the UK (59 corporations), France (53 corporations), Canada (38 corporations), Japan (35 corporations), Italy (34 corporations) China (34 corporations) the Netherlands (33 corporations) and Sweden (18 corporations).¹⁶

The expansion of global supply chains has changed peoples' mind-sets, norms, and their views on how they work i.e. how they earn a living. Today, almost all ways to labour and make a living are determined by capital movement and transnational corporations. In other words, in this current system of global supply chains corporations accrue huge benefits through their exploitation of society and the environment. The logic and model of labouring in the era of global capitalism has expanded into everyday life of societies in many countries. Previously, these forms of labour exploitation were limited to factories, particularly inside industrial zones in developed countries.

States and Uneven Development

In Asian countries, the expansion of global supply chains in the region has been closely linked to the still-dominant paradigm of export-driven development that forces governments to mould labour to meet the needs of global consumption and capital interest. The dynamics of the supply chain system in Asia have been rapidly changing since the 1980s, when Japan and other developed countries started their Foreign Direct Investment (FDI) in developing countries such as Indonesia, Malaysia, Thailand and the Philippines. Globalisation and the expansion of global supply chains have forced the governments of developing countries to leave the development model oriented towards meeting the needs of domestic industries through import substitution and protectionism. Global capital has been forcing governments in developing countries to implement an export-driven development model that relies on foreign direct investment. Taking the US as an example, this has contributed to the decrease of the US share of manufacturing in GDP from around 28 per cent in the 1950s to 12 per cent in 2010,¹⁷ as factories and jobs have been relocated to countries with cheaper labour. Developing and transition economies continued to account for half of global FDI in 2011 as their inflows reached a new record high, at an

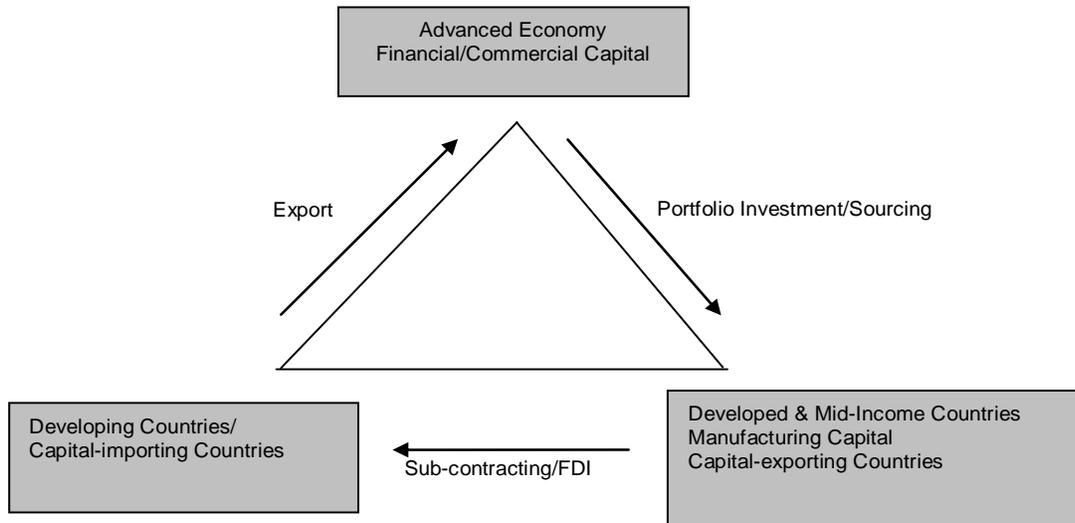
estimated 755 billion U.S dollars.¹⁸

The dynamics of this development model have resulted in unequal relations, even among Asian countries themselves, i.e. capital-sending countries (developed countries, such as East Asia) and the capital-receiving countries (developing countries, such as South and South-East Asia), with the former holding greater power over the latter. On the one hand, this is made possible by the increasing ease of moving capital, and on the other hand, it is driven by developments in technology, communication, finance and transportation. The global supply chain system is so pervasive that ultimately it has turned even non-industrial workplaces into part of a 'global factory'. This is part of a broader effort to coordinate global production in order to accumulate capital. Developing countries are the source of labour-intensive production and must suffer the social and environmental impact. Meanwhile the production control and benefits remain predominantly in the hands of transnational corporations, especially among those based in developed countries. For example, thousands of young labourers in China in factories in the Pearl River Delta areas in the Guangdong Province, China, actually work to manufacture goods for buyer/brand companies, the transnational corporations from the developed countries including Japan, US and Europe. Foreign investors are constantly demanding just-in-time supply, ensuring better quality and for the lowest possible production costs, which require minimum labour costs.¹⁹ In essence, these transnational corporations have considerable control over how, when, and where manufacturing will take place and how much profit accrues at each stage of the chain.²⁰

Yet, global supply chains are not only limited to factory production, but are also engaged in exploiting large numbers of people in many countries— including in Latin America and Africa with an abundance of natural resources – who engage in producing components and raw materials for the world's consumption. In this context, home-based workers are integrated into the global supply chain system by being outsourced to do unprotected jobs.²¹ In the end, global supply chains have affected vulnerable people around the world and contributed to the destruction of the environment in developing countries.

As mentioned above, the dynamics of global supply chains have contributed to unequal relations between the capital-receiving and capital-sending countries. Chart 1 below illustrates the hierarchy in which the developed countries invest and transfer power to the middle-income countries that then subcontract to the developing countries in order to meet the world's consumption needs, especially from developed countries. In this hierarchy, the main actors are transnational corporations that have complex relations with the state.

Chart 1: Globalised Circuit of Capital



Source:

Chang, Dae-oup, "Globalization and Development: States and Global Market (lecture notes), Department of Development Studies, SOAS, University of London, 2011.

The abovementioned hierarchical relation is also called the 'triangle manufacturing' process. It is the mechanism used by the inner-circle countries in the production structure and global trade i.e. developed countries and newly industrialised economies during the transition period to the higher-valued economic activities. The process happened in the 1970s and 1980s when exports from Asian countries to the Middle-East were increasing. The essence of 'triangle manufacturing' is that the buyer/brand countries from the developed economies give their orders to the manufacturing companies of the newly industrialised economies (Taiwan, South Korea, Singapore, Hong Kong) that have cooperated before – for example the garment companies in Hong Kong or Taiwan – that in the end move some or all of their production to the countries with low-wage labour (such as Indonesia, Cambodia or Bangladesh). Offshore or supplier companies can be a branch, joint-venture, or contractors/sub-contractors. Thus, this 'triangle manufacturing' model has changed the status of the manufacturing companies in the newly industrialised countries in East Asia, which were previously viewed as the main contractors of the production, to be 'middle-men' in the commodity chain driven by the buyer/brand companies.²²

The newly industrialised economies in East Asia do have important assets in that the companies in this sub-region have long relations with the buyer/brand companies in the US and Europe that were built based on trust in various successful export transactions for years. Since the buyer companies (especially

Japan, US and Europe) often do not have experience with production – hence the term ‘production without factories’ – these companies prefer to rely on manufacturing companies of the newly industrialised countries in East Asia that are well-experienced to ensure that the standards set by the buyer companies on price, quality, and delivery schedules are met by the factories in the developing countries.²³

Many corporations in East Asia have benefitted from their status as ‘middle-men’. Together with the other corporations in developed countries, these corporations have forced the political agenda of economic liberalisation in the region. Developing countries are urged by the developed economies to engage in free trade by deregulating their policies of investment, trade and finance. The result is that developing countries in South-East Asia have adopted policies that are ‘market-friendly’, considered among the most liberal in the world. The Association of Southeast Asian Nations (ASEAN), for example, is a group of countries in South East Asia that developed a free trade agreement in 1992 (ASEAN Free Trade Agreement/AFTA), one of the first regional trade agreements in the world. Increasingly, developed countries are using free trade agreements in order to secure favourable trade relations with various developing countries.²⁴

In addition, developing countries’ reliance on FDI from developed economies, both states and the private sector, is the result of deliberate efforts by global corporations and national governments. This has happened through several stages including the integration of developing countries into the global capitalist system since the 1980s. Developed countries promote free trade policies that aim to eliminate all restrictions on trade and finances. These policies are in their favour since they are well positioned to take advantage of these asymmetrical policies as they apply to developing countries.²⁵ This condition is not natural, nor is it an inevitable process due to technological advances and the rapid flow of global information. Rather, it is a political agenda involving active intervention by both global corporations and national governments that have imposed a set of new regulations and mechanisms in their favour.

Today, developed countries hypocritically espouse a free trade agenda, while condemning protectionist policies that those same countries benefitted from in the past. Developed countries experienced rapid economic growth due to the same types of protectionist policies they now criticise. Now that they are well positioned to benefit from so-called free trade, they are pushing the free trade agenda on the rest of the world.²⁶ In the context of East Asia, newly industrialised countries such as South Korea, Taiwan, and Singapore have adopted a model whereby a developmental state relies on state intervention and regulation to effectively promote capitalist development.

Impact of the Global Supply Chain System

Though the main purpose of receiving FDI that is often given by government bureaucrats in developing countries is the need to create jobs and employment opportunities for their citizens, most FDI does not create much new employment. This is because most FDI in developing countries is in brownfield investments i.e. they take the form of acquisitions or mergers of two or more companies rather than new investment or greenfield investments. Such brownfield investments actually contribute to an increase in unemployment in developing countries rather than creating new jobs. Since the 1990s, the

total brownfield investment in developing countries reached half of the total global FDI. At the peak point of FDI in 2001, FDI in developing countries reached 80 per cent of total global FDI.²⁷ These mergers and acquisitions were accompanied by mass dismissals of workers. This was done through the informalisation of employment as a rationalisation process and through privatisation of state-owned enterprises (SoEs). Box 1 below provides an example of outsourced or agency workers in Indonesia who were treated unfairly by an unloading services company. The company was formerly a state-owned enterprise, which was privatised through a take-over process by foreign capital.

Box 1. The Voices of Workers in the Global Supply Chain:

Alliance of Outsourced Workers at Jakarta International Container Terminal (APOJICT), Jakarta, Indonesia

"The privatization of Jakarta International Container Terminal through the process of acquisition by global capital in international logistic and supply management has resulted in the workers' suffering, rather than bringing any benefit to them."

In a meeting in early May 2011 with several unionists from an alliance of outsourced logistics workers' unions at Indonesia's largest container port, Jakarta International Container Terminal, we asked the unionists about their stories of working at the 'bottom' of the global supply chain – in this case providing logistics services for a global multinational – which happens to be based in Hong Kong. The unionists related that they have been suffering from the unjust decision taken by the company last year, as most of the outsourced workers were unlawfully dismissed from the company after joining a protest. The national Labour Court legitimised the company's wrongful decision, demanding only that the dismissed workers be paid their due severance payments, rather than challenging the dismissals themselves. However most of the dismissed workers have decided to appeal this Labour Court ruling and demand reinstatement.

Jakarta International Container Terminal used to be a state-owned enterprise, but the privatization of the company through the process of acquisition by global capital in international logistic and supply management - Hutchison Port Holdings/Hutchinson Whampoa Limited - has resulted in the workers' suffering, rather than bringing any benefit to them by this 'brownfield' investment. The capital controls 75 percent of the container market in Jakarta's Tanjung Priok Port through its cross-shareholding. Below is the workers' story:

'We worked as outsourced workers for a logistics company at Jakarta International Container Terminal since 1991, but now we have been unlawfully dismissed from our jobs. Our situation got worse when Jakarta International Container Terminal, formerly a state-owned company named PT PELINDO II, was privatized in 1999 and a Singapore-based company Grosbeak Pte Ltd gained 51 per cent of the company's shares. Grosbeak Pte Ltd is a subsidiary of Hutchinson Port Holding Ltd, which is one of the business units of Hutchinson Whampoa Ltd based in Hong Kong.'

We have been through unfair treatment: our employment status never changed, even though we worked there for two decades. Outsourced workers like us comprised 60 per cent of the total workers but all of us had the same tasks as all the permanent workers. As outsourced workers we could not join the JICT union which exclusively organised only the 40 per cent of workers who had permanent status. We were employed by three different labour agencies and we signed our contracts from time to time with those agencies. That was certainly not fair and, in fact, was against the labour law. Such a situation made us become organised and we began to establish a coalition of outsourced workers to fight for our rights. The coalition is called the Alliance of Outsourced Workers at Jakarta International Container Terminal (Aliansi Pekerja Outsourcing - Jakarta International Container Terminal - APOJICT). APOJICT had begun raising its grievances in 2009, to no avail. We consolidated our efforts and, together with a national coalition of unions, the Committee for National Solidarity or KSN (Komite Solidaritas Nasional), have been actively taking up a nation-wide campaign against union-busting, privatisation, and labour market flexibility. On 1 February 2010, more than 500 outsourced workers participated in a two-hour lock-out which caused an enormous loss for the company; this has proven that we, outsourced workers, actually played a vital and strategic role in the company's overall performance. The management came to appease us and promised to enter into negotiation. However, the permanent workers' union (which had been fighting for only their own union members' rights) had impeded the settlement.

In the following days we were intimidated, our families got a lot of threats, and some of us were forced to leave our jobs. We reported the case to the Labour Department, House of Representatives, and Ministry of State-owned Enterprises. However, the company only neglected our demands, and systematically intimidated and unlawfully dismissed most of us, even though we got the recommendation from the Labour Office to grant permanent status to us. The Labour Court had further endorsed the dismissals and required the company to provide severance pay. Due to the economic hardship, a few of us took the severance payment while most of the others of us have gone for appeal to the Supreme Court. We need decent work and we have the right to employment.

Through all this, we realised that privatisation had been worsening our working environment and people's livelihoods. We came to know that the giant multinational corporations such as Hutchinson have been playing a pivotal role in dragging workers into the "race to the bottom".'

A recent ILO Report has pointed out that workers who lost their jobs are increasingly working as contract workers or in the informal sector with little or no protection for their normative rights. In the ASEAN Region, the number of poor (living on less than 2 US dollars per day) has risen in the past two years, from 140 million to 158 million people, or from 51 per cent to 57 per cent of total workers in the regions.²⁸ To ensure that the investment climate remains conducive to FDI, states continue to make investment-friendly policies, or find ways to manipulate the constitution. In collusion with businesses, states have engaged in egregious acts including the seizure of land, industrialisation of agriculture, and commoditisation of natural resources and public facilities. For example, since the 1960s, gold mining in West Papua has been under virtually complete control by US-based TNCs, including Freeport Mc-Morran Copper & Gold Inc., which holds 2.6 million hectares and has expelled people from their land. Recently at least 60 people were killed and 148 people were imprisoned for obstructing Indonesia's mining investment.²⁹ In the Philippines, unionists were murdered. Recently, in Indonesia, peasants in Lampung

Province were brutally murdered by a company, with assistance from the local police that was trying to grab their land for palm oil and rubber production.³⁰ Not long ago, a labour activist in Bangladesh who exposed a case of exploitation was murdered.³¹ In China, workers at Foxconn – a Taiwan company that assembles and supplies products for one of the most profitable companies in the world, Apple – experienced physical and mental depression causing dozens of them to commit suicide. In South Korea, workers of Samsung, a company which for years has openly declared itself as anti-union,³² suffered from blood cancer and leukaemia due to a toxic chemical contamination in its factories. A report of the Asian Network for the Rights of Occupational and Environmental Victims stated that recently in the Asian region 1.1 million workers died every year from their work, which equates to 30,000 workers per day or 125 workers per hour or 2 per minute.³³ This list illustrates the extent of exploitation and collusion between states and capital. Instead of serving people who elect them, democratic institutions such as local authorities tend to repress and conspire with business interests. People have lost their sovereignty and their livelihood and are deprived of their basic rights. The deeper the integration of the global supply chain is in their lives, the more pressure it puts on people.

The detrimental effects of the global supply chain system include environmental damage and the social cost paid by society (i.e. the separation of families due to migration, the loss of rights to health care, and loss of rights to land). Companies continue to take maximum profits while the danger and risk are externalised to society and the environment. All of this is hidden from the public's eyes. In other words, the systems that made it possible for Asian-based supply chains to come up with considerably cheaper products (such as US\$3,000 cars, US\$300 computers, or US\$30 mobile phones) also mean that these goods are produced at enormous costs which are borne by society and the environment.

The Global Supply Chain System Cannot Be Reformed

Various groups have made efforts to 'clean up' global supply chains and make corporations act fairly. For example, many groups have called for intensifying voluntary mechanisms of corporate accountability through Codes of Conduct or Corporate Social Responsibility (CSR) initiatives. However, these voluntary mechanisms have not brought about any significant changes. In fact, recent studies on the role of Codes of Conduct in improving workers' welfare in Indonesia showed negative results.³⁴ Another study showed the same trend for CSR in Indonesia, India, China and South Korea.³⁵ Of course since the inherent nature of capitalism prioritizes capital accumulation, global supply chains cannot be reformed through these voluntary mechanisms.

The biggest problem with CSR is not that it has limitations, nor is it its questionable ability to sufficiently address the problems it intends to ameliorate. Rather, it is the fact that it takes people in a completely wrong direction. For many large corporations, CSR is primarily a strategy to divert attention away from the negative social and environmental impacts of their activities. The activities of CSR mostly concentrate on community development where the corporations focus on what they call "comprehensive development" where they provide health facilities and sanitation, schools and housing, as well as entrepreneurship skills for villagers. Such corporate strategies have been effectively hegemonic, providing a strong legitimacy and license for corporations to sustain the exploitation of human and natural resources. More importantly, it leads people to wrongly assume that corporations,

and not states, are responsible for citizens' basic rights to better education, clean water, healthcare, etc. It disciplines people and motivates them to behave in ways that make state regulation obsolete, while leaving them at the mercy of market forces.³⁶

Corporations use CSR projects as a form of green-washing³⁷ and a marketing strategy rather than as genuine responsibility for workers' well-being. The rights of workers at shop floors have, in fact, been deliberately neglected and violated for the sake of higher profit, exposing the real corporate sense of responsibility. The most notorious case is the glossy CSR report of Hindustan Lever Limited (Hindustan Unilever), the Indian subsidiary of Unilever PLC, the country's largest packaged mass consumption goods company that deals in home and personal care products, food and beverages. The CSR report of Hindustan Unilever on "improving health and well-being of People" in India³⁸ is in extreme contrast with the company's ruthless ways of dealing with workers. In its Doom Dooma factory in Assam about 700 workers and union leaders have been attacked since 2007 for asserting their basic rights. Hindustan Unilever has been involved in a number of CSR initiatives by promoting programmes such as Project Shakti of Unilever. The project is aimed at creating rural entrepreneurs by providing training to 13,000 underprivileged Indian women, who are trained to distribute the company's products to 70 million rural consumers. Working with women's self-help groups, the company teaches them selling and book-keeping skills and equips them with commercial knowledge.³⁹

The case clearly shows that CSR is merely a marketing gimmick and an effective exercise in green-washing. On the one hand, the company deliberately neglects the rights of its own workers at the workplace, while, on the other hand, it builds a good image of contributing to the society. Exploiting a large number of women under the banner of CSR by involving them in selling and distributing Unilever's products, Hindustan Unilever in fact has increased its profits dramatically. The women participating in the project have been reaching out to the Indian domestic market that helped Unilever to get 30 per cent more consumers in rural areas since the inception of the project in 2000.

Furthermore, by promoting CSR corporations are trying to change the industrial relationship in a company to a harmonious one, so that they can violate workers' basic rights without any considerable resistance. In other words, the purpose of CSR is to entertain and to appease the labour movement and civil society. CSR initiatives are also designed to guard the interests of multinational companies within the international sub-contracting system. Through CSR initiatives, corporations pacify the labour movement by providing a basis for NGOs and trade unions to get involved in monitoring the manufacturing process of the multinational companies. As a consequence, many NGOs and trade unions participate and join the CSR bandwagon, engaging in monitoring activities and dialogue with shareholders, giving up their core work at the grassroots level.⁴⁰

Agenda for the Labour Movement

The mobility of capital and the consolidation of global supply chains is not a natural, unidentified process arising from finance and technological advancement or more rapid global information flows. Rather, it is a political project involving the active intervention of both global corporations and national governments by imposing an immense range of new legal mechanisms and regulations which serve their

interests. This political project, therefore, should be the first and foremost agenda item for unions to dismantle. They should do this by promoting new legal mechanisms and regulations to subordinate capital to people and to the democratic requirements established in international human rights standards.

The rise of the global production and supply chain system has resulted in the shift of world manufacturing from industrialised countries to developing nations. This shift began in the 1970s and has escalated in recent decades. The economic architecture that created a global production and global supply chain system has had a tremendous impact on working people. The system has hurt workers both in the core countries and peripheries. In the core, such as the US and Japan, economies receive less investment and fewer employment opportunities, and wages are being driven down through globalised competition. In the peripheries, the competition between countries for FDI and export markets is leading to the systematic establishment of anti-labour regimes to lock in developing countries' comparative advantages based on cheaper, more manageable labour.

The supply chain has also divided the working class by scattering assembly lines to different places and by causing the informalisation of labour. Global supply chains present new challenges to labour movements. On the one hand, effective collective bargaining by workers and communities in the global supply chain needs broader working class solidarity, which should come from a unified cross-sectoral alliance of all working people, yet on the other hand the supply chain leads to difficulty in organising workers. Organising at the shop floor level itself has become difficult, but even where shop floor unionism is strong, relying only on shop floor unions turns out to be ineffective for collective bargaining with multinational employers and state authorities on workers' issues. Thus, workplace struggles need to be connected to, and reinforce, broader transformative national efforts to challenge the coordinated global production networks aimed at capital accumulation.

It is indeed crucial to regularly campaign against certain corporations or brands (one section of global supply chains) when they violate labour rights, damage the environment, or grab people's lands, as a way to challenge the system. However, the 'naming and shaming' campaigns directed at particular corporations should not be considered as an endpoint on their own since they do not change the whole system. Rather, we need to go beyond such campaigns to the point where broader efforts of dismantling neoliberal capitalism can take place. Naming and shaming campaigns are important and necessary, but they are obviously not sufficient. Global supply chains cannot simply be reformed.

The effort to challenge global supply chains needs a comprehensive strategy in addition to local level struggles. Given the deep divisions and competitions that easily arise among workers in global supply chains (of industry, employment status, race/class/gender), it is critical to articulate the commonalities for the working class as a whole, which may formulate the basis for broader solidarity and formation of common strategies and goals for collective bargaining. For example, the process of capital accumulation by dispossession (not only in terms of land acquisitions and displacements, but also dispossession in terms of denying various rights of the people and reducing/slashing expenditures in public welfare, etc.) that is marginalising most of the people could become one such common platform for the struggle. However, this also requires perhaps reclaiming the sphere of politics as a legitimate object of people's

struggle and above all, to reclaim people's sovereignty.

Endnotes

¹ Derogatory term used for the garment workers in Sri Lanka. Juki is one of the earliest Japanese sewing machines being used in the country.

² See <http://fashion.telegraph.co.uk/news-features/TMG9461957/Zara-owner-is-worlds-third-richest-person.html> (accessed on October 12, 2012)

³ See <http://data.worldbank.org/country/cambodia> (accessed on October 12, 2012)

⁴ Gereff, Gary, "Capitalism, Development and Global Commodity Chain," in Sklair, Leslie, *Capitalism and Development*, New York: Routledge, 1994, p.215.

⁵ Ibid.

⁶ See Raikes, Philip, Jensen, Michael Friis and Ponte, Stefano, "Global Commodity Chain Analysis and the French Filière Approach: Comparison and Critique", *Economy and Society*, 2000: 29:3, 390-417; Gereff, Gary, "Capitalism, Development and Global Commodity Chain," in Sklair, Leslie, loc.cit.

⁷ Ibid.

⁸ In his analysis on global commodity chain, Gereff described that global commodity chains have three main dimensions: first is an input-output structure, which is a set of products and services linked together in a sequence of value-adding economic activities. The second is territoriality that is a spatial dispersion or concentration of production and marketing networks, comprised of enterprises of different sizes and types. The third is governance structure, i.e. authority and power relationships that determine how financial, material and human resources are allocated and flow within a chain. See Gereff, ibid. p.215.

⁹ Banomyong, R, *Supply Chain Dynamics in Asia*. ADBI Working Paper 184. Tokyo: Asian Development Bank Institute, 2010.

¹⁰ An interview with union leader from Nikomas factory, 6 November 2012. See also "Indonesian Nike Workers Win \$1m in Unpaid Overtime," *Jakarta Globe*, 11 January 2012. The sweatshop was also experienced by workers in the supplier factories of Adidas in the same country, where the campaign of this exploitation has been intensified along with the event of the 2012 Olympics in London. See "Olympics: 2012 Chiefs Concerned by Reports of Adidas' Sweatshop' in Indonesia", *Jakarta Globe*, 14 April 2012.

¹¹ Interview, Sedane Labour Resource Centre (LIPS), 6 November 2012.

¹² Interview, union leader from Nikomas factory, 6 November 2012.

¹³ Lembaga Informasi Perburuhan Sedane, *Annual Labor Update (2011)*, Bogor: LIPS, 2011.

¹⁴ See LaFaber, Walter, *Michael Jordan and the New Global Capitalism*, New York: WW Norton, 2002.

¹⁵ Hart-Landsberg, Martin, "Capitalism, the Korea-US FTA and Resistance", *Critical Asian Studies* 43:3, 2011, p. 319-348.

¹⁶ Vitali S, Glattfelder JB, dan Battiston S, "The Network of Global Corporate Control". *PLoS ONE* 6(10): e25995, 2011. Available online: <http://www.plosone.org/article/info%3Adoi%2F10.1371%2Fjournal.pone.0025995> (accessed on February 12, 2012).

¹⁷ Bellamy-Foster, John, McChesney, Robert W., Jonna, Jamil R., "The Global Reserve Army of Labor and the New Imperialism", *Monthly Review*, Vol.63 No.6 November 2011, p.27-29.

¹⁸ UNCTAD, "Global Investment Trends Monitor", No 8, 24 January 2012.

¹⁹ See Gereff, loc.cit., p.224-25, for explanation about the role of Newly Industrialised Countries as a 'middle man' in the 'triangle manufacturing'.

²⁰ Fernandez-Stark, Karina, Frederick, Stacey, and Gereff, Gary, "The Apparel Global Value Chain: Economic Upgrading and Workforce Development", Duke University Center on Globalization, Governance and Competitiveness, November 2011, p.12.

²¹ Home-based work is a growing global phenomenon with over 100 million people working from their homes, in countries both rich and poor. With the rise of complex global chains of production over the past decades, home-based work has grown exponentially. For further study about home based workers, see Sinha, Shalini, *Rights of Home-based Workers*, New Delhi: National Human Right Commission, 2006.

²² Gereff, loc.cit., p.224-25.

²³ Ibid.

²⁴ Hart-Landsberg, Martin, loc.cit.

²⁵ Chang, Dae-oup, *Capitalist Development in Korea: Labour, Capital and the Myth of the Developmental State*. London: Routledge, 2009, p. 122.

²⁶ Countries used to implement protectionist policies were, among others, the US, Germany, Swedish, France, Finland, Austria, Japan, Taiwan and South Korea. See Chang, Ha-joon, *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*, New York: Bloomsbury Press, 2008, p. 39.

²⁷ The largest net recipient of FDI has been China which has attracted 22 per cent of the developing country total since 1989. In Asia, India, Thailand and Malaysia are the major FDI destinations. See Chang, Ha-Joon, and Grabel, Ilene, *Reclaiming Development: An Alternative Economic Policy Manual*, London and New York: Zed Books, 2004, p.108-9; Chang, Ha-Joon, *23 Things They Don't Tell You about Capitalism*, New York: Penguin Book, 2010; Letto-Gillies, Grazia, *Transnational Corporations and International Production: Concepts, Theories and Effects*, Cheltenham: Edward Elgar Publishing Limited, 2005, p. 202.

²⁸ ILO, *Labour and Social Trends in ASEAN 2010: Sustaining Recovery and Development through Decent Work*, Bangkok: ILO Regional Office for Asia and the Pacific, 2010.

²⁹ Mufakhir, Abu, "The Case of Freeport Mc-Morran Copper & Gold Inc. in Indonesia's Extractive Industry", *Asian Labour Update*, Issue No. 81, January-April 2012, p.19-24.

³⁰ *Kompas*, 14 December 2011.

³¹ "Bangladesh labor leader murdered two weeks after international rights victory", *The Global Post*, 9 April 2012.

³² For comprehensive research on Samsung and its anti-union behavior, see Chang, Dae-oup, (ed.) *Labour in Globalising Asian Corporations: A Portrait of Struggle*, Hong Kong: AMRC, 2006.

³³ Campaign publication by ANROEV (Asian Network for the Rights of Occupational and Environmental Victims). See <http://www.amrc.org.hk/node/1247>

³⁴ See Kjellgren, Jessika, *Codes of Conduct – A Useful Remedy to Help Garment Workers Reach Quality of Life? A Study from the Perspective of the Indonesian Garment Workers, Union Representatives and Labor-NGOs Who are at the Heart of the Concern*, unpublished BA thesis, Gothenburg University, 2010.

³⁵ See Asia Monitor Resource Centre, *The Reality of Corporate Social Responsibility: Case Studies on the Impact of CSR on Workers in China, South Korea, India and Indonesia*, Hong Kong: AMRC, 2012.

³⁶ Ibid.

³⁷ Greenwashing is an amalgam of "green" and "brainwashing". Environmentalists often use greenwashing to explain the actions of energy companies, which are traditionally the largest polluters. See <http://en.wikipedia.org/wiki/Greenwashing> for further explanation. The term was coined by New York environmentalist Jay Westervelt in a 1986 essay regarding the hotel industry's practice of placing placards in each room promoting reuse of towels ostensibly to "save the environment". Westervelt noted that, in most cases, little or no effort toward reducing energy waste was being made by these institutions—as evidenced by the lack of cost reduction this practice effected. Westervelt argued that the actual purpose of this "green campaign" on the part of many hoteliers was actually increased profit. Westervelt thus labeled this and other outwardly environmentally conscientious acts with a greater, underlying purpose of profit increase as greenwashing. The term is generally used when significantly more money or time has been spent advertising being green (that is, operating with consideration for the environment), rather than spending resources on environmentally sound practices. This is often portrayed by changing the name or label of a product to evoke the natural environment or nature – for example, putting an image of a forest on a bottle containing harmful chemicals.

³⁸ The report on 'Improving Health and Well-being of People' is available at: http://www.hul.co.in/Images/USLP%20India_tcm114-241468.pdf (accessed on 1 November, 2011).

³⁹ Muruganantham, G, 'Case study on Corporate Social Responsibility of MNC's in India,' International Trade & Academic Research Conference (ITARC), London, 2010.

⁴⁰ Leong, Apo and Chan, Ka-wai, 'Critical Reflection on CSR: A Labour's Perspective', *Asian Labour Update*, Issue 60, July-September 2006.