Bringing Labor Rights Back to Bangladesh

After a horrific factory collapse in 2013, pressure from global unions, human rights groups, and reputational damage to big fashion brands led to a groundbreaking accord to improve labor conditions. What has it achieved?

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Two years after the April 24, 2013, collapse of the Rana Plaza building, Bangladesh has become a laboratory to test whether pressure from worldwide labor unions and NGOs in support of local unions and labor activists can improve life in the world's sweatshops. The Rana Plaza disaster capped a series of fires and other fatal collapses in Bangladesh garment factories. Its death toll was at least 1,130. Another 2,500 workers or more were injured, many crippled for life and deeply traumatized. The survivors' terrible stories include on-site amputations and workers being trapped underground for days. Some can no longer enter tall buildings without uncontrollable trembling and crying. One woman described attempting to go to work on 19 occasions but failing each time to overcome her anxiety. Thousands of livelihoods have been crushed.

Implicated in these deaths and injuries were 31 Western fashion brands, buyers of products from the local factory owners renting space in Rana Plaza. These included Benetton, Bonmarché, Carrefour, El Corte Inglés, Inditex, J.C. Penney, Loblaw, Mango, Primark, The Children's Place, and Walmart. These firms all had voluntary codes of conduct pledging that they and their suppliers would provide safe and healthy working conditions.

The collapse produced worldwide headlines and brought shame and reputational damage upon these companies, which specify every detail of the garment but manage to duck responsibility for the workers who produce it. The global rag trade is organized to allow fashion brands to source production globally, seeking the lowest possible cost consistent with the quality that the brand demands. The brands don't own the factories but rely on a supply chain of logistics companies, contractors, and subcontractors. With millions of people unemployed or underemployed and national governments such as Bangladesh, Pakistan, Vietnam, Cambodia, and of course China viewing garment production as a rung on the manufacturing ladder, the effect is to batter down wages as well as disperse accountability.

World per-unit cost of garments dropped 40 percent between 2000 and 2014.

Throughout Asia and the developing world, vast numbers of underemployed rural workers flock to cities and compose a reserve of labor whose very number drives down wages. The brands and retailers are attracted to factories that can access this low-wage workforce. World per-unit cost of garments dropped 40 percent between 2000 and 2014.

Bangladeshi workers endured a generation of escalating worker deaths and injuries from fires and collapses, but exports from Bangladesh doubled as a fraction of total world exports, from 2.5 percent to more than 5 percent. Bangladesh became an attractive production platform for all the reasons that together make its garment workers so vulnerable. Their wages are among the lowest in the world. They were at the very bottom before 2013, but to placate outraged workers and indignant Western governments, the minimum wage was substantially increased after the Rana Plaza collapse, from 3,000 taka a month ($38) to 5,300 taka ($68)—still grievously short of living wages.

In the aftermath of the Rana Plaza disaster, union organizers and anti-sweatshop activists persuaded the big European brands to sign an Accord to police safety conditions and allow access to trade unionists. The Accord, with company and union representatives on its board, and a representative of the International Labour Organization as board chair and tiebreaker, proved too much for most American fashion brands. Leading U.S. companies, led by Walmart and Gap, created a rival "Alliance," entirely voluntary and with no enforceable commitments.

Even so, these agreements represent a modest step forward. After decades of mostly useless codes of conduct, these deals at least shine a spotlight on one of the world's most exploitive industries, and have provided more inspections, more transparency, and the promise of moderately safer working conditions. For the first time, the big brands have taken at least some responsibility for the realities in the factories that produce their goods—despite two or three removes of contractors and subcontractors that in the past had distanced the companies from accountability.

Two years later, one can see the limits as well as the slender hopes offered by this model. I was in Bangladesh in April, as part of a delegation to explore in detail what has occurred since the collapse. There are actually three important safety initiatives in Bangladesh. While all of them originated in horrible events prior to Rana Plaza, their implementation owes everything to that moment. The Rana Plaza collapse, like the Triangle Factory Fire in New York in 1911, galvanized unavoidable change.

After the February 2010 Garib & Garib Sweater Factory fire that killed 21, the global and local labor movements had put forward a set of safety proposals. These developed into guidelines proposed by anti-sweatshop groups including the Amsterdam-based Clean Clothes Campaign (CCC), the International Labor Rights Forum (ILRF), the Maquila Solidarity Network (MSN), and the Worker Rights Consortium (WRC). They were released in April 2010 on the fifth anniversary of the Spectrum building collapse that had killed 62. The guidelines proposed binding agreements for independent inspections, public access to the reports, and worker involvement in factory safety and governance of the arrangements.

These discussions proceeded without broad agreement—until 2012, when yet another fire stimulated action. In November of that year, the Tazreen factory fire killed 112—the greatest loss of life in the Bangladesh garment industry until then. Tazreen underscored the weakness of voluntary, proprietary, confidential “social audits.” As Scott Nova, the executive director of the Worker Rights Consortium, told the Senate Foreign Relations Committee, “Tazreen Fashions was visited repeatedly by inspectors representing Walmart, but these inspectors never identified nor corrected the grave safety flaws, including the lack of viable emergency exits, that ultimately took the lives of 112 workers.”

The labor and NGO activists initially reached an agreement with PVH, the U.S. company that owns the Calvin Klein and Tommy Hilfiger brands. This deal became the outline of what would become, after Rana Plaza, the Bangladesh Accord on Fire and Building Safety.

A meeting had been scheduled for April 29, 2013, to add other brands to the earlier agreement. The collapse on April 24 lent unprecedented urgency to the discussions. The breakthrough occurred when the Swedish giant H&M, the largest purchaser of garments from Bangladesh, agreed to it. Almost immediately, 40 other European firms signed on. Now there are more than 200, making the Accord the largest of the new initiatives.

THE ACCORD ON FIRE and Building Safety in Bangladesh includes a mandatory commitment to transparent and independent inspections. Workers’ representatives have a full share in the management of its operations. The next year will see the Accord sponsor and organize workers’ elections to safety committees in the factories with which its members do business. The Accord’s brands engage with more than 1,500 factories that employ more than 50 percent of the Bangladeshi garment workers engaged in the export sector.

The rival Alliance for Bangladesh Worker Safety is composed of 26 North American firms (most notably Walmart and Gap), which source from about 650 Bangladesh factories. Unions have no set-aside seats on its board. The Alliance includes no mandatory enforcement of safety remediation or rights to refuse unsafe work, and no recourse to courts of law except for the corporate members. The Alliance, however, did agree to a common inspection form with the Accord—important because some factories sell to members of both groups. A third safety initiative, the Bangladesh government's National Tripartite Plan of Action, includes the factories (about a third of the total) that do not do direct business with any of the brands related to the other two initiatives.

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Thanks to these three initiatives, the number of inspectors has increased dramatically and their training has been a foreign aid priority for both the U.S. government and many European governments. Of the roughly 2,050 factories covered by the two Western brand initiatives, about 93 percent have been inspected after two years, and the results of these inspections are available online. Dense and technical, these reports nonetheless are a qualitative advance compared to the situation two years ago. Of these factories, about 1,250, or nearly two-thirds, have received corrective action plans. The Accord alone has recorded more than 54,000 violations of building and safety codes.

The Accord is the preferred project of the Bangladeshi labor movement, its global union supporters (in particular the multi-union global manufacturing federation IndustriAll), and the Western NGOs that campaign on labor rights—notably the Clean Clothes Campaign and its UK affiliate called Labour Behind the Label, the U.S.-based International Labor Rights Forum, and the U.S. student-initiated WRC. The giant Swedish retailer H&M, the UK's Primark, Spain's Inditex (which owns Zara), and the American PVH are the Accord's industrial leaders.

What is new and important is the willingness to work with unions. The Accord notifies all trade union federations where they will be conducting inspections and asks them if they have any members or union representatives on the premises who should join the inspection proceedings. The Accord also comes to the defense of workers who suffer retaliation when they organize to address safety issues. By contrast, the Alliance has a worker hotline, a risky and feeble means of worker empowerment.

When our delegation met with trade union leaders and garment workers, it was apparent that they were aware that in Accord-affiliated factories, they had a right to refuse to enter buildings that are dangerous. They were not aware that there is a similar provision in the amended Alliance agreement. Local union leaders also told us that the Accord informs them of its inspections and reports—a point emphasized as well by Robb Wayss, the executive director of the Accord.

AN IMPORTANT EFFECT of these international agreements has been to supplement weak national law. Building codes and labor laws, like much of Bangladeshi law, are somewhere between aspirational and deceitful. Building owners regularly build floors beyond permits. Fires are endemic. Seventy percent of the fires are caused by electrical failures, which are in turn caused by overloading or other illegal practices.

An hour of traffic in central Dhaka is a metaphor for the observance of labor law. There are painted lanes, but no one uses them. There are traffic lights, but no one obeys them. There are dividers between sides of thoroughfares going in opposite directions—but the bicycle rickshaws and scooters with cabs (CNGs) dodge to the oncoming lanes at will.

Factory employers fire workers who join unions, who complain about safety hazards, or who inquire about unpaid overtime. Workers who try to organize unions may be blacklisted, harassed, and sometimes beaten by thugs. Several union leaders have spent time in jail on falsified charges. One organizer, Aminul Islam, was tortured and murdered in 2012. The government is doing little to protect unions and at times appears to support garment manufacturers' attacks against union leaders.

Recent pressure brought to bear by the U.S. and EU has resulted in some openings and the organizing and registration of a few hundred unions. Many more attempts at formal union registration have been turned down. Even when the infant locals succeed at gaining formal registration, local leaders have emphasized the harassment, firings, and even beatings that they risk when doing so.

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Bangladeshi factory owners complain, rightly, that the prices offered by the Western firms allow just pennies in profit. But the pennies add up. Fiercely independent, putting both the British Raj and the Pakistani overlords behind them, the new princes of the Bangladeshi realm are the factory owners. The luxury cars and gated housing tell one story, but another very telling story is told by Wayss, the Accord's director. Wayss reports that when confronted with corrective action plans for the myriad defects in their buildings, and when assured of loan assistance available from the Accord, nearly all of the factory owners are choosing to self-finance the safety remediation. Despite their complaints, the factory owners are not without means. And they are not without power.

Thirty of the members (about 10 percent) of the Bangladesh Parliament own garment factories. One leader of a union federation reports that another 146 members of parliament have family members who own garment factories. If this is even approximately accurate, it suggests a decisive governmental bloc that tolerates abusive conditions and resists reforms. And yet the Accord has created some space for reform to bubble up from worker efforts.

ON APRIL 25, A MAJOR EARTHQUAKE devastated neighboring Nepal. In Dhaka, 420 miles away from Kathmandu, buildings rocked and people fled them in fear. Meeting with trade union leaders, my companions and I abruptly headed for the dubious safety of the sidewalk. The day after the earthquake, our delegation visited the offices of the Bangladesh Garment and Industrial Workers Federation (BGIWF) and the Bangladesh Center for Worker Solidarity (BCWS). We found a large group of workers crowded into the meeting room. A young woman who was a local union president explained to us that she had argued with her factory manager, urging that they should not work until their building was inspected.

Although they were worried that the neighboring building, which had a crack in it, would fall on them—as had happened at Rana Plaza—the factory manager vehemently rejected their concerns. The union president told us that she then called the BGIWF office, and a somewhat older and more experienced federation staffer came out to help. Together, they told us, they persuaded the manager to let the workers out at the lunch break and to have the inspectors assess the safety of continued operation. As we sat around the desk of Kalpona Akter, head of BCWS, the president of BGIWF, Babul Akhter, went to the Accord website to confirm the factory was listed as an Accord member facility. Finding that it was would help them, they thought, in asserting the right to refuse dangerous work without fear of being fired. It was listed, and they did. WRC Director Scott Nova observes, “If the workers of Rana Plaza had had a union, they would not have had to go into the building after cracks developed the very day before the building collapsed.”

In order to attract the International Labour Organization (ILO), the UN’s labor standards body, to start its Better Work program in Bangladesh, the government (and the powerful Bangladesh Garment Manufacturers and Exporters Association, the BGMEA) agreed to some changes in labor law. These are modest and do not dramatically alter the facts of life on the ground.

There are 300 more union locals registered since Rana Plaza. But 56 percent of registration petitions are denied, compared to 19 percent in 2013. These are signs that post-Rana legal and cultural changes have encouraged organizing, but employer resistance is still a major fact of life.

However, another subtle indicator of positive change was revealed in one of our factory visits. This particular factory was one of the very few with both a union and a collective bargaining agreement. The building was decrepit, although labor relations were good. Notifications of safety requirements, workers' rights, and evacuation routes were posted in Bengali and English. The manager and the union leader walked us through. The goods were destined for low-level brands and store brands—cheap stuff like sports pants, camo slacks. We were told that the "good brands," those affiliated with the Accord or the Alliance, were moving their contracts out of shabby factories like this. This owner would soon move to a more modern factory. He was shortly going to Brussels on a sales effort to attract back better brands. The standards of the Accord and the Alliance, in effect, were forcing better building standards.

AFTER RANA PLAZA, the constellation of unions and NGOs negotiated with leading brands to create a voluntary trust fund for victim compensation. The precedents for this went back to 2005, after the Spectrum collapse, when Neil Kearney of the international union federation representing garment workers, meeting with an Inditex social responsibility executive, worked out a template for worker compensation. It depended on the compensation calculations modeled by the ILO for worker compensation insurance laws—ILO Convention 121. This convention is a rough guide to industrial accident compensation that mandates using the usual wage of a worker, the worker’s age, and the severity of injury (or number of dependents if deceased) as factors in deciding lump sum or annual payments.

In 2005, Kearney and his Inditex counterpart failed to get broad corporate buy-in, but Rana Plaza changed everything. The Rana Plaza Coordination Committee includes the Bangladesh government, the major industry associations, the NGOs, and the unions, with the ILO as the neutral chair. $30 million was targeted to compensate the victims, using the Bangladesh interpretation of ILO Convention 121 as a guideline for calculation.

Over a two-year period, the Western NGOs campaigned hard to get the big brands to “Pay Up” into the fund. They were largely successful; at the brink of the two-year anniversary, after Bangladeshi and U.S. campaigners had sat down and been arrested at the Children’s Place headquarters in New Jersey, the firm produced another $2 million that, along with several other donations, brought the fund to more than 90 percent of its quota. Then, in early June, ILRF announced an anonymous donor had contributed enough to complete the $30 million fund. The campaigners still want Benetton, J.C. Penney, Mango, Walmart, and Zara (Inditex) stores to give more.

Interviews with survivors of the Rana Plaza collapse suggest why the $30 million is only part of the story. It is terribly unclear to the workers what has happened to all that money. In a sometimes harrowing session with 28 survivors, our delegation found genuine confusion about the amounts of money being awarded to claimants. From the workers’ point of view, there is little transparency in the process. A website with legal language is not an adequate way to communicate to these factory workers. In papers the survivors showed us, the equivalent of $1,000 was given to workers who had lost an arm or a leg or a family member—hardly adequate as a lifetime income replacement.

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A beautifully produced short film about the compensation arrangement was shown at a downtown hotel as part of the second anniversary observance. In it, the Rana Plaza Trust claims, through examples, admirable rehabilitation and training. But none of the workers we met with had received any. A survey of more than 1,400 survivors reported that 61 percent require medical assistance, and 59 percent experience depression and trauma. When we asked the survivors how many “wanted to return to work in the apparel factories,” almost all nodded or raised their hands in assent. But none of that group was able to return. One woman told us that though she had no remaining physical injuries, she had attempted to go back to factory work 19 times, but only lasted about a week at each place, as her fear and stress caused her to tremble with anxiety.

When we met with a lawyer working on the small staff of the claims administration, he noted that workers can call to get information or reassessment of their claims. But we had been told by workers that they couldn’t get through on the phone. The lawyer shrugged when we told him this and said that there is just one phone line to take calls (there are more than 5,000 claimants), and that there were only three staff members left at the office. He told us they were wrapping up their work and would close sometime this summer.

The Accord has become almost a shadow, parallel Ministry of Labor alongside the Bangladeshi government. It employs almost 50 engineers who perform fire, electrical, and structural surveys. They have another team of safety trainers and complaint handlers. The Alliance utilizes a number of outside firms to conduct assessments. Both use standards agreed to by the Bangladesh government and the ILO. Between them, they have inspected and devised corrective plans for about half of the country’s garment factories and probably a higher proportion of those engaged in export to Europe or America. Neither initiative includes social audits encompassing internationally recognized labor rights. These are still in the realm of “private,” voluntary action, given that the

Bangladesh government does not enforce its own labor laws. In that context, the Rana Plaza Trust is a one-off worker compensation project.

In the real, on-the-ground context of Bangladesh—and much of the developing world—the Accord offers an attractive template: transparent and competent inspection; worker empowerment; binding legal recourse. On paper, labor law goes much further, but the laws are unenforced.

If labor rights and protective government policy (unions, laws, and law enforcement) form the main crucible of decent conditions for workers, alliances with international NGOs and labor unions are the enablers. Policy levers also exist—but Western governments have to be willing to use them. For example, the EU has what is called a Generalized System of Preferences (GSP) written into its trade laws. (The U.S.'s GSP provisions expired in 2013, but are likely to be reauthorized.) These allow duty-free entry of certain goods from low-income nations into the economies of their higher-income trading partners. They are bilateral terms, conditioned, ostensibly, on trade partners observing internationally recognized labor rights.

For example, after the Rana Plaza collapse, the U.S. suspended Bangladesh's GSP privileges because of its fundamental disrespect for labor rights. But apparel imports are excluded from the GSP. This past year, through April 2015, Bangladesh apparel exports to the U.S. were valued at $4.95 billion. In 2012, Bangladesh imports covered by the GSP provisions were worth $34.7 million. The GSP suspension was symbolic.

However, apparel imports to the multination EU are covered by a single GSP provision. In 2014, they were worth almost $14 billion. At the Second Anniversary Forum sponsored by the ILO at a swank downtown Dhaka hotel, the EU representative to Bangladesh made a clear threat to suspend GSP privileges unless Bangladesh followed through on commitments to protect worker safety and guarantee core labor rights, a duplication in intent of an ILO forum in Brussels two days before. This is a target for European campaigners, particularly the Amsterdam-based Clean Clothes Campaign. Whether they are willing to use the threat—which is dire—remains to be seen.

There are other levers for U.S. allies. The federal government is a large buyer of garments, including the post exchange (PX) retail stores where armed forces families buy goods on military bases around the world. They could be required to buy only from Accord members when they source from Bangladesh. They now report on whether they are using Accord factories, and the Marine Corps requires licensees using their logos to source from Accord firms or from factories that meet its requirements.

> *"The whole object of travel is not to set foot on foreign land; it is at last to set foot on one's own country as a foreign land."*—G.K. Chesterton

At the ILO two-year symposium in Dhaka, the U.S. ambassador to Bangladesh, Marcia Bernicat, gave an impassioned speech on labor rights, the importance of worker voice, and the foot-dragging of the Bangladesh government in protecting those rights. Near the end she said, "The U.S. stands ready to work as a partner with the government, the workers, and the employers to show the world Bangladesh can set new standards for workers' rights, that no worker need to fear retaliation for speaking out about a cracked wall." It was memorable, clear, committed. When we met with her later, I said she should send the speech to President Obama and ask him to give it in Wisconsin. She didn't get the joke.

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American workers don't face conditions as grim as those in Bangladesh, but some are not so different. As American workers lose union protection because of hostile laws, courts, and media, so do they lose their ability to defend safe conditions. At Upper Big Branch Mine in West Virginia in 2010, 29 miners died: non-union. In the 1991 Hamlet, North Carolina, poultry plant fire where 25 died and the back doors were locked: non-union. On paper, American workers have all the rights they need to organize and join unions. In practice, they risk getting fired.

In Bangladesh, one of the gaps is a decade-long, as yet unsuccessful, attempt to create a workers' compensation insurance system. Workers' comp offers a no-fault system—a grand bargain created a century ago, state by state, in the U.S.: Workers don't sue; employers pay insurance premiums to cover medical costs and long-term income replacement for disability. Oops: Workers' comp is under attack in the U.S. in state after state, as caps on payments, limits on payment duration, and other restrictions erode yet another part of the social safety net. We learn about what we need by examining the deficits of others.

I left Dhaka before dawn on a weekday. The day before had seen a tri-city election for mayors, rife with tension and police in the streets. But the election place I visited was joyous. Even with all the cynicism, and we heard plenty of it, they cherished their right to vote freely, which seemed a tonic—there was great pride at the hotel, at the polls, in the streets. We Europeans and Americans were a curiosity, but people were eager to show us the polling place. We recalled the young unionists we met, so brave and committed. The streets were empty as we left, and we could almost imagine an easier Dhaka, a subway perhaps, a functioning democracy, even labor laws that worked. The pressure from international unions, NGOs, and some corporations can help, but ultimately this struggle will be won or lost in Bangladesh.

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