Garments, value chains and power in a plural world[1]

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Summary
The Rana Plaza factory collapse in Bangladesh in April 2013 challenged the value chain strategies of global garments retailers and brand owners, revealed weakness of state and led to the setting up by brand owners of two purchaser-side organisations that undertook an inspection and improvement regime to improve safety in factories; a novel form of transnational private regulation. Its success was limited due to contradictions between the limited span of the regulatory instruments, the continuous expansion of the demand for garments and the number of Bangladeshi factories that responded. The episode opens a field for analysis of plural power play that spans relatively anarchic global trading space, national political [un]settlements and street protests in Dhaka.

Paper outline

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- Emergent responses to the trigger
- Power within plurality; private regulatory bodies, transnational trading garments entities, campaigning NGOs etc., Bangladeshi factory owners, factory workers, 'state'.
- Conclusions

Introduction

The ready-made garment industry has been central to Bangladesh's considerable economic achievement in recent years. Globally operating garment retailers and brand owners developed contractual relations with factory owners in Bangladesh giving access to an environment that is low cost but risky because government regulation is ineffectual. Reputational damage following the collapse of the Rana Plaza factory complex, which killed more than 1000 people, led to two different collaborative trade associations, the ACCORD and The Alliance, representing respectively, leading European and US brands and retailer companies; forms of transnational private

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regulation with more 'teeth' than most. Both organisations set up, funded and governed factory inspection and certification processes intending to remedy this lack of safety. Collaboration on this scale involves difficult and not entirely resolved compliance issues on the part of the collaborators as well as the factory owners. Both agencies want to claim success, although a large part of the ever-expanding manufacturing base of the industry in Bangladesh remained outside their influence and remains poorly regulated and 'low-cost'.In regulatory terms, the Government of Bangladesh may be regarded as ineffectual but for global corporate interests 'ineffectual' may not be that different from favoured 'low regulation'. Other governments, such as UK and USA, pursue neo-liberal strategies that eschew involvement other than advice and aid.

Transnational private regulation in quasi anarchic trading space

ACCORD and the Alliance were ambitious attempts at transnational private regulation. Transnational private regulation [TPR] schemes are many and complex. They are contrasted by lawyers and others with state legal provision, with questions arising about legitimacy and effectiveness (Bartley 2007, Cafaggi 2011, Bakan 2015). But a more direct social interactionalist question is 'why would an internationally trading entity be interested in voluntarily complying with any form of regulation.'TPR schemes emerge in a global business world where otherwise competitor trading agents find a need for some elements of order within which their operations may prosper but lack a super-ordinate authority with established rules and rule enforcement mechanisms that ensures that such needs are met (Vogel 2010). Transnational trading space and the wider global socio-political scene opens business agents to equations other than those that 'work' at national level. The trans-national sphere is plural, somewhat anarchic [lacking state-like power] in which order, if extant, is negotiated but is nevertheless prone to collective action dilemmas. When operating in national, rule bound environments a business enterprise may be happily unaware of the many aspects of their activities that rely upon established rule bound institutions, governing fair trading, money and finance, material quality, building regulation, safety, human rights, employment conditions, and innumerable other 'taken for granted' norms. The rules of a rule bound environment may not always be to a business-person's liking but do nevertheless remove the necessity of facing the transaction costs entailed in forming new trading norms. Moving into transnational space, may signal 'freedom' from nation state regulation – a major reason for going global - but at the cost of having to find other means of doing deals where norms cannot be taken for granted. 'Other means', I suggest [as a test for what follows], will always entail one agent being willing to find a common interest with an interacting other agent, defining that interest in a mutually acceptable way, doing a deal [and then the tricky bit], building a relationship that is cooperative [rather than non-cooperative, defrauding or conflictful] to ensure that the deal 'sticks'. The basic mechanism, as defined by Peter T Leeson, in his Anarchy Unbound, in the 'discipline of continuous dealing' (**Leeson 2007**). [2]

The trigger incident

The collapse of the Rana Plaza factory complex in 2013 was trigger to a national and international outcry that consumed the Bangladeshi press as well as national and international news media in many Western countries where 'made in Bangladesh' labels were prominent in ready-made garments on sale in high street retailers. The Rana Plaza owner and factory managers, it transpired, had sent workers back to work in the building, in spite of cracks that had been observed in its walls the night before. Subsequent research revealed that government permission had only been granted for a five-storey building while the owners had added three more floors. Within the ruins, garment labels revealed partially fulfilled customer contracts with leading European and American brands. The event drew attention to the fact that dangerous factories were far from exceptional in Bangladesh; the Tazreen Fashion factory fire the previous year having killed at least 117 people. In the immediate aftermath of the Rana Plaza event, numerous lines of enquiry were opened up concerning ownership, licencing, inspection regimes, and so on. Promises of compensation and justice for victims were made by politicians and some brand owners. Months later garments workers were still protesting in the streets. Latent in the commentary was the question as to how to address and who should address the unsafe factory phenomenon.

Central to the story that emerged over the first few months after the Rana Plaza disaster were two organisations set up by and on behalf of brand owners that aimed to address factory safety and related issues. The Accord on Fire and Building Safety in Bangladesh [hereafter ACCORD, established May 2013] was a largely European response, signed initially by some 70 brands and companies, including H&M, Zara, Primark, Tesco, Sainsbury's, Marks and Spencer, Next, C&A and others. Internationally operating trades Unions - IndustriALL[3] and UNI Global Union[4] - and several

2 Anarchy and transnational private regulation. Lesson draws upon the well-known cooperative solution to the 'Prisoner's Dilemma'.'One-off' game play of the prisoner's dilemma favours the cheat – the self-interest solution that minimises the risk of personal punishment. Repeat play, i.e., 'continuous dealing', can establish a reputation for consistency and therefore an element of trust from which both parties can benefit. But the cooperative solution nevertheless requires a game player to consistently reward cooperation on the part of the other party and to consistently punish defection. TPR takes many forms. From a transactional analysis viewpoint, 'myriad forms' is a matter of what 'works' for different stakeholders where there is no effective super-state policeman to 'feel the collar' of transgressors. The forms are many, including licencing and certification schemes. The agents involved are several, including NGOs, trades unions and private companies as well as collaborative arrangements between transnationally operating firms. Forms will 'work' when there is adequate pay-off for each of the parties who are necessarily collaborating because no one is able to suborn the other and gain sway.

Bangladeshi agencies were founding partners in this organisation.[5] From America and Canada what was described as a rival collaboration emerged, sponsored politically in the US by two Senators, one Democrat, one Republican, with Walmart a leading player and involving some 26 firms; the Alliance for Bangladesh Worker Safety [hereafter The Alliance, established July 2013]. [6]

These organisations operated for five years, each providing on their websites running accounts of progress in getting factories inspected, remedial work carried out, worker training conducted, and certificates granted for continued contractual work with international garment procuring partners. The work led to some factories being permanently closed. The process called for purchaser organisations to play a role with their contracted factory owners in financing improvements – a requirement of the ACCORD but a voluntary measure for the Alliance - actual practice in either case remaining a private matter between contracted parties.

Many factories remained outside the orbit of ACCORD or The Alliance and did not participate. Many new Bangladeshi firms and factories were established over the period as the sector continued to expand. A deeply embedded sub-contracting culture weakened the ability of these agencies to raise standards overall. In 2018 Government of Bangladesh withdrew recognition of this purchaser side process, reasserting national sovereignty and the primacy of government processes and agencies while, arguably, seeking to protect the country's 'low cost' status and appeal. At the time of writing [early 2019], the Alliance had ceased operations while ACCORD awaited the outcome of a legal challenge, which may put an end to this chapter of 'transnational private regulation'.

Method

The present paper is based upon long term personal observation of events and institutions in Bangladesh, formerly as a consultant on public sector reform, latterly as an occasional visitor to Bangladesh as a conference contributor, and otherwise as a lone online investigator. The findings therefore are not based upon systematic research. But observation over 20 and more years enables an

3 Website: http://www.industriall-union.org/

4 Website: https://uniglobalunion.org/about-us/global-agreements

5 Website: http://www.bangladeshaccord.org/

6 Website: http://www.bangladeshworkersafety.org/

observer to take a long view. A long look does not find stability in the institutions of trans-national commerce, national regulatory structures and processes or in civil society responses. The lived in 'now' for any actor within the ambit of the chains of activities that generate garments in Dhaka or Ashulia and vend them in high streets or on-line shopping sites worldwide is situationally and temporarily specific. All viewpoints are partial.

What has to be explained is:

- the episodic character of the socio-political processes surrounding globalisation; in particular the significance of trigger events
- the willingness and ability of the transnational retail or brand owning garments companies to respond to the contingent circumstances that they face [as against text book corporate economic strategies [noting also what they didn't do, namely to fully internalise externalities as called for by 'circular economy' notions or the 'sustainability' agenda]].
- the role of global civil society and the media in temporarily reshaping elements in the normative environment,
- Government of Bangladesh (GoB) responses to purchaser side initiatives [as against developmental state rationality],
- The strategies of globalisation sponsoring governments such as US or the UK.

It is an account of the inter-power-play of voice, money and plural political forces within global polity.

Value chain analysis could view these complex moves and processes as the necessary moves of a firm [capital] to protect its asset value as well as reputation within a global political economy. Political settlements [or lack of] analysis, could be pursued in understanding the socio-political support [or lack of support] for state actors: Bangladeshi alignments in defence of perceived national interest in protection of its ready-made garments industry through unstable alliances of patron-client linkages (Khan 2010) but also US [until recently] or EU elite alliances supporting globalisation, free movement of capital and restricted movement of labour. The one method adopts the perspective of capital. The other might erroneously suggest that political settlements are the norm when, arguably, instability or un-settlement may be an environment within which a business can find strategic advantage.

To substantiate this picture a wider political economy perspective is required; a perspective that enables understanding of the interests and acts of various actors; transnational corporations, trades unions, NGOs, national governments, as they respond to the contingent circumstances that they face within a partially globalised economy. Here I take an underlying rational choice approach, as exemplified by Elinor Ostrom, but modified by anthropological insights into cultural bias, exemplified by Mary Douglas. Methodologically, this amalgam provides a complex behavioural model that can be used to explain actual behaviour of agents in the real world of transactions as against text book political science or business practice theory.

The model finds three competing human coordination principles at work in all institutional settings.

- The hierarchical principle supporting ranking, regulation, super-ordination and subordination.
- Mutuality, with egalitarian tendencies, based upon / leading to, value sharing groups or communities or power blocks.
- Individualism, underwriting markets and networks and the primacy of 'what's in it for me'.

In an ideal world, state is hierarchical, [Weberian, favouring rule bound frameworks and rational planning]. Civil society institutions [unions etc.] will be shared value based and somewhat egalitarian. Private enterprise will extol dyadic exchange and market rationality. In the real, open, competitive, conflictful world, compromise and contradiction is the norm. Actual behaviour of business, state and civil society agents can be viewed through a lens which recognises the interplay of different logics within the contexts that they face and the decisions that they take.

It follows that a 'real world' enterprise will opportunistically assess its strategies, actions and operating environment, in relation to the advantages that can be gained and the disadvantages avoided, by pursuing amalgams of three conflicting principles and rule sets;

- market principles, conditions and opportunities, with maximisation of shareholder value a likely, and in some domains, a statutory priority.
  - transnational activity offering opportunities to exploit profit maximising and diverting strategies within differing information and governance environments
- law and regulatory context;
  - transnational operations enabling a firm to move activities or structures strategically between government jurisdictions to material advantage

- and reputation; moral standing, asserted in social responsibility (CSR) or other claims of values, but
    - transnational context allowing a firm to escape the limelight of a 'home' moral community [such as it is] and operate within the ambiguous moral sphere of international relations and the 'soft' domain of UN agency agreements, protocols, treaties and advocacy.

Which of these principles and rule sets has priority for an enterprise or for its assessors or critics at any one time will depend upon circumstance and context. An enterprise, it may be supposed, will pursue a strategy which maximises its freedom of action within the contradictory rule sets that surround it. In short, transnational operations and supply chains enable a firm to do its deals and deploy its assets to advantage in relation to different prevailing market conditions, regulatory constraints and moral mileaux.

The Rana Plaza building collapse was trigger to a reconfiguration of the options / threats facing ready-made garments purchasers from the high-streets of the USA, the UK and other places in the 'advanced' [rapidly de-industrialising] world. How would they respond?

Emergent Responses

We have to ask **why** it was that these two purchaser side organisations became the major response to factory safety and related issues rather than reformed government action, **how**, they organised and carried out their work; being made up of competitor trading organisations and finally, **whether** they succeeded.

When factories burn or collapse in Bangladesh: the governance question is not who is to blame but who has interest in preventing?

Candidates;

....the factory owners
....organised labour, or NGO advocates
....the government of Bangladesh
....the UN
....the firms which buy the garments....

As it turned out it was the firms which buy the garments that responded most immediately. It is these forms that are supported or threatened by 'us'. They are the ones with the money. As transnationally operating retailers and brand owners – the 'garments retail magnates' - they drive the fashion industry, source their goods in Bangladesh, Vietnam, Myanmar … and sell to consumers on the high streets or web-sites of the 'Western World'.

They seek competitive price advantage but have an interest in protecting their;

- reputation
- access to effective productive assets

If we ask 'what was in it for the retail magnates and brand owners' the answer is, principally reputation but possibly also avoidance of [visible responsibility for] the 'destruction of the common'. Threatened by events, by the national and international press, national and international NGOs, and UN agencies such as the ILO [itself reinvigorated by publicity] the brand owners and retailers came under immense pressure to respond in some way to the event and to the heritage of low wages, lack of human rights and dangerous conditions that it revealed.

The Rana Plaza factory collapse and associated death toll also made apparent the outcome of a competitive economic process known as a 'the chase the bottom' where an expanding demand upon a limited resource leads to the destruction of 'the common': and a threat to the viability of actors that live off that common. In this case the common is overexploited cheap, unorganised labour and unsustainable productive systems lacking training, adequate living wages, properly constructed buildings, or worker safety regimes. The threat was to the reputations and hence business viability of the 'garments retail magnates'. Whether or not this bit of economic analysis entered the calculus of the garments retail magnates is open to question. It is not the kind of economics that normally informs business strategies, though it does enter common parlance and would certainly have been encountered by the garments retail magnates in their interactions with the international trades unions such as IndustriALL and the UNI Global Union as well as many NGOs and the ILO, which had long been critics of conditions in the ready-made garments industry.

Cost? The requirement to collaborate

Brand owners are many and they are rivals in the market. They are rivals in the contracts that they make and with their Bangladeshi factory owner partners. Yet, after some wriggle and protest, they developed common cause in attempting to take the threat out of their trading base. In an earlier paper on this theme, I likened the condition of the productive base in of the garments industry in Bangladesh to a damaged common in which unregulated competition led to a chase to the bottom in search for ever cheaper productive units within a denuded regulatory environment (**Curtis 2015**). A common response presents organisational challenges. In analysing ACCORD and Alliance, as structural responses to the problem that their participant companies faced, I followed Elinor Ostrom's analysis of necessary characteristics of organisation in 'governing the commons'.

A common objective with agreed inclusive boundaries: 'who is in and out'
Collective choice arrangements [governance] for;

- Negotiating shares of costs and benefits
- Transparent mutual monitoring [against cheating]
- How to adapt and change
- Sanctions and enforcement mechanisms
- Acceptance of / by authority
- Sometimes a role for intermediary or broker

And found that both these agencies demonstrated key elements of such collaboration;

- having an executive, funded by participants, with programmes for improvements to be executed between individual garments retail magnates and factory owners, with some funds [the Alliance]
- seeking to improve worker conditions and being prepared to work with national government and international agencies
- and self-govern, ACCORD, with worker / NGO participation.

But could they enforce? Were the participative governance structures of the agencies strong enough to enforce the agreed rules and procedures upon the participant high street garments retailing and branding magnates? The evidence here is that enforcement remained problematic. Each agency asserted that their agreements with participating companies were legally binding [though it was not apparent – to a non-lawyer - within which jurisdiction this power could be exercised]. But in the annual reports of the agencies it was apparent that some companies were in arrears on their payments. The names of defaulters were highlighted: a 'naming and shaming' process well- known as a 'club' type sanction. The principle lever, once again, was reputation.

One more feature of these – I think unprecedented – collaborative endeavours should be recognised. Collaboration on a binding basis with large number of competitors is not 'business as usual' in any business culture. In 2013 the

American trading giant Walmart initially refused to collaborate on the grounds that;

> "While we agree with much of the proposal, the IndustriALL plan also introduces requirements, including governance and dispute resolution mechanisms, on supply chain matters that are appropriately left to retailers, suppliers and government, and are unnecessary to achieve fire and safety goals." (**Quoted in a Guardian article 'Walmart refuses to join worker safety deal' by Simon Neville, 15th May 2013**)

Nevertheless, within weeks Walmart had joined up with other American and Canadian companies to form The Alliance. What explains this about face? Perhaps it was the sponsorship of this collaboration; in the case of the Alliance two members of the American Senate, one Republican, one Democrat who managed to 'bang heads' and engage 29 North American companies in a binding agreement to collaborate for five years to improve safety in Bangladeshi factories. Further, the business ethic of the companies involved was stretched – evidence in the Alliance website - to include remediation, worker training, sustainability and 'worker empowerment' ['voice' but not of course unionisation] as well as engagement with civil society bodies such as NGOs.

The ACCORD, which eventually involved 190 brands, was from the start an initiative of global trades unions, principally it seems, IndustriALL. The acceptability of this form of collaboration to a largely European set of companies may be down to a business culture in which formal agreements with unions is often an accepted norm.

The effectiveness of ACCORD and The Alliance as agents of social responsibility for garments retailers and brand owners must be examined.

Did it work?

The Alliance claims to have improved the lives of some 1.5 million workers, with 400 factory improvements completed, while The ACCORD website sums their achievement as having worked with some 2 million workers and 1,600 factories. These are very substantial figures and do reflect active agents that have been substantially engaged in a rigorous programme of inspections and in facilitating remedial activities undertaken between participating brand owners and factory owners in Bangladesh. But the claims must be treated with caution.

A series of reports by an American academic institution, New York University, Stern Centre for Business and Human Rights, present the results of careful analysis of the very opaque publicly available information on Bangladesh's ready-made garments industry (NYU, STERN, 2014, 2015, 2016). These reports analyse the impact of the ACCORD and Alliance programmes in two directions; focusing first on the outcomes of the relationships between participating brand owners and their contracted Bangladeshi factory owner partners, secondly taking account of the fact that the continuing production demands of the brand owners facilitated the continuing rapid expansion of the sector through a sub-contracting culture that involved a large number of factories that were outside the reach of ACCORD or the Alliance.

The factories with which member garments retail magnates had contractual relationships were subject to factory inspections organised by the agencies. After inspection, brand owner and factory owner were supposed to agree and co-fund a work programme to remedy identified faults such as poor electrical wiring or inadequate fire doors and, in some cases, totally inadequate buildings. In the case of the Alliance this was a voluntary element of the package, while in the ACCORD protocol this was a requirement. At this stage the onus therefore shifted from the inspection work schedule of the agency to the contractual relationships between manufacturer and international customer. These relationships were many, sometimes ill-defined contractually and not subject to public scrutiny. In consequence the work slowed down. In September / October 2015, STERN estimated that the agencies could only identify 8 factories out of a total of 3,425 factories inspected by the two agencies [and the ILO] which had satisfactorily passed final inspection (NYU STERN 2015). So, there were problematic relationships underlying this regime; which may well have impacted upon the politics of the process and its eventual outcomes.

In terms of raising overall standards within the industry the impact of these two agencies will also have been limited by the fact that the agencies together worked with only a part of the sector; some 27% of the factories according to STERN. The ready-made garments industry in Bangladesh had become truly massive with an estimated 5 million workers in 2016 (NYU STERN 2016) and a very large but not definitively known number of factories; estimated by STERN in 2015 to be more than 7,000 (NYU STERN 2015). On STERN's estimate the ACCORD and Alliance schemes, with the addition of a scheme subsequently operated by the ILO [and funded by British aid], together addressed the concerns of only about half of the export engaged garments manufacturing sector.

The STERN reports seek to identify and unravel the complex processes through which the demands for fashion garments set up by the international brand moguls translate into production processes in Bangladesh. Ostensibly this is a supply chain process hinged on contractual links between brand owner and factory owner. ACCORD and the Alliance took this as the norm and built their procedures around this assumption. In practice there were such linkages, but they were seldom exclusive. An extensive subcontracting culture allowed peaks and troughs in demand by different brands to be shared out between lead firms, with a secondary tier of factories that have no major contracts of their own absorbing much of the work. Beyond the second tier, a range of small factories existed that subsisted on very small elements in the production process such as making labels or hand stitching decorative features. Facilitating this indirect sourcing processes, were a number of purchasing agents who acted on the buyer's behalf to place orders and ensure delivery. This subdividing process obviously means that the already tight margins on the initial contact become distributed thinly across the system, forcing down worker payments and allowing the poorest of working conditions to persist.

STERN stressed the non-transparency of this system. Brand owners in practice escape knowledge or responsibility for factory safety or worker conditions beyond their contractual relationships with top tier factories. The system is indeed non-transparent. Even the two Bangladeshi trades associations [for ready-made garments and knitwear] which attempt to register all producers in their sector, do not maintain adequate records, many factories being non-registered and a high turn-over rate amongst companies being difficult to keep track of. While STERN urges the Government of Bangladesh to establish better information and regulation procedures, it is the garments moguls that are ultimately responsible for creating this loose structure. It is their demand upon the system that drives this outsourcing process. Ever-accelerating fast fashion changes on 'Western' 'high streets' are generated by these brand owners and retailers and translate into an uneven demand upon the manufacturers. The garments moguls should be aware – it is hardly possible that they are not actually aware - that their formal contract procedures fail to represent their share of responsibility for all stages of the supply chain.

Power within plurality

The supply chains and the extended production linkages that are essential to the supply of garments to the fashion houses of the 'Western' high streets, function in a complex transnational as well as multi-national environment. Some parts are subject to national regulatory regimes. Some elements take place within the reach of agreements and treaties that exist under the auspices of UN agencies. Some parts may be exposed to the organisational endeavours of NGO bodies such as The Clean Clothes Campaign. Transnational trading space gives companies room to exercise the power to pursue strategies of their choice to a greater degree than trade within one domain. But, on the reputational score, there are risks.

Private regulation; ACCORD and The Alliance are evidence that where customary instruments of national government are ineffective, limited social controls can emerge out of struggles between interested parties to address contingent situations that contain significant risks for them. To maintain their reputation when challenged by a sudden spike in ethical concerns for producer safety and quality of life, powerful agents – the ones with the money - can be persuaded to do deals that signal responsiveness to these concerns.

Transnational garments trading entities; the 'high street' brand owners and retailers [the moguls] may find that their compliance activities within private regulation bodies are only modestly effective in improving conditions and minimising risk, but such measures still probably mitigate the opprobrium that their association with disaster causes to their reputations. Deals are done principally between power and resource holding agents, in the interest of their own reputations, enabled and constrained by the limits of their own power, their willingness to collaborate and to exert pressure on each other to avoid default on their agreements. In Bangladesh the limited collaborative action that they took through ACCORD and The Alliance may have had some impact upon building safety and upon the work culture and working conditions of lead factories but it did not prevent the continued expansion of the garments sector in unregulated competition that, in practice, ensures that Bangladesh remains a very low cost environment from which to extract value.

Transnational as well as national NGOs and other civil society bodies including, trades unions, philanthropists, conscientious entrepreneurs, and allied political leaders are active in the moral sphere, shaping as well as responding to social justice and wellbeing concerns around productive activities. Trigger [Critical] incidents such as the Rana Plaza disaster, provide a spike of media attention whereby such civil society institutions can highlight in the global public domain concerns that they had been campaigning on for decades. National and international press and media give investigative edge to reporting and material information to campaigning organisations. Social media adds further local and global linkages; at the risk of amplifying both disinformation and information but with benefits in mobilising material and moral support for good causes - while the attention of the consumer can be maintained.

Critical in this picture is **the role of the consumer**; the Western consumer who goes to browse the displays in Walmart, M&S or Primark with the vague intention of purchasing a shirt, a skirt, or whatever; if it is temptingly inexpensive. Western consumer societies depend upon this kind of activity being accepted as an entirely legitimate pastime; quite free of ethical concern for anything about the processes that produced the garments, or the people involved. Western societies have generated political regimes that measure their success in terms of stable prices and rising consumer satisfaction. A major trigger event such as the death by crushing of one thousand one hundred and twenty-nine souls in Bangladesh causes a short-term hiatus in political consciousness that has to be captured to advantage by reformist campaigners; but the attention span of the average consumer is short.

Bangladeshi factory owners and managers have hardly featured in the account to this point. It is they who have been responsible for every aspect of the massive expansion of the industry over some 30 years, accumulating and investing capital, building the infrastructure [such as it is], training the workforce [incidentally being at the centre of a cultural transformation that results from the workforce being largely female – in a country where male dominance had been the norm]. The country and very many workers are better off as a result. How these entrepreneurs have socially engineered the rapid development of this industry would require a sociological analysis to trace the linkages over time between family, money, property, status, international connections and influence. What is clear from several accounts is that factory owners are now well represented in both the of the political parties that have dominated Bangladeshi politics over the relevant decades (BBC News Asia 14th May 2013). Government action or inaction will have been influenced by their involvement.

In our story, factory owners do not feature as a force for improved standards or working conditions. This may not be simply a matter of culture. A case study by Shahidur Rahman of a company owned by Muhammad Saidur Rahman, [Broken Promises of Globalisation] shows how one owner, guided by progressive views of worker rights and entitlements [such as maternity leave or sick pay] and with the expectation that satisfied workers produce good quality products, found himself ground down by the relentless pressure of production schedules and tight prices; leading to the eventual demise of his company when a Korean partner withdrew his capital to invest elsewhere in the world (Rahman 2014).

Within this scene **garment workers** most often feature as protestors, out on the streets, airing a grievance about their company's or their government's failure to deliver promised compensation, safety, or living wages. These are signs that the power of ‘voice’ does not get adequate opportunity for expression within the formal institutions of the industry – within welfare committees for instance – or in trades unions which still struggle for recognition - leaving external bodies such as NGOs to focus on ‘events’ that catch the attention of the press and give support for workers with banners on the streets.

The role of the state;
‘State’ as an agent within the transnational trading environment has significantly curtailed powers (**Lindholm 1977, Marsh and Lewis 2014**). ‘Capital’, free to do business across borders, has the power to negotiate down the costs of locating or doing any part of its business or holding any share of its assets within any jurisdiction. Capital has the support of a neo-liberal political philosophy which, in asserted ideal terms, confines the role of the state to the defence of the realm and of property. Neo-liberalism has its critics today (**Stiglitz 2002**) and developing countries now – thanks to the so-called Asian Tigers – have an alternative ‘developmental state’ model as potential political inspiration (**Routley 2012**). However, in relation to the ready-made garments industry, the **Government of Bangladesh [GoB]** is further constrained by the fact that the brand owners and retailers of garments actually invest rather little in Bangladesh. Foreign direct investment in the sector is mostly from South Korea and other countries with historic links.[7] The supply chains of foreign brand owners and retailers [the ‘garments retail magnates’] are managed indirectly through contracts with first tier manufacturers rather than by direct investment and ownership. In consequence, the tax-take of GoB [to support infrastructure; roads, electricity supply, factory inspectorates, health facilities etc.] falls largely upon locally owned businesses or workers rather than the international traders.

The Government of Bangladesh [GOB] has experienced sustained criticism from the international community over the years for various supposed governance shortcomings - though on certain social development measures the country is exceeding its sub-continental neighbours (**Sen and Dreze 1995, Wahiduddin Mahmuda et al 2014**). The infrastructure is indeed poor, access to ports for supplies or exports is not adequate, electricity supply intermittent, relevant government administration cumbersome and sometimes obstructive. To a degree this can be attributed to weak government strategy. The under-resourced, under-funded and no doubt corruptible regulatory infrastructure of the garments industry is evidence of a political economy in which the interests

7 An unanticipated result of the Multi Fibre Agreement [1974-2004] under which countries which had reached the limits of their entitlement to export to the ‘developed world’, opened up new manufacturing capacity in countries not so restricted, leading in the Bangladesh case to an inflow of capital and dissemination of skills from Korea and other countries.

of owners are better represented than the interests of labour. But it is also an outcome of the way in which the global industry is structured; with purchaser organisations taking little responsibility for infrastructure through direct investment. Many foreign governments, for their part, tend to be equally 'hands off', confining their involvement to the explicit or implicit policy criticism that comes with aid.

The initial reaction of the **Obama administration in the USA** to the Rana Plaza disaster was to suspend a preferential trade arrangement with Bangladesh in protest of the violation of worker rights (Wikipedia). But the Americans and other aid donor countries came to the view that trade rather than aid was the better way of improving life in developing countries and proceeded to give a one-off grant in support of factory improvements (NYU STERN 2014). How this money was used in relation to The Alliance activities is not clear.

The UK government, through its international assistance agency, DFID, has long provided aid to Bangladesh and, in response to Rana Plaza, provided a direct grant in support of factory improvement that was administered through the ILO and was used to extend the coverage of factory inspection beyond the coverage achieved by ACCORD and The Alliance.

Conclusions

Global space trading space, into which garments retailing magnates expand their supply chains, has been described in this essay as quasi-anarchic. There is no super-state atop this trading space.[8] A garment retailing magnate, registered in UK, sourcing its ready-made garments through a supply contract with a manufacturer in Bangladesh is developing a supply chain a significant part of which is outwith the UK legal and regulatory framework and within the Bangladeshi trading space where the regulatory framework is weak [or soft]. Weak contract enforcement can present significant problems of quality control within the supply train, but these can be partially remedied by direct intervention between contracted parties. But weak regulation can be equated with 'low regulation', an economic environment that many business leaders and free market economists deem to be desirable; in which competition can reign

8 The United Nations organisation is a club of nations. The UN Security Council is, in effect, a club executive. The various UN agencies, such as the WTO, derive their mandates and their rules of operation from international agreements between signatory countries. The WTO – as with the other UN agencies - has no policing powers but will seek to resolve disputes between member governments if these arise and when an aggrieved nation brings a case to resolve. This is arbitration or mediation, not enforceable judgement.

relatively uninhibited, keeping production costs low. Despite the transnational private regulation efforts of garments retail magnates who signed up to The Accord and The Alliance, low regulation persists in the Bangladesh ready-made garments industry.

Garment retailers and brand owners conduct their businesses within a global economy much of which, in the C21st, is presided over by a neo-liberal political philosophy which smiles upon free market trading values and practices as well as a restricted role for the state.[9] Supporting economic theory supposes that a business should be responsive primarily to the interests of its owners – the shareholders – treating other interests, including labour, as factors of production to be employed according to their marginal utility. Business schools and right-wing political parties worldwide as well as business lobby groups, promote this neo-liberal agenda. Transnational trading allows the interests of labour to be remote from the political domains within which capital is located and consumer voices might be exercised, if they were concerned. It takes a disaster to bring about a temporary unification of the political spheres in which this happens; and then the interest is short-lived.

Neo-liberalism is however a permissive code. It is 'a broad church' and a variety of business practices, national government policies and international agency support regimes can be found that - while not contradicting the primacy of capital – actively promote other social or environmental agendas. In this context the garments retail magnates can be pragmatic. Real-world business survival and prosperity hinges on reputation as well as profitability. If damaged reputation calls for a pay-out to damaged parties, or for fraternisation with NGO 'do-gooders' or reformists, or [the Bangladesh exceptional case] for collaboration in organisation with business rivals, so be it. And for the moral pragmatists of the business world there is also an escape. If one location for production becomes too problematical, they move elsewhere.

Western governments, with encouragement of the Bretton-Woods institutions, have also promoted this neo-liberal agenda under which 'the business of business is business' and the business of governments is to set supportive frameworks nationally and internationally for the conduct of business. Many developing countries, including Bangladesh - with varying degrees of reluctance - have adopted economic liberalisation policies that minimise restrictions on trade, allow relatively free movement and deployment of capital, and allow the World Bank and the IMF to influence their macroeconomic and

9 Severe constraints upon the movement of labour is a recognised as part of the formula if not always explicitly.

structural policies; using the leavers of debt and aid. In Bangladesh, successive Ministers of Finance [under both BNP and Awami League administrations] have broadly complied with IMF strictures and the country has had modest success in integrating itself into the global economy, largely through the ready-made garments industry.[10] What Bangladesh has not been able to do under Western guided neo-liberalism is to make radical policy changes. Intervention in the ownership of industry is verboten. Major physical infrastructure is problematic. The country still has no deep-water port for instance. With Western aid donors having eschewed aid-for-infrastructure since the 1970s, now confining their focus to issues such as poverty, gender, environment and governance, the way is open to China and other governments that are not constrained by neo-liberal ideas, to seek to step in with cash and technology to build a port (Shepherd 2016). The garments industry would be a major beneficiary of a more efficient means of importing raw materials and exporting ready-made-garments. But it won't happen with support from trading partners in the West or their governments.

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10 Bangladesh has also, more surprisingly, been able to improve elements of social development such as infant mortality and women's health, attributed by Asadullah and colleagues less to government directly than to effective involvement of NGOs in health campaigning and low cost interventions. (Wahiduddin Mahmuda et al 2013).

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