

# **The Structural Crisis of Labour Flexibility:**

## **Strategies and Prospects for Transnational Labour Organising in the Garment and Sportswear Industries**



**Clean Clothes Campaign**  
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## Abbreviations

AMRC	Asia Monitor Resource Centre
BSCI	Business Social Compliance Initiative
CCC	Clean Clothes Campaign
CSR	Corporate Social Responsibility
ETI	Ethical Trading Initiative
FLA	Fair Labor Association
FoA	Freedom of Association
FOB	Free on Board
FWF	Fair Wear Foundation
ICFTU	International Confederation of Free Trade Unions
ILO	International Labor Organization
ITGLWF	International Textile, Garment, Leather Workers Federation
ITUC	International Trade Union Confederation
JO-IN	Joint Initiative on Corporate Accountability and Workers' Right
MSI	Multi-stakeholder Initiative
NGO	Non-governmental organization
NTUI	New Trade Union Initiative
PoW	Programme of Work
SAI	Social Accountability International
SA8000	Social Accountability 8000
TNC	Transnational Corporations
WRC	Workers Rights Consortium

## 1. Introduction

The Clean Clothes Campaign (CCC) was launched over 15 years ago. Much has been achieved in this period with regard to awareness raising, network building and a growing group of transnational corporations that recognise their responsibility for the (substandard) working conditions in facilities they do not directly own. At the same time, everyone active in the field knows that working conditions in the garment and athletic footwear industries have in general not improved. The CCC continues to receive reports of worker's rights violations on an almost daily basis. While code implementation programmes have led to some incremental improvements with regard to more visible worker's rights violations, fundamental principles such as the right of workers to be able to join a trade union and negotiate collectively with management are not being sufficiently addressed. Neither has there been much progress in other areas – for example, discrimination and harassment. Wages have generally been stagnant.

Since the CCC was established to improve the working conditions in the global garment industry and empower its workers, we must now ask how we can continue to increase our efforts to extend the impact of our campaigns. This paper is part of an ongoing evaluation and strategising process through which the CCC's aims and activities can be accessed, reviewed, redefined and adapted. The central question here is what strategies, tools, campaigns would help to achieve our objectives?

In the first section, we will look at the environment we work in, and discuss three closely interrelated reasons why the crisis of labour flexibility has acquired structural characteristics. The use of structural denotes here that substandard working conditions are not isolated or anecdotal accidents but form part of a structured pattern of exploitation and abuse. The first concerns the difficulties workers face in organising themselves vis-à-vis their employers; the second concerns the relocation threat of capital which grants corporations much leverage vis-à-vis labour and governments. The third concerns macro-economic trends (deflation) and micro-economic trends (purchasing practices) that further question the sustainability of an export-oriented development strategy. These miscellaneous dimensions constitute a real challenge to labour advocates around the world. They represent the 'contextual constraints' that labour rights activists face as they search for solutions. The question then is what kinds of strategies would help to counter the structural crisis of labour flexibility?

Section two of the paper will discuss the main anti-sweatshop strategies the CCC and international partners have developed since the early 1990s. As an international coalition of diverse organisations – comprised of consumer organisations, trade unions, researchers, human rights groups, migrant solidarity activists, homeworkers and women workers' organisations, world shops, and many other organisations – the CCC has many different areas of work and strategies. Obviously, to assess each one of these would be too much work and beyond the scope of this paper. We will instead focus on respectively three main areas of the CCC's work: (i) corporate accountability, (ii) urgent appeal work, and (iii) large public campaigns. These areas in turn cover numerous levels of action and governance and all of them include activities that involves awareness raising, research, direct action and networking in various shapes and forms. The work involved in the area

of corporate accountability has generated much discussion within and beyond the network. This section will briefly discuss how this debate has evolved over the last 15 years. The CCC's second major task centres around urgent appeal work. The CCC takes up an average of 30 cases per year from many different countries. This section will discuss some of the major characteristics and developments in this field. The third major area of CCC activity involves organising large public campaigns that target events that involve sportswear such as the Olympics and the World and European soccer tournaments. These campaigns are particularly important in that they reach out to consumers and raise public awareness.

The final section of the paper discusses three comprehensive counter-strategies that seek to address the various dimensions of the structural crisis of labour flexibility and that are co-ordinated using various levels of political action and organising. We will discuss three strategies that seek to increase the impact and efficiency of anti-sweatshop strategies by targeting different scales (local, regional and sector-wide) of action. This section will also look at: *thematic campaigns* (or strategic urgent appeals), the *Asian Floor Wage Campaign*, and the *Play Fair Campaign(s)* and their attempt(s) to promote a sector-wide approach towards the implementation and enforcement of labour rights.

### **1.1 A structural crisis of labour flexibility**

The garment and athletic footwear industries are characterised by a *structural crisis of labour flexibility*.<sup>1</sup> Barriers to unionisation, the structural power of capital and the stubborn adherence to export-led growth all combine to create a structural crisis of labour flexibility in the countries at the producing end of the global garment and athletic footwear chain. At the core of this structural crisis of labour flexibility lies a *functional divide* in the organisation of production and consumption between sourcing companies (brands and retailers), on the one hand, and export-oriented manufacturers, on the other. Sourcing companies focus on conceptualising the product (design, research, and innovation) and distribution (marketing, advertising), while the labour-intensive processes are outsourced. By extricating themselves from material production processes and shrinking the workforce, sourcing companies have saved on wage costs and social security expenditures. They have transmitted the burden of labour demands from high-wage organised sectors of the labour market to low-wage and less-organised sectors of the labour market. However, the management of mass labour processes becomes outsourced to specialists in manufacturing. Increased opportunities to outsource production can be understood in these terms, as the driving force behind a transformed relationship between the forces of capital and labour. Transnational outsourcing signals the increasing power that corporations have to organise and control labour on ever larger geographical scales while *ignoring* the social reproductive needs of labour, or what David Harvey calls the 'social infrastructure that supports life and work'.<sup>2</sup>

Outsourcing towards low-wage areas in Asia, Africa, Central America and Eastern Europe gives brands and retailers access to so-called *dual labour markets*, which are characterised by the increased division between 'core' workers and 'marginalised' or 'peripheral' workers. In this type of dual labour market, a company seeks to capitalise the use value of a small number of highly qualified labourers like managers, technicians, designers, innovators, sometimes called symbolic workers – who conceptualise, oversee, manage and reintegrate globally fragmented labourer processes, while the repetitive,

monotone or ‘simple tasks’ are treated as ‘abstract’ labour, which can be bought from others. Thus, only a small group of ‘core’ workers who are deemed essential to the company are kept in-house and given stable contracts, job security and high wages, while the labour-intensive aspects of production are performed by a ‘peripheral’ workforce. As a result, it is especially the female employees who end up with the insecure, labour-intensive and low-paying jobs.

Here we enter the essence of the structural crisis of labour flexibility; namely, a de-territorialised production system in which sourcing companies do not need to pay attention to the reproductive requirements of labour power. This lack of attention is symbolised by wages that fail to meet basic needs (housing, energy, nutrition, clothing, health care, education, potable water, child care, transportation, and savings), or provide additional discretionary income, or take into consideration the number of dependants. It makes it possible to exploit labour through short-term contracts, long working hours, forced and unpaid overtime, unsafe working conditions, gender discrimination, payment tied to unrealistic production targets or piece-rate systems, and redundancy policies that offer no or highly inadequate severance pay compensation. In other words, production costs are divested – ideally entirely – of reproduction costs. The authoritarian and repressive political conditions in which production typically takes place raise various – often legal – barriers to the right to organise, and these exacerbate the problem because employees are prohibited or restricted from demanding basic workers rights. The next section will look at the various barriers that workers face when they seek to organise themselves.

## **1.2 Barriers to organisation**

The best way to counter poor working conditions, protect basic human rights and decency and improve wages is by empowering workers through organisation. Freedom of association and collective bargaining are often seen as enabling rights, e.g., they represent the ‘key institutional mechanisms to empower workers and thus mitigate power asymmetries’. In labour-intensive industries, however, as Spike Peterson has observed: ‘social reorganisation of the work process (subcontracting, sweatshops, home-work) has occurred in ways that isolate workers and prevent collective organisation and its earning and status benefits’.<sup>3</sup>

There are at least eight reasons why this is difficult to achieve in the garment and athletic footwear industries, as well as in many other globalised industries (electronics, toys, etc.).

- a. The repression of political rights and trade unions in important production countries like China or Vietnam undermines the workers’ capacity to freely organise. For instance, many of the Chinese workplace unions in foreign invested factories are actually set up by management without democratic elections. The workers are often even unaware of the trade unions’ existence. In other countries, unionisation is either banned in export processing zones or made nearly impossible through legal limitations and restrictions on union recognition.<sup>4</sup> In addition, even in countries where trade unions are recognised, enforcement is often weak, while bureaucratic delays and legal manoeuvres make it difficult for unions to register and claim their rights.

- b. Employers often use acts of discrimination against union members or workers suspected of engaging in organising activity. This can range from promotion denial to intimidation or outright violence. For example, a union leader in an Indonesian factory supplying Lotto was demoted from his position as a supervisor to a janitor/security guard. He was also placed on a night shift.<sup>5</sup> But this kind of practise easily spirals into more intimidating methods to stop labour's organising efforts. For example, sometimes workers are actually locked out of the factory or are directly confronted with violence. Over the years, thousands of workers have been fired for joining unions, which in turn sends a strong discouraging message to non-unionised workers.
- c. Garment and footwear factories are located in areas with large labour pools, while the skill level required has generally been low. The existence of a 'reserve army' of labour to draw from can be used to discipline individual workers, or the shifting of manufacturing facilities in reaction to collective workers actions. In addition, the redundancy of workers can also be used to cut wage costs and intensify the work level. Lack of alternative employment means that many workers think twice about risking their jobs.
- d. Barriers to the right to organise are not just legal or political but also involve a lack of resources, such as an informed workforce, time, money, or a local management who understand the importance of the freedom of association and collective bargaining. Many of the workers migrated to the factories from rural areas. They are new to industrial labour and are often unaware of their rights and have no or little organising experience.
- e. Male chauvinism and unequal gender relations create further barriers for labour organising. It is estimated that some 80 per cent of the 50 million workers employed in the export processing zones are women.<sup>6</sup> Young women (or teenage girls) are often recruited because employers consider them 'docile, tireless, and naturally suited to perform repetitive work with her hands'.<sup>7</sup> Of course, this is a myth. Women workers are not only the first to assume the assembly line jobs in the export processing zones, but are also the first to lose their jobs when a production facility abandons a region or country. This dynamic places women workers 'at the heart of the story of both industrialisation and deindustrialisation'.<sup>8</sup> At the same time, women employees who work long hours in factories and then have to go home to assume their household responsibilities involving reproductive and domestic care are unlikely to become involved in trade union activity.
- f. The almost all-female workforce is in direct contrast with the almost all-male union leadership. To encourage female workers to form and join organisations of their own choosing requires that female workers can readily identify with their leadership. Jasna Petrovic, who works for the International Trade Union Confederation (ITUC), puts it thusly:

The majority of union leaders still do not understand that unions need women as much as women need unions. Many trade unions still do not realise promoting gender-related policies and launching campaigns for organising women workers in both the formal and

informal sectors should have priority, maybe are even the survival issue for trade unions as trade unions led only and exclusively by men are not going to survive.<sup>9</sup>

- g. The way production is fragmented among many production sites and countries also makes it difficult to achieve collective organisation. Sourcing companies spread production over dozens of countries and (often) hundreds of suppliers.<sup>10</sup> This divide-and-rule strategy reduces labour's bargaining power and makes it possible to exploit the locational rigidity of workforces. And while differences between workers on the basis of skill, gender, ethnicity, or position (i.e., 'core' workers versus 'peripheral' workers) have always posed problems for collective action efforts, the spatial decentralisation of production further intensifies these differences but also adds new problems, for example, related to distance, language, tradition or nationality, for everyone seeking to establish and extend solidarity links based on the workers' similarities.
- h. The precarious ('flexible') nature of employment already makes organising very difficult. Workers who have temporary or seasonal contracts (*irregular workers*) are never certain that their contracts will be renewed. For instance, the union representatives at an Indonesian factory that produces for the sportswear brands Puma and Umbro, who have been campaigning for the rights of temporary workers, pointed out that:

The unfair system of employing workers on temporary contracts should be abolished. All workers at [our factory] should be permanent workers. Temporary workers at [our factory] are often fired, their jobs are [the] most insecure. They have to then find another job themselves and they do not receive any severance pay. Once a month, when the management holds meetings, a couple of contract workers wind up getting fired<sup>11</sup>

In addition to workers with irregular contracts, many have no contract at all. They work in non-registered workplaces and are often home-based. Without a legal employment relationship, these workers face even more obstacles in organising, while their informal status makes it difficult if not impossible to apply national labour legislation that requires employers to recognise and bargain with labour organisations.<sup>12</sup> The *causalisation* of work often extends into workplaces that operate on a formal basis, for example, by hiring workers without a formal contract.<sup>13</sup> This further undermines the development of effective industrial relations.

The cumulative effect of these factors comprises the first set of reasons why the crisis of labour flexibility has acquired a structural character. The many difficulties workers face in organising further widens the gap between the scale of global production chains and local and national worker organisations, while the growing disparity of power between unions and international (de facto) employers cannot be analysed without taking into account the issues of the relocation threat, deregulation, and neo-liberalism.

### **1.3 The relocation threat**

Even though barriers to organisation often seem *local* in nature, we must analyse these barriers in the context of global production. The emergence of the global supply chain has altered the balance of power between employers and unions and weakened traditional

regulatory mechanisms associated with the state. International outsourcing has detached corporations from the specific communities and specific labour pools associated with them.<sup>14</sup>

By externalising the labour-intensive aspects of production, sourcing companies no longer have to take responsibility for the majority of workers involved in the process. In this context, workers are increasingly treated as a ‘subcontracted component’ rather than a fixture as part of employer organisations. It has offered a particular category of companies – brands and retailers – an opportunity to break out of the highly unionised and established industrial areas with strict institutionalised labour processes. As a result, corporations can pit workers in different localities and different geographical jurisdictions against one another. By contrast, labour is much more locked into a particular place. This offers corporations the option of picking and choosing a favourable location, often referred to as ‘regime shopping’ or the ‘race to the bottom’.

The ability to relocate production is an example of the ‘structural power’ uniquely available to corporations.<sup>15</sup> Which means that even if (against all odds) labour succeeds in building up collective power, and even if the export-led growth strategy of a range of countries who have put all their eggs in this basket is sustained (against all expectations), workers and governments will still have to face the threat of capital relocation. This is the second reason why the crisis of labour flexibility has acquired a structural quality.

This structural power is expressed when the purchasing departments of branded corporations decide not to source from unionised factories or when they massively place orders from countries where worker rights are systematically repressed. The ability to provide material rewards or to impose sanctions towards those labour regimes it favours or disfavors sends a clear message to governments, corporations and workers. Any strategy to improve working conditions on a national scale will have to take into account what the consequences will be for capital flows into that country. As a continued threat, the possibility of relocation increasingly becomes anticipated by the actions that the workers and governments take as an aspect of the discourse of what will happen to ‘industry’, ‘exports’ or ‘employment’ if they don’t adjust to the imperatives of global competitiveness.<sup>16</sup> As a result, ‘global market discipline’, as Ankie Hoogvelt has argued, is increasingly ‘internalised inside the behaviour of economic agents...’<sup>17</sup>

### **Asian TNCs**

This picture is further complicated by the emergence of an East Asian fraction of capital that specialises in the organisation of predominantly export-orientated, low-skill, low-wage, labour-intensive, and high-volume manufacturing across a range of industries. Instead of being the ‘prisoners of the OEM sourcers’, these companies have turned the tapping of the world’s reservoirs of cheap labour supplies into a highly profitable activity.<sup>18</sup> Departing from the vantage point of production, these companies have become focused on producing either high quality components or finished products often for several (competing) brand-named corporations of either Western or Japanese origin. This is especially true for companies from Taiwan, South Korea and Hong Kong that have successfully upgraded themselves into first-class original equipment manufacturers but relocated the majority of their operations off-shore. Their organisational capacity turned

out to be crucial in the spatial re-organisation of sourcing networks that ‘flexibly connect the developed core and underdeveloped periphery together’.<sup>19</sup>

Asian TNCs play a particular role in ‘mediating commercial capital from the West and workers in Asia’, as Dae-oup Chang of Asia Monitor Resource Centre (AMRC) has described it.<sup>20</sup> It is especially this capital fraction that organises, manages, disciplines and exploits the insertion of the world’s new workers into factories. Indeed, with both nodes of the capital circuit controlled by foreign firms, the contribution of garment and footwear exporting countries is limited to low-priced ‘hands’ with no or very few rights. The increased hegemony of the TNCs calls into question some of the presumed power dynamics within the global supply chains of sportswear where sourcing corporations are often the most powerful players who are ultimately able to dictate terms to the presumed captive suppliers.<sup>21</sup>

The main reasons why they have relocated to these countries are the low wages paid to workers for assembly and the favourable conditions for foreign investors such as low taxes. Hence, the trickle-down effects on the local economy are minimal as most of the profits go to foreign companies.<sup>22</sup> The Taiwanese scholar, Lu-Chin Cheng, who has researched footwear industry restructuring, concludes that triangle manufacturing confines production sites to an ‘implanted enclave economy with very [little] chance for the host economy to participate beyond cheap labour supply’.<sup>23</sup> Indeed, with both nodes of the capital circuit controlled by foreign firms, the contribution of garment and footwear exporting countries is limited to lowly priced ‘hands’ with no or very few rights.

Thus, even if workers succeed in building up a considerable amount of counter-pressure to defend their rights, and this is translated into higher wages, both Asian TNCs and global sourcing companies will (threaten to) move their operations to the next export processing zone located in some other country. These kinds of factory closures send a strong warning to workers in neighbouring factories: do not organise if you want to keep your jobs. This dynamic makes organising even more difficult for trade unions. After all, if worker organisations cannot succeed in their objectives – better working conditions and higher wages – through political struggle and collective bargaining, it becomes less attractive for workers to join them in the first place. The constant threat of relocation makes it difficult to design successful counter-strategies at a national level.

This happened when workers in Indonesia gained the right to freedom of organisation and large-scale worker protests broke out after the fall of the Suharto regime at the end of the 1990s. Employers warned the government that ‘some foreign shoe producers in Indonesia ... have intentions to relocate their factories to other developing countries such as Vietnam, which offers a more favourable investment climate.’<sup>24</sup> According to the National Labour Force Survey, over 180,000 workers (58.70 per cent of the total) lost their jobs in the Indonesian footwear industry in 2003. De facto deindustrialisation has forced many workers to return to traditional agriculture.<sup>25</sup> ‘Indonesia is now under China’s shadow’, Tsutomu Nakagawa, chairman of the Japanese Chamber of Commerce and Industry argued, ‘it is no longer a competitor to China. Indonesia needs to think about its total industrial policy if it wants to compete in the global market and not just focus on small items’.<sup>26</sup>

Only a few years later, a similar message was sent to the Vietnamese government when Vietnamese workers walked out of their factories on a massive scale to demand higher minimum wages. The European Chamber of Commerce in Vietnam immediately wrote a letter to Prime Minister Phan Van Khai saying that they were worried that the strikes could spread to European-owned companies. The letter also pointed out that investors set up shop in Vietnam precisely because ‘the workforce is not prone to industrial action’. The most important investors, the Taiwanese were also quick to warn the Vietnamese government that the strikes needed to be dealt with properly and quickly, or it would have an adverse impact on Taiwanese investment in Vietnam.<sup>27</sup>

Of course, much of these verbal relocation pressures are rhetorical and strategic. Even labour-intensive industries like footwear, toys and garments cannot be relocated overnight – at least not on a country-wide scale. However, individual factories often *do* close overnight. Furthermore, in the case of Vietnam or China it would be difficult to find a country where the production costs, including labour costs, were cheaper. Yet the message is very clear and often effective: workers, producers and governments must conform to international standards of price and quality, or face the risk of disinvestment and relocation.

### **Neo-liberalism**

At the same time, deregulation and neo-liberal policies have urged many governments to restructure the labour sector to suppress trade union activity and promote flexible labour. While legal rights and protections for corporations have been dramatically extended and increasingly institutionalised through the World Trade Organisation (WTO), regional and/or bilateral trade agreements, workers’ rights throughout the world have been thoroughly eroded. This erosion has undermined the social buffers that formerly sought to protect workers from the world economy. It has resulted in the flexibilisation, *causalisation* and feminisation of labour processes. For neo-liberals, trade unions, labour laws and state regulation are nothing but impediments to the labour market’s – supposedly – efficient allocation mechanism. In practice, this meant that many states have abolished trade-based labour unions and pushed the creation of company- (or enterprise-) based unions. A move, as one World Bank report writes, ‘reduced the marginal benefit and increased the marginal cost of collective action’.<sup>28</sup> Workers from these countries, the writers continue, ‘were more likely to refrain from work stoppages and other disruptions and from lobbying the government for mandated wage increases’.<sup>29</sup>

Thus, to conclude this section, the context of deregulation, neo-liberalism and capital’s capacity to operate across different scales through relocation strategies, further add to the structural crisis of labour. This in turn is closely related to the third set of practices, namely the limits of an export-led growth strategy, deflation and sourcing practices that contradict ethical standards.

### **1.4 Deflation and purchasing practices**

Finally, the structural crisis is also determined by both macro-economic and micro-economic dynamics which makes it difficult to achieve structural improvements for workers and their organisations.

**a. Macro-economic trends: Deflation**

On a macro-economic level, as long as the exports of developing countries goes predominantly to circa 30 developed countries, two dangerous developments emerge. First, given that most non-labour production costs are stable and more or less equal among the various industrialising countries, the flexible costs (i.e., labour) will remain under a downward pressure.<sup>30</sup> The integration of the world economy might therefore be accompanied by a growing international disparity in wages, labour costs and labour standards, which is often referred to as the ‘race to the bottom’. As exemplified in the stagnant or falling wages in several key garment exporting countries.

Secondly, and related, this gloomy prospect is further intensified by the increasing excess of production capacity. As a result, world prices for industrial (especially standardised) goods in many countries have come under serious price pressure, which is similar to the trend in agricultural commodities a few decades earlier. This means that profits can only be maintained by cutting costs. Falling export prices triggered by growing industrial output at the labour-intensive end of the chain, might result in increased levels of exports through lower wages, and/or export prices that fall faster than volumes increase.<sup>31</sup> With Chinese factory prices still falling and with mainland China (as a whole) assuming an ever-larger share of the world’s industrial exports (due to the enormous in-flows of foreign capital and a seemingly endless supply of cheap labour) world prices for manufactured commodities can be expected to remain under (deflationary) pressures on into the foreseeable future.

The UNCTAD has calculated that in the period between 1980 and 1996, the prices of industrial commodities produced in the South decreased by 18 per cent.<sup>32</sup> This trend did not stop here, so that in the period 1996 to 2004, price indices for clothing and shoes had declined another 10%.<sup>33</sup> This trend is particularly important in garment production, because, in the U.S., retail garments have, in fact, lagged inflation since 1982.<sup>34</sup> Kaplinsky and Morris have noted that, especially ‘since China’s entry into global markets in the mid-1980s, we have begun to witness a historically significant decline in terms of trade of developing countries’ manufacturing exports’. Logically, if the growth in domestic demand slows down, overproduction and deflation will follow at some point. This makes ‘countries specialising in labour-intensive manufactured exports ... [particularly] vulnerable to misplaced insertion in global markets.’ The phasing out of the multi-fibre agreement in 2005 has further increased competition among garment exporting countries, leading to a consolidation of garment production in Asia.

The transnational fragmentation of production has turned wages into an international cost of production instead of a local source of demand. The organisational split between global-sourcing companies and export-oriented manufacturers has undermined the (Fordist and Keynesian) link between ‘labour cost in the production sphere and consumer purchasing power in the market sphere’.<sup>35</sup> Unlike the Fordist system and its negotiated wage agreements on a national level, the current system has no interest or incentive to promote collective wage increases.

**b. Micro-economic trends and purchasing practices**

Macro-economic trends are the aggregates of the micro-economic practices of individual companies. Everything else being equal, falling prices at the points of consumption put

profit rates under pressure. While brands and retailers can use different strategies to counter declining profits, for example, by winning market shares through marketing or brand-name strategies, using more productive technologies, or by entering new markets, one popular avenue for restoring profits in labour-intensive industries has been based on reducing sourcing costs, and particularly wages.<sup>36</sup>

Low-cost sourcing has been pursued most radically by large retailers like Wal-Mart and Aldi that have done rather well with the implementation of these practises. In 1993, there was not a single retail firm on the list of the world's top 100 TNCs; one decade later, however, the list included 14 companies.<sup>37</sup> The world's largest multi-product retailer, Wal-Mart, plays a particularly important role because its strategy is based on 'always low pricing' which is achieved through an 'Every Day Low Pricing' (EDLP) strategy based on Rollbacks and 'Every Day Low Cost' (EDLC). Their enormous size affords them a tremendous amount of purchasing power over suppliers which they apply toward low-cost sourcing. This in turn allows them to drive prices down at the retail level – by offering jeans for four dollars, etc. – and this, in turn, allows them to win market share from competitors, who are forced to pursue a similar low-cost sourcing strategy (or get out of the business). We can summarise this dynamic as the 'survival of the cheapest'.

In this context, therefore, purchasing practices refer to the way brand-named corporations, retailers and agents organise how they purchase their products from manufacturers (or suppliers/ vendors). Purchasing practices that contribute to, or further deteriorate, poor working conditions are often associated with unstable relationships with the manufacturers, widely fluctuating orders, demanding shorter lead times, and price-setting policies. Many of these practices are designed to transfer the risks to the supplier.<sup>38</sup> While this sourcing model grants buyers a lot of flexibility, it leaves suppliers with little or no incentive to invest in their workforce, to increase productivity, or change their 'sweatshop' business strategies that are predicated on poor working conditions.<sup>39</sup>

Another important player in shaping purchasing practices are buying agents, who act as intermediaries between manufacturers (suppliers) and brands or retailers (sourcing companies). This is where Li & Fung play a particularly important role. As the world's largest independent buying agency, sourcing US\$10 billion worth of goods in over 40 countries in 2006, Li & Fung organises the sourcing practices for a large group of mainly Western-based branded and retail companies. In 2006, the company announced a deal in which it would handle all of the global imports for KarstadtQuelle. In a press release, KardstadtQuelle argues that this deal is expected to result in 'significant savings' and a 'reduction of purchase prices of up to 10%'.<sup>40</sup> Other advantages mentioned include 'greater flexibility in procurement processes' and 'considerable extension of terms of payment (payment conditions)'.<sup>41</sup> It is not hard to imagine how these savings will get in the way of the suppliers' ability to comply with basic working conditions.

### **To conclude section one...**

So far we have presented the parameters of why it is possible to argue that garment and athletic footwear production is characterised by a structural crisis of labour flexibility. These industries exemplify how the international dispersion of production has led to a disruption of national economies, and the power of labour in that context. It has increased the discipline of capital, and led to a deterioration in labour conditions on a world scale.

Production is dispersed across different sites for ‘cheaper’ and more flexible labour. Women workers at these assembly lines face insecurity, repression, dangerous working conditions and physical, verbal and sexual harassment, while their labour power is devalued to a level insufficient to meet basic needs or to sustain a family. At the same time, workers have very few collective mechanisms at their disposal to protect themselves against management abuse and poverty wages. The repressive legal, social, and political circumstances in which production generally takes place means that collective bargaining rights can not be exercised by workers. But even if workers succeed in organising themselves and want to enter into collective bargaining, they discover that they are bargaining with the wrong people, namely local capital itself subordinated to the dynamics of global capitalism.

We have not looked at how the socially disruptive practices of neo-liberalism have evoked a counter-reaction from a broad global movement of labour advocates, activists, consumers, and workers themselves, which has led not only to mass protests against the WTO, IMF and World Bank, but has also stimulated the global anti-sweatshop campaign(s) that targets large corporations like those that dominate the garment and sportswear industries. These countervailing tendencies have turned the garment and athletic footwear industry into a terrain of sector-specific social and ideological conflicts. *These tendencies may ultimately increase accountability up the global chain and improve the prospects of viable collective bargaining structures.* These topics will be discussed in the following sections.

## **2. Three main areas of Clean Clothes Campaign activity**

Substandard labour conditions and extreme forms of exploitation in the athletic footwear industry became a public issue in the early 1990s when anti-sweatshop groups started to target branded corporations over labour conditions in the factories that produced their wares. Large multinationals like Nike, the Gap or H&M, and occasionally, smaller brand-name corporations became the targets of these campaigns, which gained momentum over the course of the next decade. The major objective of these transnationally organised campaign networks was to improve working conditions and, ‘to bring back to the TNC level some responsibility for workers no matter in whose employment they are or in what part of the world they live’.<sup>42</sup> Since its establishment in the early 1990s, the Clean Clothes Campaign (CCC) has worked from a workers’ perspective with the aim to improve working conditions and to empower workers in the global garment industry. (For a short history of the campaign, see box 1).<sup>43</sup>

### **Box 1. Short History of the Clean Clothes Campaign 1989-2006**

#### ***1989: The beginning***

In 1989, solidarity and women’s organisations in the Netherlands and UK took up the case of a garment factory lockout in the Philippines. Women at this William Baird (UK) and C&A (NL) subcontractor were fired for demanding their legal minimum wage. During the year the workers picketed, while groups in the Netherlands and UK continued campaigning; stories about women workers’ rights and TNC responsibility attracted media attention; research revealed similar cases in

Bangladesh, India and Western Europe, and more organisations got involved. the campaign for 'clean clothes' had effectively been launched, and it took up the demands of Southern women's groups and labour organisations.

***1990 to 1995: Agenda setting and visibility***

The main aim was to give a face and a voice to the women in developing countries that were being integrated into the global economy through what was then called the 'new international division of labour'. International supply chains and the 'regulation gap' became a pressing issue. In the global South, civil society lacked capacity, governments lacked the political will and workers, often migrant, young and female, were in a weak position. The CCC exposed this reality through a series of creative actions and media-directed efforts, started an English language newsletter, expanded its contacts in the South and by 1995, unions and NGOs had agreed to form 'clean clothes' coalitions in the UK, Belgium, Germany and France. A meeting of organisations from six Asian countries marked the first global CCC meeting in Brussels, where a common agenda for action was developed.

***1996-2001: Corporate responsibility and workers' voice***

Believing 'to oppose one must propose', CCC developed a model code of conduct, supported by the international trade union movement, Asian organisations and over 200 European NGOs and unions. Companies that signed on to this proposal, which included the formation of an independent monitoring body, were invited to start pilot projects. Meanwhile, the network grew rapidly: by 1999, Spain, Sweden, Switzerland and Austria had joined the CCC, contacts had been made in Central America, the Caribbean and Eastern Europe and the Asian network expanded into virtually all of the Asian garment producing countries. The urgent appeal (UA) system was set up and public campaigns on wages and worker education commenced. The CCC pursued CSR debates, actively participating in the formation of various so-called multi-stakeholder initiatives to oversee code implementation. In 2001, a global CCC meeting brought together 88 representatives of NGOs and unions from 30 countries to evaluate past work and draft a five-year agenda for action.

***2002-2006: The Right to Organise – The Right to Know***

The CCC expanded and carried out an impact assessment of its UA mechanism and developed and documented a more explicit gender analysis of labour rights issues. Moving 'from code to compliance' CCC focused on establishing standards and tools for code implementation and genuine workplace improvements: complaints mechanisms, worker education and training programmes, participatory auditing and improved transparency, and most importantly striving for freedom of association. The network was strengthened, primarily in Southern Africa, Eastern Europe and the Middle East. In 2004, the CCC worked with Oxfam International and global unions on the biggest international anti-sweatshop campaigns ever to address systemic violations of workers' rights, specifically regarding the FOA, in the sportswear industry.

Today (2008), the CCC consists of 12 national coalitions in 11 European countries, each with its own secretariat. The partner network is strongest in Asia; followed by Southern Africa, Eastern Europe and Central America. National coalitions and partners are responsible for securing their own funding. The CCC is not a donor organisation; it considers this function as being at odds with the managing and facilitating of a global grassroots network.

As a network operating in the spaces of consumption, the CCC seeks to harness the power of consumers to push for positive social change. Success or failure to exert pressure on brand-named and retail corporations to accept responsibility and to change practices ultimately depends on our capacity to inform, engage, persuade and mobilise

*citizens* to use their power as *consumers* in the various activities the CCC employs. The CCC coalitions in each European country inform consumers about the practices of the specific brands that dominate the market in their own countries. Information on working conditions in the garment industry is distributed via newsletters, the Internet, and in the form of research publications. Moreover, public actions, rallies and demonstrations encourage consumers to pursue a variety of ways to take action to improve conditions. Anti-sweatshop campaigns aim at ‘...*reestablishing the link*, blurred by global outsourcing, between brands and retailers in the North and workers in supplier factories in the South’.<sup>44</sup> As Edna Bonacich and Richard Appelbaum note: ‘globalisation enables manufacturers to shift their production sites to avoid militant workers, but they cannot so easily avoid militant consumers’.<sup>45</sup> It is important, however, to emphasise that the CCC does not focus exclusively on corporations, but is also exploring legal initiatives for improving working conditions, for example, by lobbying for legislation to promote good working conditions and ratification of ILO standards. In addition, the CCC has also targeted governments – city councils, national governments – to compel them to ethically procure the goods they consume, for example, particularly in the case of the uniforms policemen and firemen wear.<sup>46</sup>

In the next section, we will discuss the three major areas of CCC operations that, at least ideally, would reinforce each other. This concerns activities involving corporate accountability, urgent appeals and global campaigns (see figure 1).

Figure 1.



## 2.1 Corporate accountability<sup>47</sup>

Codes of conduct and activities to make corporations more accountable are important aspects of the CCC’s work. It is important, however, to emphasise that the CCC’s understanding is that codes of conduct may serve various interests and agendas, ‘catering to both reformist and conservative interests’.<sup>48</sup> The proliferation of codes of conduct is therefore driven by a wide range of stakeholders, which have different interests and contrasting expectations of the purpose of these instruments.<sup>49</sup> Hence, it is crucial to understand the context, the history and the political processes associated with the emergence and development of these voluntary initiatives. These instruments can therefore best be understood as objects of political contestation and strategic framing between different social forces searching for ways to fill the regulatory vacuum.<sup>50</sup> We can distinguish between four phases of political contestation through which the code of conduct debate has developed since the early 1990s. Each phase also demarcates a terrain of struggle which is absorbed into a broader field in the subsequent phase.

### a. Making Companies Accept Responsibility

The first area of political contestation has been centred on making companies accept that they can be held responsible for working conditions in entities that they do not own. When retailers like Carrefour or C&A and branded companies such as Nike or Adidas

were first confronted with allegations of sourcing from factories with substandard working conditions in the early 1990s, they tended to reject the assumption that they were in any way associated with the circumstances in which their commodities were produced. Very few companies today maintain the principals of this earlier position.

### **b. The Struggle on International Labour Standards**

The second phase of political contestation included making companies or business associations – which also started to adopt codes of conduct – accept internationally recognised labour standards as set by the International Labour Organisation (ILO). Many corporate codes are criticised for representing weak principles or vaguely defined guidelines. Code requirements often only focus on those issues that are considered the most sensitive to public outcry such as child labour or forced labour. In other instances, they are defined in such general terms that they amount to ‘useless as instruments that would uphold or advance workers’ rights’.<sup>51</sup> The CCC and others reacted to these weak codes by adopting ‘model codes’, the purpose of which was to set standards for standards, i.e., minimum levels that the codes themselves should reach. For the CCC, the model-code drafted in 1997 made it possible for European and Asian labour advocates to speak with one voice to the companies, granting them a benchmark against which corporate codes could be measured. Since the code was signed by international trade union organisations, several Asian organisations and networks (from Indonesia, Sri Lanka, Bangladesh, Hong Kong) and all of the approximately 250 NGOs and trade unions in the European CCC coalitions, the code has gained much moral authority in the field of (private/non-state) labour regulation. For campaigning objectives, the CCC model code turned out to be useful as a point of reference to push corporations into accepting higher standards, or as a way to create public debate. The debates have, however, continued to crystallise around issues such as freedom of association, wages (minimum vs. living wage), and the scope of ‘non-discrimination clauses’, and remediation.<sup>52</sup>

### **c. Implementation, monitoring and verification**

No matter how stringent the criteria of a code are, they remain symbolic instruments for improving workplace conditions as long as they lack a programme to go from *paper to practice*. Activists soon challenged companies to demonstrate conformity to the standards they had adopted. A third moment of political contestation has, therefore, centred around the question of what would constitute an adequate way of implementing, monitoring and verifying compliance with codes of conduct.<sup>53</sup> Implementation refers here to the range of concrete measures that a company carries out to give effect to a code.<sup>54</sup> Internal monitoring or company monitoring refers to the procedures and practices a company carries out in order to ensure that labour standards have been implemented and are continuously observed in the workplace.<sup>55</sup> Finally, verification is to establish the credibility of claims concerning actual labour practices, the observance of code provisions, or the observance of code implementation. In other words, credible verification would require rule-based systems that cover the selection and training of auditors as well as inspection techniques, etc. This at least implies that verification is carried out by a body that is independent of the entity whose claim is being verified.<sup>56</sup>

These kinds of criticism have brought into the open the need for an overarching system for evaluating company claims and to raise the bar of corporate self-regulation. It has

stimulated the creation of a number of so-called multi-stakeholder initiatives (MSIs), which involve a variety of business interests, NGOs and/or trade unions trying to develop (more) systematic approaches to code implementation, monitoring and verification, as well as developing structures for accountability to civil society (see box 2.). These MSIs have created a space where NGOs and trade unions have a voice in furthering the development of regulatory initiatives. They embody new forms of social dialogue where different stakeholders regularly meet, exchange views or devise joint projects.<sup>57</sup> The credibility of these initiatives is further enhanced by moving the debate from corporate self-regulation to co-regulation,.

It must be noted that the debate today is less focussed on how to establish a body that (independently) verifies corporate claims on ethical standards. Instead, there is a growing recognition that a multi-stakeholder process is necessary to address systemic worker rights problems. This process may still include monitoring/verification activities but also – and probably more important – more specific co-designed multi-stakeholder programmes concerning complaints procedures, transparency, worker training, purchasing practices, living wages, and industry-specific as well as country-specific barriers in establishing decent working conditions. This would include, for example, independent worker representation in China and Vietnam, severance pay in Indonesia, wages in Bangladesh, etc. These (and other) issues cannot be credibly addressed by business or business-dominated initiatives.

### **Box 2. Multi-stakeholder initiatives**

In the apparel and (athletic) footwear industries the most important MSIs are: Fair labor Association (FLA); Workers Rights Consortium (WRC); Ethical Trading Initiative (ETI); Social Accountability International (SAI); and Fair Wear Foundation (FWF). These initiatives have the following in common. They:

- bring a wider range of actors into decision-making procedures
- agree upon a standardised code of conduct generally informed by ILO standards
- concur with follow-up activities designed to put labour standards into effect

To varying degrees they might also:

- use social audits as a mechanism for monitoring/verifying codes of conduct
- authorise or accredit organisations to conduct the verification process
- certify workplaces or branded companies
- promote social dialogue and learning between different stakeholders
- facilitate the processing of complaints from workers, trade unions or NGOs as part of the monitoring/verification process
- stimulate stakeholder participation in code verification at points of production
- get financial or facilitative support from governments.

**Source:** Merk 2007.

### **d. Workers' participation**

Multi-stakeholder initiatives succeeded in placing the topic of implementation, monitoring and verification high on the code of conduct agenda. They address some of the weaknesses associated with corporate-led attempts, particularly by recognising the

core ILO conventions. In addition, they have opened up space for participation and social dialogue between different stakeholders on an international level. Nonetheless, many within the corporate accountability movement have remained critical of the ability to realise these standards on the ground, e.g., the real impact these standards have in the factories and workplaces around the world. While workers are often the stated beneficiaries of code implementation and monitoring programmes, their influence on those programmes is marginal (at best). ‘Without their active participation, codes of conduct run the danger of becoming tools for corporate interests rather than workers’ interests’, as Rainer Braun and Judy Gearhart have pointed out.<sup>58</sup> This is a serious problem in light of the increasing number of self-assigned experts (law firms, accountancy, consultants, ethics officers, etc.) who have jumped onto the CSR bandwagon in order to extract ‘business’ out of it. Activists and critical scholars worry that this has helped to ‘domesticate the CSR space as a docile, auditable, and management friendly arena that is inhabited by professionals’, as Ngai-Ling Sum puts it.<sup>59</sup> By appropriating these topics, these *professionals* seek to turn workers into passive objects to be audited, instead of active subjects that need to be involved in the regulation of their own working conditions. This ‘economising [of] the ethical’ might result in a domestication of social responsibility through management techniques.<sup>60</sup>

The CCC has argued that too much focus on social audits distracts attention from other activities that labour rights advocates believe are crucial to ensuring code implementation, such as complaints mechanisms, reporting, worker training and education, and changes in purchasing practices.<sup>61</sup> Hence, the main question is how to encourage labour self-organising at sites of production and/or to connect with traditional workers’ struggles in today’s decentralised, globalised context. The promotion of worker self-organisation and participation within (and beyond) these code monitoring and verification systems has become a fourth area of political contestation. Only after workers understand their rights, are able to organise themselves, and to defend their own interest, real, sustainable change is likely to occur.

## **2.2 Urgent appeals**

While the campaign for corporate accountability articulates the demands for structural improvements, pressure on companies to take action on individual instances of labour rights violations is exercised through the CCC’s urgent appeals system.<sup>62</sup> Urgent appeals are requests for action on violations of workers rights that the CCC receives, verifies, and disseminates. This includes calls for solidarity from garment workers and their representatives who are persecuted, discriminated against, or have lost their jobs because they have tried to organise to improve the conditions in which they work. The demands the CCC publicises and pursues are those made by the workers themselves – they take the risks in terms of safety and loss of jobs. Therefore, it is the workers themselves who should set the strategy and make the decisions about if and how their cases are presented to the sourcing companies involved, as well as the public, and the media. Although sourcing companies represent the main target of these campaigns, urgent appeals have also been directed at factory owners, ministers, governors, embassies, EPZ authorities, World Bank and so on. In addition, these campaigns span multiple scales and sites. For Southern organisations the fact that the CCC operates as an umbrella network, working

together with many organisations throughout Europe is also seen as a strength ‘by contacting one organisation you contact many’.<sup>63</sup>

Since its establishment in the early 1990s, the CCC has worked on hundreds of appeals (see table 1). The majority of the appeals concern violations of core ILO convention number 87 on freedom of association and the right to organise and number 98 on collective bargaining. This includes violations concerning repression, discrimination, harassment and violence against union members, dismissal due to union activities, denying workers the right to form a trade union and collectively bargain an agreement.<sup>64</sup>

Most urgent appeals are co-ordinated by the International Secretariat of the CCC, but sometimes appeals go directly to a specific CCC which has links with the organisation/union in the producer country. When the CCC receives a request for actions of solidarity, several criteria play a role in the selection of cases: is there a connection to one of the European countries in which the CCC is located (brand is headquartered or sold there, or other reasons why a particular national CCC would be interested in taking up the case. If the CCC can not accept the case (because the corporation is not headquartered in Europe, it will try to engage other organisations in the US, Australia or Canada.

The level of work that is done on each of these cases varies significantly,<sup>65</sup> and can range from writing and distributing a few letters to full-scale campaigns that include a range of tactics (demonstrations, picket lines, worker tours, etc.). In contrast, other urgent appeals have no public campaigning component and never enter the public arena. They remain non-public cases, or lobbies, which can nonetheless be successful in pursuing targets to undertake action in order to remediate a violation. The decision to go public depends on the organisation behind the call. Some organisations do not want public attention for their case, for example, when they perceive it as too risky for political reasons, or fear that this will result in a ‘cut and run’ move by the company involved. In other situations, bringing a case to the attention of a CSR department and giving them the time to address the issues at stake might be sufficient. However, if these types of persuasive strategies fail, more compelling forms of action, such as naming and shaming, mobilising consumers through e-actions and organising picket-lines or demonstrations, are sometimes necessary. Because many companies are vulnerable to the reputational damage that is inflicted by an anti-sweatshop campaign, these strategies seek to change the ‘cost calculus of targets’.<sup>66</sup> This pressure might provide the necessary leverage that Southern groups apply to factory management.

In 1998 and 1999, the CCC International Secretariat was handling an average of some 13 cases per year. Between 2000 and 2005, the annual average rose to approximately 30 cases per year, with the exception of 2004, when the CCC took up 47 cases (see table 1).

**Table 1. Overview Urgent Appeals 2000-2005**

Country	No. of cases in 2000	No. of cases in 2001	No. of cases in 2002	No. of cases in 2003	No. of cases in 2004	No. of cases in 2005	Total cases 2000-2005
American Samoa		1					1
Australia				1			1
Bangladesh	2	4	4	3	4	5	22
Burma	1						1
Cambodia	4	3	3		4	3	17
Canada					1		1
China		1			2	1	4
El Salvador				1			1
Guatemala		1				1	2
Haiti					2		2
Honduras	2				1		3
Hong Kong				1			1
India	1		3	1	6	1	12
Indonesia	4	4	10	7	9	8	42
Kenya				1			1
Lesotho		1	2	1			4
Madagascar						1	1
Malaysia							1
Morocco		1			1		2
Mexico		1	1	1	1	1	4
Namibia					1		1
Nicaragua	2						2
Pakistan			1	1	1		3
Philippines	1	3		5	2		11
Spain			1				1
Sri Lanka	1	1	1	1	4	3	11
Swaziland						1	1
Taiwan	1				1		1
Thailand	4	2	3	5	4	1	19
Tunisia						1	1
Turkey					1	1	2
United States			1		3	1	4
Unknown					1*		1
Former Yugoslavian Republic of Macedonia						1	1
Zimbabwe	1						1
<b>Total</b>	<b>23</b>	<b>23</b>	<b>30</b>	<b>31</b>	<b>47</b>	<b>30</b>	

Source: CCC data base.

\* Request to support the UN Norms – UN Human Rights Norms for business; there is currently growing opposition to the norms by Amnesty International and other organisations in several countries.

Note. This is the number of appeals the CCC received. In (roughly) about one-third of the cases no further action (public or non-public/lobby) activity was undertaken, either at the request of the applicant or due to a lack of sufficient information which would have made it difficult to take up the case.

### Approaching companies

Over the last 10 years, hundreds of companies have been approached with the request to remediate a workers' rights violation. Solidarity action in these specific cases consists of sending letters to retailers or brands sourcing from the factory concerned, urging them to use their material leverage, i.e., their purchasing power, on the supplier to respect workers' rights. This often results leads to intense communications with companies and

their (emerging) CSR departments. While newly targeted brands and retailers at first still tend to deny responsibility for conditions in their supplier factories (or deny that they are producing in the factory in question), companies previously targeted by the CCC, or by similar anti-sweatshop campaigns elsewhere, have developed a more pro-active approach towards investigating alleged rights violations. The responses of laggard companies often impede the problem-solving capacity of the more interventionist companies. Note, for example, that the Spectrum factory collapse in Savar, Bangladesh in 2005 included 27 sourcing companies. Some well-known brands like Nike, Adidas, the Gap or H&M are approached relatively often with appeals. This is not only because these companies command larger market shares, but also ‘because they have been successfully targeted in past appeals [...and] the fact that some brands are more easily recognisable or easier to trace than others’.

The involvement herein of MSIs plays an increasingly important role in taking up and co-ordinating cases. They provide a platform through which sourcing companies may more easily be convinced to collaborate on remediation efforts, which is a benefit compared to corporations that are not members of an MSI and often lack a willingness to co-operate with other corporations on worker rights issues. At the same time, the involvement of MSI can also make cases more complex by adding yet another layer of organisations in the process of resolving an issue, which increases ‘particularly often when there is no agreement on what the problem is or no acceptance of responsibility for the problem by factory management or the brand/retailer’.<sup>67</sup>

**Box 3. Factors likely to have contributed to the success of the appeal**

A CCC impact assessment study concludes that the following factors are likely to have contributed to the success of the appeal.

- workers are well organised, usually as unions (either at the factory level or beyond), with the majority supporting the issue the campaign focuses on. Union is strong enough to withstand the intense pressure generated by an international campaign;
- a strong campaign exists at the national level in the country where the violation has occurred;
- a good working relationship based on trust has been established between unions/other supporting organisations in producer countries and campaigning organisations supporting them internationally;
- reliable, frequent, and clear channels of communication exist between everyone involved in the campaign;
- clear co-ordination exists among the campaigning organisations involved, particularly on questions of strategy, information gathering and updates;
- a person, organisation or MSI is responsible for mediation/facilitation in the country producing the garments. This role is often vital for information flow;
- multiple pressure points are targeted internationally (for example: employer, agent, manufacturing TNC, brand or retailer, public authorities) in support of workers’ demands;
- both the international solidarity campaign and the campaign in the producer country encompass a variety of tactics, tools and actions (including use of the media and creative actions) directed at multiple pressure points;
- wherever web-based campaigns are used as a tool, regular updates are posted to motivate supporters, including any movement towards a resolution. The easier it is to send a protest letter electronically, the more likely people will do it;
- a relationship has been established previously with the brand/retailer targeted. At least some

of the brands sourcing from the factory concerned have a code of conduct. If possible, the brands targeted are those with the highest percentage of production in the factory and, of course, those who are less likely to cut and run;

- where legal decisions or recommendations have been taken by respected authorities in favour of the workers, these are used to further workers' demands. While not essential, these can be useful as extra leverage to pressure companies to contribute to the resolution of the dispute;
- the campaign is sustained, usually over a long period of time.

Source: Dent 2005.

### **How successful are urgent appeals?**

A successful campaign around an urgent appeal would mean that workers demands were met, or, at least, partly met. It is often not easy to assess these campaigns in terms of successful or unsuccessful. For example, even if campaigns are lost, or partly lost, the participants have often gained 'self-confidence, respect and dignity'.<sup>68</sup> For example, during the Ladybird struggle of 2001, Wassana Lakhampa, a Ladybird employee and the union's education officer was reported as saying: 'We didn't get all of our demands, but we had a good struggle. Our victory was our struggle.'<sup>69</sup> Thus, it is also important to analyse what the workers or campaign organisations have learned from the case. Moreover, a union might be defeated in the short-term, but draw important lessons from this defeat and emerge to try again. Likewise, corporations or governments, might at first stick to their guns, but eventually they may change.

At the same time, even if a transnational campaign helps local workers to establish a trade union, this success may not last long. Worker victories may not be sustained over time, which was the case with the Gina Bra Factory (Thailand) and the BJ&B garment factory (Dominican Republic). In both cases, local trade unions struggled long and hard to gain recognition and were supported by large transnational campaigns. But a few years after they won their struggle, the factory closed down. Asian TNCs played a key role in both cases. Keeping these remarks in mind, it is clear that it remains difficult, if not impossible, to determine to what extent change that has occurred – whether it be positive or negative – can be attributed to the CCC's urgent appeal efforts (see box 3.).

To summarise, the urgent appeal system has been essential for the CCC in building up a global and diverse network of labour groups and keeping corporations accountable. The urgent appeal system makes it possible:

- to create a space for workers' concerns to be heard beyond the local or national level;
- to build solidarity with and amongst workers in producer countries;
- to strengthen workers' influence over the manufacturer by strategically using brand leverage;
- to spread information on working conditions and struggles to a wider audience;
- to raise consumer awareness on substandard labour conditions on concrete cases;
- to involve consumers in ways that can contribute to workplace improvements;
- to keep sourcing companies accountable for substandard working conditions throughout their supply chains;

- to highlight the gap between the sourcing company's ethical commitments as expressed in codes of conduct or MSI participation and actual implementation, and;
- to learn what problems workers face in workplaces and then use this as an input into improving code implementation systems and policy at company or multi-stakeholder level; and,
- to influence local, governments, government agencies and supporting struggles for legal change.

### **2.3 Global campaigns**

A third key area of CCC activities has been centred on organising large-scale public campaigns. We can distinguish here between national campaigns and global campaigns. National campaigns refer to the various campaigning activities the different CCCs plan, execute and evaluate within their own country/alliance. Among other things, this typically includes targeting a particular set of companies such as national market leaders and popular brands headquartered in this country; raising consumer awareness through (symbolic) action; organising speaker tours with workers from production countries; putting a particular worker rights issue in the spotlight like forced labour, gender discrimination or the right to organise, for example; and lobbying governments to regulate corporations and enforce the labour standards to which they have committed themselves via international conventions. These campaigns often include a transnational component, for example, when the targeted company has a strong market presence in several countries. Global campaigns are developed on a cross-border basis. Unlike campaigns concerning urgent appeals, these campaigns are planned long in advance, and raise awareness on certain topics and apply pressure to facilitate general (policy) changes. These campaigns may last several years and attract world-wide participation. They provide an opportunity to expand the CCC's network and to co-operate with other global networks and organisations.

#### **a. Sportswear campaigns**

Since the mid-1990s, the CCC has organised or participated in sportswear campaigns that focus on international sports events as a way of generating public attention. The promotional visibility of sportswear brands at these sporting events has had a reflexive effect by making these companies vulnerable to criticism from various societal actors, sometimes referred to as the 'brand boomerang'.<sup>70</sup> Campaigning around large sporting events like the Olympics thus provides an opportunity for cross-border and cross-movement alliances to alter the cost calculus of sportswear companies, which become concerned that sweatshop allegations might undermine their brand image. It also provides an opportunity to involve new groups in activities, like supporters organisations, youth groups, etc. It is therefore no coincidence that since 1998, every large sporting event (the Olympic Games as well as both the World Cup and European Cup in soccer) has been used by labour advocates to draw attention to working conditions in the sportswear industry. The high profile character of the sporting events such as the Olympic Games provides opportunities for leverage and activist accomplishments in the sportswear industry. These campaigns are not solely concerned with addressing specific sportswear companies but have also sought to stimulate support for labour rights like a living wage and freedom of association and to bring these labour rights issues to the public's

attention. The CCC campaign during the World Soccer Championships (World Cup) in France (1998), pursued several major issues such as the adoption of codes of conduct and monitoring and verification among the sportswear companies, the retailers and the football associations. This has remained a focus for all of the CCC's campaign efforts since then. Moreover, the demand for a living wage was the major theme for the CCC's campaign on during the 2000 European Soccer Championships (European Cup). In 2002, freedom of association was added to the living wage issue as an important demand for companies and sports associations.

In 2004, the Play Fair at the Olympics Campaign continued this focus on freedom of association, and also added the issue of addressing purchasing practices. This campaign is considered an example of how international co-operation between NGOs and trade unions is taken to a higher level. The Play Fair Alliance brings together three large international networks of labour rights advocates – the Clean Clothes Campaign (CCC), Oxfam and global unions – that work together to affect social change in the sportswear sector. In the six-month run-up to the Athens Olympic Games (March 2004-August 2004), the campaign organisers estimated that there had been some 500 local events (i.e., demonstrations, protest actions, picket lines, etc.) in 35 countries, with strong participation from (Southern) civil society organisations.<sup>71</sup> This contributed to extensive coverage on television, radio, and in the print media. Moreover, more than 500,000 people signed a petition in support of the campaign. In the run up to the Beijing Olympics, the Play Fair 2008 campaign continues 'to push sportswear and athletic footwear companies, the International Olympics Committee (IOC) and its national organising committees (NOCs), as well as national governments, into taking identifiable and concrete measures to eliminate the exploitation and abuse of those mostly women workers in the global sporting goods industry.'<sup>72</sup> In section 3.3, we will see how the Play Fair Alliance urged 'sportswear companies and the International Olympic Committee (IOC) to bring about an *industry-wide solution* to the abuse and exploitation of workers in global sportswear supply chains'.<sup>73</sup>

### **b. Giant retailers campaign**

In the next few years, the CCC will increasingly focus on multiple-product retailers (such as Carrefour, Aldi, Lidl and Wal-Mart) that increasingly dominate global markets. These companies pursue a business model that drives down prices throughout the supply chain, which has a negative impact on the capacity of developing country suppliers to pay decent wages and meet the cost of code compliance. In addition, these companies continue to lag behind in developing ethical policies compared to specialised retailers (such as the GAP or H&M) and sportswear brands (like Nike or Adidas). This is in part because they have not been the subject of anti-sweatshop campaigns as much as others. The fact that these companies sell multiple products and typically operate in non-branded, low-cost segments of the market also presents a challenge for the development of campaign strategies. The 'Giant Retailers' campaign will try to make the role and dominance of these multiple-product retailers visible and emphasise the need to address the 'business model' itself. Via educational materials, consumer campaigns, critical research and a dialogue with the industry, the proposed programme will highlight this dynamic in order to facilitate change.

### 3. Comprehensive counter-strategies

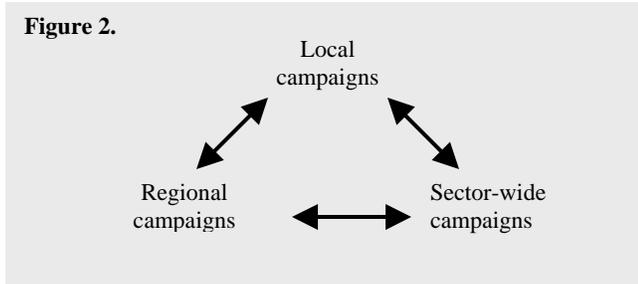
Let us now pose the question of what has actually been achieved thus far? Have the campaigns been effective in improving working conditions or supportive in workers attempts to organise? On the positive side, the activities that focused on corporate accountability have contributed to widespread attention and a growing awareness of sweatshop problems in the global economy. Millions of consumers have been reached through anti-sweatshop campaigns over the years. Many of them have actively participated in these campaigns by putting pressure on brands and retailers turning consumer power into a 'resource and an opportunity for pro-worker struggles'.<sup>74</sup> Activist attention that focuses on poor working conditions potentially jeopardises the core marketing strategies of these branded companies. It has turned brands into sites of political, cultural and ideological struggle. The campaigns and lobbies around urgent appeals has not only resulted in a number of workers' victories but has also provided information to the CCC regarding the specific problems and barriers workers face at workplaces around the world. This, in turn, has reinforced the CCC's efforts regarding corporate accountability. Furthermore, the urgent appeals system has reinforced the capacity for worker organisations and NGOs to work on cases on a cross-border level.

Moreover, a growing group of corporations have now publicly endorsed ethical standards, including the core ILO conventions. Even though, as Appelbaum and Lichtenstein soberly argue: 'The real value of these corporate codes of conduct, even at the best companies, lies in the realm of ideology. They legitimise the idea of a world-wide social standard, even as their chronic failures demonstrate [highlighted by urgent appeals, for example] that any real transformation of the global supply chains must come from other sources'.<sup>75</sup>

Some studies and observers indicate that monitoring the activities of sourcing companies has resulted in increased compliance with outcome standards such as health and safety and the length of a workday, as Stephanie Barrientos and Sally Smith point out.<sup>76</sup> At the same time, they note that very little progress has been made with regard to process rights – freedom of association and collective bargaining – which would empower workers to struggle for changes in production systems themselves.<sup>77</sup> A comprehensive study of factory audit results from over 800 Nike supply factories in 31 countries over seven years, concluded that 'despite substantial efforts and investments by Nike and its staff to improve working conditions among its suppliers, monitoring alone appears to have produced only limited results'.<sup>78</sup> Moreover, limited progress, if any, has been made to reverse the flexibilisation of labour or to strengthen or reform national labour laws. Labour rights advocates agree that progress with voluntary initiatives is limited since it has not succeeded in persuading governments to create legislated regulatory regimes that ensure that workers' rights, particularly their right to freedom of association, are respected.<sup>79</sup> Furthermore, despite many living wage campaigns, wages have not improved in the garment industry and, as Peter Utting from the UNRISD argues, '[p]erhaps the weakest aspect of both CSR discourse and practice relates to redistribution'.<sup>80</sup>

In other words, despite progress in some areas, we can conclude that the systemic problems driving substandard working conditions have yet not been successfully addressed.<sup>81</sup> What strategies would support substantive change and empower workers at the point of production? What strategy would help provide a legal protective framework?

What strategy would limit the structural power of capital – at least with regard to relocation decisions – and deal first with issues related to redistribution to guarantee that wages meet basic needs?<sup>82</sup> Many of the causes behind the structural crisis of labour flexibility are systemic and cannot be solved unilaterally by companies and require a collective or sector-wide response instead. There is no magic formula or ready-made political recipe to come up with the right strategy; it is only through the experiences accumulated through political praxis (a cumulative process of action, response, deliberation, solidarity, struggle, conceptualisation and evaluation) that will allow the global anti-sweatshop movement to seek solutions to this crisis. The next section will discuss three comprehensive counter-strategies, proposed and/or supported by the CCC, which might help to intensify regulatory efforts in the next decade of global anti-sweatshop campaigning.<sup>83</sup>



### 3.1. Local campaigns

In section 2.2, we saw that urgent appeal work is important in the support of workers' struggles and the building of cross-border solidarity networks. However, a disadvantage is that a case-by-case approach is slow, and time- and resource demanding. It would be difficult for the CCC and other organisations, which employ similar methods, to increase the annual number of urgent appeals they handle. Likewise, even if a pro-active CSR department of a global brand was able to detect violations on these issues, it is often very difficult (if not impossible) to address these issues on an individual basis. For these reasons, the CCC has increasingly begun focussing on core themes in urgent appeal work and addressed these as a series of collective cases with brands, retailers and possibly governments. Many of the conflicts or violations that occur in a particular production area are part of a more general pattern. These thematic campaigns are rooted in a specific geographic area, and executed in direct collaboration with local agents who define priorities, goals and targets.

A good example of thematic campaigning, before the idea as such was articulated, is provided by the urgent appeal cases in Sri Lanka. In 2001, an appeal from the Free Trade Zone and General Services Employees Union (FTZ&GSEU) and Transnationals Information Exchange-Asia (TIE-Asia) requested to send protest letters targeting the repression of union organising at 10 different factories operating in the free trade zones and producing for Nike, among others, of which six cases involved dismissal following the formation of a union. The campaign for workers' freedom of association in free trade zones went on for six months. International pressure from the campaign groups and trade unions helped to convince the Board of Investment (BOI) to budge on the position of refusing to recognise unions in the Free Trade Zones (1994-2003) to the theoretical recognition of unions in its 2003/2004 guidelines. At an ILO-sponsored tripartite meeting, Sri Lanka's Board of Investment agreed to write to all factories under its administration to inform them that ILO Conventions number 87 and 98 must be implemented. As a consequence, Sri Lanka's media began covering the emergence of the

democratic trade union movement.<sup>84</sup> Similar campaigns in Thailand have also been met with success; the Thai government agreed to set up a workers compensation fund to when factories close down.<sup>85</sup>

### **Developing thematic campaigns**

Developing thematic campaigns on numerous workplaces simultaneously might help to generate multiple effects in the affected zone, sector or country in at least three different ways.

- First, cross-border campaigns could support local organisations in their efforts to *reform and strengthen national laws*. Campaign pressure could be directed at brands and retailers to support the strengthening of laws. The potential negative effects from TNCs that influence government policies are well documented and understood in the network, and any strategies in this area need to be very carefully formulated and planned. In 2006, at a large strategy meeting between Asian worker organisations, campaign groups and the CCC reached a consensus was that brands and retailers can be requested to express their support for the demands formulated in campaigns *initiated and led* by the local groups themselves – but should generally be discouraged from intervening on their own account in the labour laws of a country. For example, when, in 2005, trade union partners in Bangladesh reported to the CCC that the government of Bangladesh was planning to extend the working week to 72(!) hours to attract investment, the CCC and network partners called upon brands, retailers and MSIs to express their concerns on the record, in writing, and state that this would contravene their ethical policies. As a result, the plan was abandoned.
- Second, thematic campaigns could stimulate direct engagement between Southern groups and brand and retailer (local) compliance staff. This would represent a move away from the managerial, top-down approaches still advocated by the majority of global sourcing corporations and might be helpful in bringing CSR programs (more) into line with local priorities, debates and strategies. For example, through enhanced transparency on findings of workplace investigations and direct worker participation in drawing up corrective action plans.
- Third, thematic campaigns could bring concerns raised by local women’s groups and other organisations in production countries to the foreground, for example on issues concerning employment security or gender discrimination. These are very urgent issues to certain stakeholders (women workers, *informalised* workers) but are not easily detected through mainstream code monitoring (see ETI impact assessment). At the same time, the CCC’s urgent appeal system is triggered by workers who have some capacity for organising around issues that are specific to the nearly invisible (informalised) women workers. Thematic campaigns could help shed light on working conditions beyond the first tier of suppliers and lead to the formulation of strategies to deal with precarious forms of employment and the *casualisation* of labour.

### 3.2. Regional campaigns

Local strategies are necessary to address specific barriers that impede decent working conditions and also oppress workers. However, as we have seen, local approaches are easily undermined by the relocation strategies of capital. ‘Should one group of worker win an advance in this system of globalised capital, their gains may be subverted as the employer moves the job to the cheaper or more docile labour force’.<sup>86</sup> This same dynamic prevents governments from implementing stronger labour laws or increasing minimum wages. As long as the different spatial areas are pitted against each other in a competitive race to lower labour costs, chronic instability and poor working conditions will continue to dominate. Even if employers recognise the right to freedom of association and collective bargaining through codes of conduct or other instruments, this will not be sufficient because organising, in itself does not necessarily lead to bargaining power. Workers have attempted to organise over the years in numerous, courageous ways. However, workers who have developed their bargaining abilities in a certain factory and demanded higher wages, and have done so by threatening to close and move jobs elsewhere where wages are lower.<sup>87</sup>

To see any systematic progress it is therefore necessary to develop cross-border strategies to confront the capital mobility pursued by sourcing companies and Asian TNCs. This must be combined with strategies that simultaneously pursue income distribution between capital and labour through higher wages and a shift in income distribution between sourcing companies and suppliers through higher freight on board (FOB) prices.

#### **The Asian Floor Wage Campaign**

One such strategy has been proposed by the *Asian Floor Wage* (AFW) campaign for the garment industry, an alliance of 34 trade unions and labour NGOs in 14 Asian countries along with European and US labour advocates. The AFW strategy explicitly seeks to approach ‘the supply chain in its totality and locate the manufacturing activity within this total picture’. This alliance has developed a campaign proposal to put a floor on the race to the bottom and to prevent wage competition between Asian garment-exporting countries.

Consolidation tendencies at three different levels might provide opportunities for worker organisation. First, there exists a regional consolidation of garment production in Asia, which accounts for about two-thirds of the total global trade of readymade garments. It is widely expected that the lifting of quota restrictions (the MFA phase-out) will result in a further consolidation in Asian countries. While relocations may occur between various Asian countries, Asia as a whole is unlikely to lose much business. Second, while production activities are fragmented among thousands and thousands of suppliers, here too a process of concentration of production is occurring, at least in certain segments of the garment industry.<sup>88</sup> Large manufacturers, or Tier 1 companies, have emerged that often employ thousands of workers and have direct supply relations with major brands and retailers. Third, consolidation also includes sourcing companies so that ‘giant’ or ‘big box’ retail companies like Wal-Mart or Carrefour win market share as they increasingly assume functions formally executed by brand-named corporations.

These consolidation tendencies in turn provide the objective conditions unique to the global garment industry that ‘can be used to leverage collective bargaining gains for both

capital and labour in this sector among Asian countries'.<sup>89</sup> Four arguments are presented here:

1. First, because the growing scale of production by Tier1 companies restricts the capacity for quick geographical relocation. These companies have made large investments not only in factories, warehouses and dormitories but also in acquiring specific knowledge on the recruitment labour and the establishment of relations with local authorities.<sup>90</sup> This limits the possibilities for overnight closure when confronted with an organising effort.
2. Second, since these manufacturers have specialised in a range of activities related to the production process – i.e., not just cut-make-trim but also in design, pattern-making, quality-control activities etc. – that labour cost as a percentage of garment price is relatively low. Increasing wages may actually not have such a dramatic impact on the manufacturers' bottom line.<sup>91</sup>
3. Third, large orders, strict time schedules and high penalties for late completion or not supplying contracted item makes them vulnerable to production disruptions. Industrial actions focused on this aspect may be effective in pressuring manufacturers.
4. Finally, because of their close (direct) relations with branded companies and retailers, Tier1 companies are more vulnerable to buyer pressures on labour standards, which can further aid the process of collectivisation and the forming of unions in these factories.

With these considerations in mind, the AFW campaign has sought to unite Asian workers by employing a strategy that would raise wages for all of the workers. The campaigners believe that this consolidation 'can be used to leverage collective bargaining gains for both capital and labour in this sector among Asian countries'.<sup>92</sup> While relocation may occur between Asian countries, Asia as a whole is unlikely to lose much business. It is also important to keep in mind that differences in wage levels between the major Asian garment-exporting countries are relatively small, with wages ranging between US\$1.5 and US\$2.5 a day, with an average of US\$2. As has been widely documented, this wage level falls short of what is required to adequately support a worker and her family, and the AFW alliance is campaigning for double this figure, which will be translated into various currencies across countries via the purchasing power parity (PPP) system.<sup>93</sup> This is linked to the issue of *fair pricing* by sourcing companies, which is an essential requirement to make a higher wage possible. Since, as mentioned earlier, wages represent only a small percentage of the retail price – somewhere between 0.5 and 1.5 percent – the alliance believes that the supply chain has the capacity to absorb such wage increases without too much difficulty.

### **3.3. Sector-wide campaigns**

Finally, local and regional campaigns should be complemented with strategies that target business at the industry-wide level. Both thematic campaigns and regional campaigns can only be successful if a large group of companies in one way or another participates in a sector-wide approach. Many of the causes behind the structural crisis of labour flexibility are systemic and cannot be solved unilaterally by companies but require a collective or

sector-wide response. As Dwight Justice from the ITUC formulates it: ‘Companies cannot make an impact one-by-one. Unless the entire industry puts a joint effort into code compliance, worker’s lives are not going to change’.<sup>94</sup> If, for example, a ‘Free Trade Zone authority maintains a blacklist of union sympathisers, pushing one supplier in the zone into refusing to participate in the maintenance of such a blacklist is not only very difficult but also nowhere near as effective as when several companies collectively buying in the zone would approach the authority and the suppliers collectively. [Likewise], the possibility of a price increase being translated into a higher wage for the workers will be severely diluted if only one buyer out of six will make the effort’.<sup>95</sup> It is, therefore, often critical that sourcing companies in shared factories collaborate in order to achieve sustainable improvements. More generally, systemic change requires a combined effort on the part of the entire sector before they can begin to overcome the limits of the current code-implementation model. This requires persuading the whole industry to work together to address labour rights. For campaign groups, the challenge faced here is how to persuade *multiple, and to various degrees, intransigent agents, operating in a highly pluralistic and decentralised context to participate in such an approach.*

A positive development is that the advantages of inter-firm co-operation are increasingly recognised by the (more experienced) CSR departments of some brands and retailers.<sup>96</sup> Doug Cahn, former-Vice President for Human Rights at Reebok, has noted that ‘we may be only 20% of a particular supplier’s business and thus have little influence, but when we can combine with two other companies that each have 20%, we can leverage our influence over that factory operator’.<sup>97</sup> While Nike has argued that it does not have ‘the power to single-handedly solve the issues at stake’. Instead, progress ‘will only come through working with others in the industry through a variety of multi-stakeholder partnerships. And this is true for all areas of corporate responsibility, from compliance and environment to community investment programs’.<sup>98</sup> These comments suggest that there might be ‘an interest among leading firms for a more level playing field vis-à-vis laggards, thereby realigning the political balance in the corporate sector’.<sup>99</sup>

Moreover, it has been increasingly observed that the plethora of individual approaches is not only confusing and inefficient, but also time and resource consuming. The weight of multiple audits and monitoring programmes has begun convincing different organisations to promote the harmonisation of compliance models and/or the exchange of social audit information. Since 2003, five labour standards MSIs and the CCC<sup>100</sup> have collaborated in the JO-IN project – which stands for *Joint Initiative on Corporate Accountability and Workers’ Rights*. Here a dialogue was initiated on how to achieve better co-ordination among the various multi-stakeholder initiatives, for example, by drafting a common code of conduct and carrying out a joint code monitoring and remediation project at a series of apparel factories in Turkey.<sup>101</sup>

### **Business-led initiatives**

At the same time, this process of up-scaling the regulatory efforts remains framed by the various interests, agendas and political strategies involved. This is most clearly evident in business-controlled efforts to regain political control over the code implementation and monitoring debate. Here, the Global Social Compliance Programme (GSCP), initiated by Tesco, Wal-Mart, Carrefour and Metro, represents the latest proposal by business to

address sweatshop conditions in the global supply chains of multinational corporations, but with an aggregate annual sale of over \$500 billion, this initiative will potentially overshadow all of the others.<sup>102</sup>

Business-led initiatives marginalise the input of stakeholders to an advisory board, which is basically ‘a hostage role without direct influence’.<sup>103</sup> Setting up *consulting arrangements* with stakeholders through the establishment of an advisory board, with no powers whatsoever, would do little to address the legitimacy gap. There is, after all, a fundamental difference between being involved in an advisory capacity, or being consulted, and being co-responsible. The same critique applies for the Business Social Compliance Initiative (BSCI), which has attracted 91 European companies, many of them active in the garment sector, since its establishment in 2003.<sup>104</sup>

As it stands now, the BSCI and GSCP should be clearly contrasted with various MSIs that are at least ‘attempting to build democratic, locally accountable, substantively responsive, participatory strategies of governance’.<sup>105</sup> Instead, these initiatives provide ‘laggard’ companies with a platform to escape participation in established multi-stakeholder initiatives. These initiatives, as Egels-Zandén and Wahlqvist point out:

can be seen as an attempt by firms to counterbalance the powerful actor-networks formed by unions and NGOs (such as the Clean Clothes Campaigns) by organising themselves into equally powerful actor-networks. By then leveraging the strength of these actors-networks, the firms are trying to renegotiate their responsibility as comprising, for example, codes of conduct rather than global agreement, ‘minimum’ rather than ‘living’ wages, external ... auditing rather than NGO and/or union auditors ...<sup>106</sup>

The danger is that these initiatives will increase public and consumer confusion and undermine the credibility of non-governmental programmes to improve working conditions. In addition, their existence complicates and ultimately has an impact on the campaign strategies as laggard companies increasingly use the cover of a common initiative to defend themselves against sweatshop allegations.<sup>107</sup>

### **Campaigning for a sector-wide approach**

During the Play Fair campaign in 2004, in an attempt to steer the sportswear industry a comprehensive work programme was proposed for the sportswear industry. During this campaign, the alliance spotlighted seven sportswear companies – Asics, Fila, Kappa, Lotto, Mizuno, Puma, and Umbro –in an effort to force them to address issues of widespread exploitation and the abuse of workers in their supply chains. At the same time, the Play Fair Alliance urged ‘sportswear companies and the International Olympic Committee (IOC) to bring about an *industry-wide solution* to the abuse and exploitation of workers in global sportswear supply chains’.<sup>108</sup>

At the company level, a set of recommendations urged sportswear companies to develop and implement a credible labour-practice policy, whereby suppliers and their sub-contractors respect internationally recognised labour standards’.<sup>109</sup> With this recommendation, the Play Fair Alliance seeks to convince individual companies to invest in – what today constitutes– ‘best practice’ in labour standards and implementation programmes (see figure 2). The second set of recommendations focussed on getting the key players in the sportswear industry to work together at the *sectoral* level and to carry out, in co-operation with appropriate trade unions and NGOs, a comprehensive, far-

reaching programme for improvements in the sector. Companies were encouraged to join the efforts of trade unions and other concerned organisations in an agenda that promotes the rights of workers to join and form trade unions, which supersedes the limits of the current compliance model, and ensures an ongoing dialogue between the main companies in the sector. In particular, the alliance proposed a *sectoral framework agreement* between the International Textile, Garment and Leather Workers Federation’ and the World Federation of Sporting Goods Industries (WFSGI).<sup>110</sup> On a company level, the Play Fair campaign was successful in pressuring Asics, Mizuno, Puma and Umbro to increase their efforts to improve working conditions throughout their supply chains.<sup>111</sup> Furthermore, the public disclosure of factory locations by a growing number of sportswear brands, including Nike, Adidas and Puma, ‘represents an invitation to trade unions and labour rights NGOs to bring workplace problems to the attention of brands and to collaborate with them on remediation. In a series of national meetings in the Philippines, Thailand, Indonesia and Malaysia, the above brands and a number of their key in country suppliers engaged with ITGLWF affiliates in a dialogue on the implementation of freedom of association and collective bargaining’.<sup>112</sup>

**Figure 2. Strategy of the Play Fair Campaign**



**Source:** From Athens to Beijing — a Programme of Work for the Sportswear Industry, <http://www.cleanclothes.org/campaign/olympics2004-07-08.htm>.

However, the proposals were less successful at the industry-wide level. While the dialogue between the Play Fair Alliance and the WFSGI commenced with these proposals, it became clear early on that this body: ‘has in fact no authority, that its lead members have ducked their responsibility for this sector as a whole, preferring to hide behind their respective CSR programmes...’.<sup>113</sup> The prospects for negotiating and implementing a (formal) sector-wide agreement thus remain rather remote. Nevertheless, the work programme indicates that the anti-sweatshop movement continues to search for long-term systemic solutions even if it has to employ a campaign logic to steer laggard brands in this direction. The question of how to move to a sector-wide approach will continue to play an important role in future campaigns. The Play Fair 2008 campaign has

developed this strategy further and has urged sportswear companies ‘to take a series of concrete, measurable actions in close collaboration with multi-stakeholder initiatives, trade unions, non-governmental organisations, and governments’.<sup>114</sup>

## **Conclusion**

In response to being exposed to anti-sweatshop campaigns that attack their substandard working conditions, as the feel-good logos are turned into signs associated with the extremes of exploitation, many corporations have taken some steps to address these situations. This dynamic has resulted in a wide variety of mainly non-state forms of labour regulation such as codes of conduct, ethical labels, multi-stakeholder initiatives supposedly established to mitigate the destructive effects of an unfettered market economy. There are currently hundreds of ethical codes that have been adopted and that CSR has turned into a ‘routine management function’ in the textiles, clothing footwear and other industries.<sup>115</sup> Yet, as we saw, the overall influence of the anti-sweatshop movement (or the CCC) must clearly not be overstated.

Global production practices in many places of the developing world continue to deteriorate while governments continue to fail to enact or enforce labour laws. The redirection of orders towards countries that outlaw or restrict freedom of association further reinforces the exclusion or marginalisation of workers and their organisations from the mechanisms set up to implement, monitor or verify code compliance. Moreover, falling prices at the centres of consumption keeps the pressure on to reduce the cost of production and to keep wages at a minimum. The constant threat of relocation makes it difficult to design successful counter-strategies at a national level. The regulatory vacuum created by the shift from nationally-oriented production systems to globally organised production networks lies at the heart of this crisis. This vacuum needs to be filled in order to address the root causes of the structural crisis of labour flexibility.

The second part of this paper described the main strategies employed by the CCC over the past 10 years. This provided the context for the final section of the paper, in which we discussed three strategies that seek to increase the campaigning efforts. First, we discussed attempts to develop so-called strategic campaigns on multiple but geographically clustered workplaces. These campaigns target a specific problem that code compliance programmes typically fail to deal with on an individual basis. This includes grouping several factory closures and raising common demands on, for example, legal changes, severance payments or dealing with wage demands. Second, the proposal for an Asian Floor Wage Campaign represents an attempt to denationalise wage bargaining and opt for region-wide organising by which it seeks to address capital’s strategy of pitting workers against workers, countries against countries. Third, and finally, the Play Fair Alliance attempts to turn an entire sector into an object of regulatory action, beyond any one individual company or a particular country. Such campaigns should be understood as trial-and-error searches for new ways to build regulatory institutions at a level that not only matches the scale of today’s productive operations but also re-establishes labour as a representative force within it. After all, it is only through concrete political projects that the Clean Clothes Campaign network and its partners can hope to achieve its objective of improving working conditions in the global garment industry.

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- <sup>1</sup> Greenfield 1998.
- <sup>2</sup> Harvey 1999: 98.
- <sup>3</sup> Peterson 2003: 51; CCC 2005a.
- <sup>4</sup> ICFTU 2006.
- <sup>5</sup> CCC et al. 2004.
- <sup>6</sup> Petrovic 2005: 93.
- <sup>7</sup> Robbins and Vickery 2005: 39.
- <sup>8</sup> Cowie cited in Collins 2003: 4.
- <sup>9</sup> 2005: 95.
- <sup>10</sup> Apparel production is even more fragmented; it includes literally hundreds of suppliers in dozens of countries.
- <sup>11</sup> CCC et al. 2004.
- <sup>12</sup> For a discussion on informal workplaces see the ILO's reports on this subject, accessed at <http://www.ilo.org/public/english/employment/infeco/ilc2002.htm>; see also: Hensman (2005).
- <sup>13</sup> Ascoly and Zeldenrust 2003.
- <sup>14</sup> Cf. Lichtenstein 2006: xiv.
- <sup>15</sup> Gill and Law 1989: 481.
- <sup>16</sup> De Angelis 2007: 124.
- <sup>17</sup> Hoogvelt, 1997: 124.
- <sup>18</sup> See Appelbaum 2007; Merk forthcoming.
- <sup>19</sup> Cheng 1996: 275.
- <sup>20</sup> AMRC, 2005: 18.
- <sup>21</sup> See Ambruster-Sandoval (2005) for a discussion on how Asian TNCs might limit the effect of brand-named campaigns. While the growing power of Asian TNCs is generally seen as an obstacle to achieving labour campaign results, some argue that the consolidation and concentration of production at these Asian TNCs might actually facilitate monitoring efforts by Western buyers and facilitate worker organisation at these large scale production sites; see Appelbaum 2005; NTUI 2006.
- <sup>22</sup> For a discussion see: De Haan and Stichele 2007.
- <sup>23</sup> Cheng 1996: 276.
- <sup>24</sup> *Jakarta Post*, 10 January 2001.
- <sup>25</sup> *Jakarta Post*, 21 June 2004, 'Jobs in footwear industry drop by almost 60 per cent'.
- <sup>26</sup> Cited in *Business Times*, 17 December 2002.
- <sup>27</sup> Karadjis 2006.
- <sup>28</sup> World Bank 1993: 165.
- <sup>29</sup> Ibid.
- <sup>30</sup> Kearney 1999: 207.
- <sup>31</sup> Kaplinsky and Morris 2001: 21-2.
- <sup>32</sup> UNCTAD, 1999, cited in De Angelis, M., (2000) 'Trade, the global factory and the struggles for the new commons', paper presented at the CSE conference: Global capital and global struggles, strategies, alliances, and alternatives, London, 1-2 July, 2000.
- <sup>33</sup> JP Morgan, 16 January 2004.
- <sup>34</sup> Figure cited in *The Nation*, 31 December 2001, 'A New Giant Sucking Ground'.
- <sup>35</sup> Palpacuer 2006; Lipietz 1987.
- <sup>36</sup> At the same time, competitive advantages that accrue in the area of spatial relocation, like those in the area of technical advantages, tend to disappear over time. Today, there is little space left to increase profits by lower-sourcing costs through relocation, while the second option, discounting, runs the risk of driving down prices too far.
- <sup>37</sup> Wrigley et al. 2005: 438.
- <sup>38</sup> Oxfam 2004; CCC et al. 2004.
- <sup>39</sup> Braun and Gearhart 2005: 217.
- <sup>40</sup> Press release, 20.05.2006, KarstadtQuelle AG: Li & Fung assumes world-wide import, [http://www.karstadtquelle.com/script/druckversion.asp?url=/englisch/presse/1072\\_9077.asp](http://www.karstadtquelle.com/script/druckversion.asp?url=/englisch/presse/1072_9077.asp) [last accessed: 22-06-07].
- <sup>41</sup> 20.05.2006, KarstadtQuelle AG: Li & Fung assumes world-wide import, [http://www.karstadtquelle.com/script/druckversion.asp?url=/englisch/presse/1072\\_9077.asp](http://www.karstadtquelle.com/script/druckversion.asp?url=/englisch/presse/1072_9077.asp) [last accessed: 22-06-07].
- <sup>42</sup> *Clean Clothes Newsletter*, 2000, no. ??.
- <sup>43</sup> For discussions, see, e.g., Klein 2000; Crossley 2003; Jenkins 2002; Connor 2004.
- <sup>44</sup> Rodriguez-Garavito 2005: 204, italics added.
- <sup>45</sup> Appelbaum and Bonacich 2000: 297.
- <sup>46</sup> See for an overview of activities: <http://www.cleanclothes.org/campaign/communities.htm>.
- <sup>47</sup> This section depends heavily on Merk (2007).
- <sup>48</sup> Utting 2000: 4.

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- <sup>49</sup> Jenkins 2002: 13.
- <sup>50</sup> Bartley 2003: 437.
- <sup>51</sup> Kearney 1999: 210.
- <sup>52</sup> See, e.g., O'Rourke 2003.
- <sup>53</sup> See, for positions; Connor, 1998, Yanz and Jeffcott, 1997, Bartley, 2003.
- <sup>54</sup> SOMO 2003: 5.
- <sup>55</sup> Ibid.: 5.
- <sup>56</sup> Ibid.: 8.
- <sup>57</sup> Faure 2001: 48.
- <sup>58</sup> 2005: 220.
- <sup>59</sup> Sum 2005.
- <sup>60</sup> Ibid.
- <sup>61</sup> CCC 2005b: 74-84.
- <sup>62</sup> We focus here on the CCC urgent appeals system and the cross-border labour campaigns that surround it. For discussions of similar campaigns and strategies, often highlighting cross-border labour campaigns between the US and Central America, see: Frundt 1999; 2002; Anner and Evans 2005; Armbruster-Sandoval 2005; Rodriguez-Garavito 2005; Ross 2006; Maquila Solidarity Network 2005.
- <sup>62</sup> For a discussion and analysis of the initial success of the Gina Bra campaign, see MSN (2005); for information on its long-term failure, see CCC website.
- <sup>63</sup> Clean Clothes Campaign 2002.
- <sup>64</sup> Dent 2005: 23-4.
- <sup>65</sup> 'Overview of the Current CCC Urgent Appeals System', Nina Ascoly, December 2003.
- <sup>66</sup> Price 2003: 590.
- <sup>67</sup> Dent 2005: 18.
- <sup>68</sup> Armbruster-Sandoval 2005: 135.
- <sup>69</sup> CCC Newsletter, no. 15, 'Struggle itself was Victory for Ladybird workers in Thailand', June 2002.
- <sup>70</sup> Klein 2000.
- <sup>71</sup> See the Play Fair website: <http://www.fairolympics.org/>.
- <sup>72</sup> Play Fair 2008 Campaign Statement available at: [http://www.playfair2008.org/templates/templateplayfair/docs/PF\\_2008\\_campaign\\_statement.pdf](http://www.playfair2008.org/templates/templateplayfair/docs/PF_2008_campaign_statement.pdf).
- <sup>73</sup> Ibid.
- <sup>74</sup> Castree et al. 2004: 221
- <sup>75</sup> Appelbaum and Lichtenstein, 2006: 121
- <sup>76</sup> Barrientos and Smith 2007; see also ETI, 2006
- <sup>77</sup> Ibid.
- <sup>78</sup> Locke, Richard, Fei Qin and Alberto Brause. 'Does Monitoring Improve Labor Standards: Lessons from Nike' in *Industrial and Labor Relations Review*, vol. 61, no. 1, October 2007.
- <sup>79</sup> See, e.g., Connor 2004; Miller 2004.
- <sup>80</sup> Utting, 2007: 707.
- <sup>81</sup> In a review of developments in the US anti-sweatshop movement, Jill Esbenshade arrives at a similar conclusion. She argues that 'victories have been few and often ephemeral', even if the 'anti-sweatshop movement has increased its ability to challenge apparel corporations to not just improve the conditions in individual factories, which are hard to sustain, but also to address the underlying structures that will continue to reproduce those conditions in factory after factory.' (2008: 467).
- <sup>82</sup> Due to space constraints, we only discuss strategies that have been developed or endorsed by the CCC network. Other attempts for improving working conditions in global production include: (i) a fair trade strategy; (ii) the use of social clauses in trade agreements; and (iii) international framework agreements negotiated and signed between a TNC and a global union federation.
- <sup>83</sup> There are, of course, a range of other strategies explored by other organisations and networks that seek to address similar issues. For example, the Designated Supplier Programme developed and driven by US-based organisations like United Students Against Sweatshops, which requires university licensees 'to utilize production facilities where workers are actively defending their rights'.
- <sup>84</sup> Dent 2005: 59.
- <sup>85</sup> See urgent appeal cases on CCC website: Thai Durable (1999) and Bed and Bath (2002).
- <sup>86</sup> Ross 2006: 67.
- <sup>87</sup> Position Statement of Asia Floor Wage Alliance, June 2007, available at: <http://www.asiafloorwage.org/Positionstatement.htm>.
- <sup>88</sup> The New Trade Union Initiative (NTUI) argues that the 'growing interconnection and formalisation of relationships between buyers and manufacturers across the supply chain is in fact becoming increasingly more evident. ... All these factors further increase the accountability up the global chain, and improve the possibility for viable collective bargaining structures' (2005).

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<sup>89</sup> AFW 2006: 3.

<sup>90</sup> Such investments make productive capital that is ‘immobilized in the land to increasingly degree’ (Harvey 1999: 380).

<sup>91</sup> This argument is often used when a living wage is advocated, see, e.g., Miller and Williams 2007

<sup>92</sup> AFWC 2006: 3.

<sup>93</sup> They propose a wage campaign on a common wage based on purchasing power parity, which is a hypothetical currency in which one dollar PPP has the same spending capacity in each country as one US dollar does. It helps to show how much a local currency unit is worth within a particular country given the relative prices of goods and services. For example, in China, Bangladesh and India, one US dollar has the equivalent spending power of 5 US dollars in the United States. The use of PPP would make it possible to set a common wage level among different countries. At the moment of writing, there is no consensus yet about what the level of this wage should be.

<sup>94</sup> Cited in Muchhala 2005.

<sup>95</sup> Zeldenrust 2004.

<sup>96</sup> See Manic 2003.

<sup>97</sup> Cited in Santoro 2003: 423.

<sup>98</sup> Nike 2005: 12.

<sup>99</sup> Ruggie 2004: 518.

<sup>100</sup> In this context, the CCC cannot be defined as an MSI because it has no industry representation (only NGOs and trade unions).

<sup>101</sup> See for more information: <http://www.jo-in.org/pub/about.shtml>.

<sup>102</sup> The CCC has rejected an invitation for consultation by the GSCP. In an open letter to the GSCP, the CCC has explained why it refused to participate in their consultation process. Letter available at: <http://www.cleanclothes.org/ftp/07-06-07-GSCP.pdf>.

<sup>103</sup> Egels-Zandén and Wahlqvist 2006: 182.

<sup>104</sup> The driving force behind the BSCI is the Brussels-based Foreign Trade Association (FTA), which is the association for European commerce that lobbies specifically on foreign trade issues. This lobbying organisation has argued strongly against the creation of *binding* rules on social corporate responsibility. They are particularly concerned of possible links between trade agreements and sustainable development that will result in new barriers to trade liberalisation. For a somewhat outdated discussion of the BSCI see: Merk and Zeldenrust 2005.

<sup>105</sup> O’Rourke 2004: 31.

<sup>106</sup> Egels-Zandén and Wahlqvist 2006: 182.

<sup>107</sup> Cf. Egels-Zandén and Wahlqvist 2006.

<sup>108</sup> These recommendations were first described in the Play Fair report and further made operational in a document called: ‘*From Athens to Beijing – a Programme of Work for the Sportswear Industry*’, available at:

<sup>109</sup> CCC, ICFT, Global Unions, Oxfam, 1 March 2004, ‘letter’, on file.

<sup>110</sup> Play Fair at the Olympics, p. 68: <http://www.cleanclothes.org/publications/04-olymp-report.htm>.

<sup>111</sup> For an overview of company responses to the Play Fair campaign, see Merk 2005.

<sup>112</sup> Play Fair 2008.

<sup>113</sup> Miller 2005: 15.

<sup>114</sup> Play Fair 2008 (2008),

<sup>115</sup> Miller 2004: 220.