

1.4 The Unshuffled Essay #2

Essay question:

‘How far can Western companies distance themselves from the social realities of sweatshop production?’

8. The following essay will consider how far Western companies can distance themselves from the social realities of sweatshop production. ‘Western companies’ is a shorthand term describing multinational companies that have their headquarters and/or primary markets in the economically developed world, but depend on labour in the developing or less economically developed world to create products at lower costs. The term ‘sweatshop’ indicates the poor factory working conditions under which labourers produce goods and materials. ‘Social realities’ is a complex term that implicitly addresses the – perhaps naïve – assumptions held by consumers about factory working conditions, alongside the physical and economic realities experienced by ‘sweatshop’ workers. It is the social reality of sweatshop work that has resulted in a number of non-governmental organisations (NGOs) campaigning for improvements to workers’ conditions. This essay will consider the relationships between Western companies, consumers, sweatshop labour and NGOs, through three lenses: physical distance, economic distance and social distance.

3. During the 1970s and 1980s, significant shifts in the multinationals’ approach to production led to an international division of labour. Many of the products consumed in Europe and North America are now made in South East Asia and the Indian subcontinent, either in factories owned by the multinational parent company, or

through long, complex subcontracting chains (Oxfam International, 2004; Oxfam Hong Kong, 2004). Products that were previously made locally are then transported halfway around the world to the relatively wealthy consumer markets in the West. The consumer is physically far from the factories where the goods are produced – and that physical distance increases with every level of subcontracting. Arguably, this physical distance leads to the consumer failing to consider how these goods may have been made – indeed, the consumer may not think twice about the journeys that products may have taken to reach their local shops. This physical distance is tied to economic distance.

6. Core to a discussion of economic distance is the economic difference between poorer developing countries and wealthier developed countries. Arguably, countries such as Hong Kong, Singapore and South Korea (Bennett et al., 2009) thrived on the demand for cheap labour – a key and vital factor in the so-called Asian Tiger Nations' economic growth (as measured by GDP; see Broham, 1996). Over a period of some 30 years, these countries benefited from a growth rate hovering around 10 per cent per decade. It is, therefore, argued that as countries such as Taiwan or Vietnam develop, cheap labour will be part of their journey. While accepting that low wages might not seem great, Krugman defends it: 'bad jobs at bad wages', he argues, 'are better than no jobs at all' (Krugman, 1997, p. 4). In other words, however bad the conditions of factories may be, compared to the standard working conditions in the West, they are at least jobs – and for workers in some less developed countries, there aren't many other options. If the (sweatshop) factories did not exist, the options may be even fewer. Workers may, in fact, find that the factory work is less risky and, in some cases, better paid than other locally available jobs. Western companies have tried to

portray this situation of economic difference not as one of exploitation, but, rather, as the best of a bad situation. Moreover, they say, paying workers the lowest wages possible is from necessity, because ‘the Market’ demands low prices for products. The blame for sweatshop conditions, they suggest, lies not with the corporations, but with Western consumers.

5. It is this drive to lower prices and therefore workers’ wages that has led to another form of economic distancing: subcontracting. One way that companies could remove themselves from direct responsibility for working conditions was to subcontract out various aspects of production. Subcontracting was also seen as a way to reduce costs – in part because the multinational companies were no longer responsible for, e.g., employee safeguards, or because the process of production might be ‘Taylorised’, such that different pieces of work would be done by different workers – whichever workers could be (sub)contracted at the lowest cost – sometimes, with different pieces being produced and assembled in different factories. New entrepreneurs in the less economically developed countries helped facilitate such subcontracting arrangements, but then, over time, competed with each other for contracts, further driving down costs for the multinationals, and wages for workers.

2. A number of NGOs, seeking to champion the interests of poorer workers, have tried to shine a spotlight on the social realities of sweatshop labour and on the responsibilities of consumers and companies for workers’ conditions. The anti-sweatshop movement that emerged in the 1980s–90s demonstrated significant ‘social distance’ between the multinationals’ portrayal of their workers’ conditions and the ‘on the ground’ realities. The anti-sweatshop movement launched campaigns to: (a)

raise consumer awareness of workers' conditions; and (b) shame high-profile individual companies that used, either directly or indirectly, sweatshop labour to produce their products. NGOs encouraged companies to have codes of conduct for their physically distant workers that echoed the sorts of codes of conduct that Western companies would have to issue to protect their Western employees. A number of companies eventually adopted versions of these codes of conduct. As an example, the Nike Code of Conduct (<http://www.nike.com/nikebiz>) includes: working conditions, hours of work and overtime, and employee benefits. The NGOs sought to pressure all multinational companies to take responsibility to make sure that codes of conduct were put into practice and adhered to in their various factories – including in subcontracted works – around the world.

7. However, even where these codes of conduct have ostensibly been implemented, 'social distances' remain. Official visits to factories intended to check on the realities for workers didn't always result in honest representations of workers' conditions. Connor (2002) describes how 'representative' workers in these factories were often hand-picked by the local factory managers, or told what to say; this is because the factory managers or owners were desperate to keep the huge contracts that the Western companies offered. While the visitors were given the impression that every rule was being obeyed, this was belied by evidence that workers were warned not to portray the factory in a bad light. Some workers were threatened with losing their jobs or even told that their families would be targeted.

4. Western companies, nevertheless, could be *seen* to be following their responsibilities to workers as required. If the reality of the workers' experiences was

somewhat different to how those experiences were portrayed, then the companies could claim they were duped. But, even where Western companies could claim genuine ignorance, many, arguably, remain culpable of sweatshop conditions due to, for example, insistence on shorter delivery times, greater flexibility and, of course, lower production costs, all of which could well undermine the factories' ability to meet code of conduct requirements (Bennett et al., 2009).

1. The lenses of physical, economic and social distance help to clarify the extent to which Western companies are able to distance themselves from the social realities of sweatshop workers. The physical distance of workers on the other side of the world works to obscure consumers' considerations of workers' conditions. Consumers are, however, culpable in the continuation of poor working conditions due to their demands for cheaper products, which the multinationals respond to by driving down their labour costs. Subcontracting has been a means of both reducing costs, but also physically and socially distancing companies from the working conditions in the subcontracted factories, whose owners and managers may seek to further obscure their workers' social realities. However much Western companies might wish to distance themselves from the poor image of the sweatshop, the connections are still there. The anti-sweatshop movement has highlighted discrepancies between the social responsibility claims of multinational companies and the realities for workers. Physical, economic and social distance make it difficult to link multinational companies directly to the social realities of sweatshop workers: campaigns by NGOs that make those links explicit, and the choices of consumers, however, can encourage Western companies to improve workers' working conditions.