Why Voluntary Standards Won't Make the Global Garment Industry Safer

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After voluntary codes of conduct failed to prevent the Rana Plaza disaster, garment companies pass the blame.

In this Monday, April 20, 2015 photo, Mahamudul Hasan Ridoy, 27, who worked at Rana Plaza, the garment factory building that collapsed, walks with the help of a crutch at the site of the accident in Savar, near Dhaka, Bangladesh.

On Monday, June 1, police in Bangladesh filed murder and other charges against the owners of the Rana Plaza building, the landlord of the factories that collapsed two years ago, killing at least 1,138 workers and injuring about 2,500. The collapse was a spectacular moment in a sordid history of fires and collapses in the
Bangladesh and global garment industry. The cutthroat competition of that industry is a furnace that fuels thousands of deaths and injuries.

Last weekend, by coincidence, a conference was held at Harvard, called Transformation Challenges and Opportunities for the Bangladesh Garment Industry. Attending were Bangladesh cabinet members and the heads of two major safety initiatives—The “Accord” and the “Alliance”—as well as international corporate and Bangladesh business and labor leaders.

Not surprisingly, panelists resorted to a familiar defense in discussing who is to blame for lethal conditions in Bangladesh garment factories—SODDI: Some Other Dude Did It. At one panel that I attended, the culprit was identified as “unauthorized subcontractors” that are somehow beyond the reach of the global fashion brands—companies that pay so little per garment that contractors are compelled to cut corners.

It's a familiar pass-the-blame game: The fashion brands say the factory owners are responsible; the factory owners say the brands don’t pay them enough for safe workplaces or decent wages; contractors blame subcontractors; and the government says it doesn’t have enough money to hire enough inspectors to enforce the laws.

Before the April 24, 2013, Rana Plaza catastrophe, 112 workers were killed in November 2012, also in Bangladesh, at the Tazreen factory. And just before that, in September 2012, 259 workers were killed at the Ali Enterprises factory in Karachi, Pakistan. And 89 workers were killed in 2005 in a building collapse in Bangladesh.

Do not ask for whom the bell tolls; it tolls for the sewing machine operators who make your clothes.

We should turn first to the notoriously cutthroat global apparel industry for accountability. No budget for safety doors or fire drills, much less decent wages, is available when the big brands are cutting prices every year.

The inflation-corrected cost at the dock of imported clothes has declined one-third since 1989 and one-fifth since 2005. The cuts in prices—as we Americans spend half of what we once did on clothing—come from somewhere. They are coming from the shabby
treatment of workers.

All of the major brands pledge, through their Codes of Conduct, to see to it that the factories from which they buy garments will abide by safe and healthy standards. Many of these voluntary Codes derive from the Business Social Compliance Initiative (BSCI), a European industry monitor that has authored Codes of Conduct for hundreds of garment manufacturers worldwide. But when push comes to shove, and then collapse, they say, as did BSCI after Rana Plaza, BSCI considers its work a “social audit and doesn’t examine the structural soundness of the building... Social auditors are not technical engineers or architects. What they usually will look at is whether there is a building permit. That's pretty much where it stops.” Blame someone else.

But wait: The Rana Plaza building permit was for five stories. The factories operated on floors three through eight. It doesn’t exactly take a technical engineer to notice that sort of flagrant non-compliance.

After Rana Plaza, Bangladeshi and global union federations convinced leading firms to sign an agreement, the Accord on Fire and Building Safety, that gave unions a voice in a jointly managed inspection, training, and safety plan. Two hundred firms have signed up including the largest European retailers and a handful of important U.S. firms, led by PVH, a multibillion-dollar American clothing company. Unwilling to sign binding arbitration agreements, or to include union management, many big American retailers stayed out, and devised their own initiative called the Alliance for Bangladesh Worker Safety. The Alliance has agreed to use the inspection protocols the larger Accord created.

The good news is that over 2,000 factories have been inspected and have been given corrective action plans. Even better: the inspection reports are available online and given to union officers in every case. The bad news is that the factories have not yet been fixed and the factory owners continue to abuse workers and their rights regularly.
The voluntary Codes of Conduct have done little to protect workers from major fires and factory collapses in Bangladesh since their inception more than a decade ago. My research shows that all of the major incidents that killed workers in Bangladesh in recent years were at factories selling to firms that told their customers they were socially responsible.

The Spanish firm Inditex, which owns the clothing brand Zara, and is the largest clothing retailer in the world, is a leader in social responsibility. After Rana Plaza, Inditex has continued to make humanitarian donations to worker assistance, but the firm resists acknowledging a corporate obligation in the disaster.

Inditex reasons that it had no contracts at Rana Plaza when the building collapsed. But Inditex did have contracts there through the end of 2011. They left, they say, because the audits on factories they were doing business with showed defects that the owners would not fix upon a subsequent inspection. So, they say, our hands are clean as of the end of 2011.

This highlights the ethics of firm-based, proprietary audits that are not public or transparent. Inditex does not say whether their audits showed safety. BSCI disavowed responsibility for audits on building safety issues (though their code said they will preserve safety). A common sense understanding of responsibility includes the concept of reasonable anticipation and prior knowledge.

Inditex had been a purchaser from a factory in a building collapse in 2005—the Spectrum collapse in which 89 workers died. Inditex should have reasonably known about the risks of building collapse in Bangladesh. If the social compliance audit that caused them to leave Rana Plaza at the end of 2011 did not include building safety, given their own history, who is to blame for their not knowing or notifying the at-risk workers? Because this is among the most responsible firms in the world, the question gets to the heart of the entire voluntary system of ethical compliance.
The big brands might say it is not their fault that the Bangladesh government does not enforce its own building safety and labor laws. That’s too easy an evasion. One might respond: Are you willing to pay an export tax that would fund a large enough inspectorate to do the job? Would you agree to prevent your vendors from firing union advocates so that real informed and active worker safety committees would arise in every one of the 3,500 export oriented factories?

Rana Plaza signals the twilight ending of the voluntary Code of Conduct. It doesn’t work. What’s needed are laws and adequate enforcement and worker vigilance—yes, unions. The Accord is a good stop-gap: it subjects garment factories to an inspection regime and it gives workers the right to bring recalcitrant brands and factory owners to heel with arbitration or legal proceedings.

The Harvard conference occasioned many words. Progress. Voluntary. Price Pressure. But listen carefully: ATDDI: All the dudes did it. And last week, belatedly, it was called murder.
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