Workers' Lives, Walmart's Pocket
Garments' Global Chain, from Savar to New York

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In its spatial expansion, capital has globalised the production and distribution chain. The division of labour has been restructured throughout the world, factories have shifted from North to South, structural unemployment has increased in the North and cheap labour has been exploited to the hilt in the South. Bangladesh has thereby become the second-largest ready-made garment exporter in the world after China, supplying garments to major Western clothing brands. On 24 April 2013, the collapse of Rana Plaza that housed five garment factories killed at least 1,134 workers and injured many more. It exposed the vulnerability of the industry as well as the global lack of responsibility and accountability. This article investigates the global chain of the industry in order to understand the linkages between the lives of workers in the South and the profits of the monopolies of the North. The article also makes an attempt to understand the roles played by the local and global profiteers in the supply chain.

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The ready-made garments (RMG) industry in Bangladesh is a part of a larger global chain of investment, employment, markets and profit. This $20 billion industry in Bangladesh supplies major western clothing brands, including Marks & Spencer, Tesco, Gap and Walmart, while paying workers the lowest wage that garment workers across the world get. It is the long working days and nights of the workers at rock-bottom wages in the factories of Savar in Bangladesh, more precisely, their long surplus labour hours that make the pockets of the garment brand-owning companies in New York, Toronto and London, thousands of miles away, heavier.

Different estimates show that, for every garment that is sold at $100 in the Western market, the governments of those countries earn around $25, brands and buying houses make at least $50, and of the rest goes to the owners, raw material suppliers, production cost, etc. Workers get less than $1. Monopolies like Walmart use their leverage to beat down the prices of garments and this has a disastrous effect on the lives of workers in the supplying countries. In order to keep their profit at the highest possible rate, the local owners cut their costs in wages and safety measures. What results is a vicious global chain of high profit and cruel deprivation. Local and global profiteers share the cake in different proportions at the cost of millions of workers.

This unjust system of repression, insecurity and deprivation is the root cause of the vulnerability of the workers, the hardship they are forced to endure in the course of their working lives, and the high probability of suffering a cruel, untimely death. One has only to remember the victims of the Spectrum, Smart, Tazreen and Rana Plaza disasters.

This article investigates the rise of the industry and its global supply chain to understand the linkages between the lives of the workers and the profits of monopolies like Walmart. The article also looks into the roles played by local and global groups, and the consequences for the workers one year after the industrial disaster in Rana Plaza.

Evolution of the RMG Industry

Bangladesh is now the second-largest RMG exporter in the world after China. Both internal and external factors favoured the rise of this export-oriented business in Bangladesh, which happened at a time when, even as local industry was facing a structural onslaught, many suppliers of branded apparel were looking for new manufacturing sites that had access to huge pools of cheap labour.

When the Multi-Fibre Arrangement (MFA) for the North American market was introduced in 1974, Bangladesh did not have an export-oriented garment industry at the time. This arrangement affected many garment-exporting countries as the MFA imposed quotas on garments exports from many developing countries, including South Korea and Taiwan. As a result, entrepreneurs from the quota-restricted countries like South Korea were looking for countries that could become new manufacturing sites. By 1977 they reached Bangladesh to enter into joint ventures and take advantage of this quota-free country. Very soon the rapid expansion of the RMG industry changed the industrial landscape of the country. The end of the MFA in 2004 was not a problem; the RMG industry in Bangladesh could continue to grow because of its competitive advantage that derived from its low cost of production.

Since the early 1980s, like in many other countries, structural adjustment programmes caused many big industries to close in Bangladesh. De-industrialisation put millions out of work when, due to favourable global and local policies and incentives, labour-intensive, export-oriented industries thrived. Insecure, non-unionised, low-wage employment became the main source of livelihood, especially for young women.[1]

The evolution of the export-oriented RMG industry in Bangladesh, therefore, coincided with these "reforms" in the contest of rising unemployment and the emergence of a new international division of labour. In addition to policy and material support from both the government and the international financial institutions, the country also had other favourable factors besides the large potential supply of workers willing to work at the lowest wage in the world.

The export of RMG increased from $3.5 million in 1981 to $20 billion in 2013. Despite the sustained high growth of RMG exports, the industry continued to have weak backward linkages. Therefore its import component has always been high. The industry created a 4 million strong labour force, mainly of young women workers, with lower real wages and higher job insecurity compared to the earlier workforce in the jute, cotton textile and sugar industries. After many incidents of fire and collapse of factories over the years, the deadliest two in Tazreen and Rana Plaza brought worker safety and violations of labour rights to world attention. These disasters also brought the question of the responsibility of the big global clothing brand-owning companies and retailers to the fore.

Industrial Reform: Export or Perish

Capital, in its spatial expansion, has globalised the production and distribution chain. In this setting, the RMG industry in Bangladesh is part of a network of buyer-driven global commodity chains. Contemporary globalisation has redefined traditional labour relations throughout the world, shifted factories from the North to the South, created structural unemployment in the North, and singled out peripheral countries as vast sources of cheap labour to be exploited to the hilt.

The neo-liberal policy and institutional reforms that had shaped the government actions in Bangladesh also had a strong ideological–political dimension. These reforms were intended to dismantle old industries and destroy workers' strongholds. The privatisation of state-owned enterprises, downsizing of industrial units, closing down of so-called "loss-making" enterprises and retrenchment of workers have been at the top of the agenda of successive governments in Bangladesh.[2] Erosion of public enterprises in the process of de-industrialisation created widespread unemployment. The process reached its peak in 2002 with the closure of Adamjee Jute Mills, then the largest jute enterprise in the world. The demise of this enterprise was arranged in the name of "jute sector development" with a $250 million loan from the World Bank.[3] The reform process created a large pool of labour—disorganised, scattered, unable to assert its rights and forced to accept low wages. A huge pool of young women from the unemployed and/or from poor families, ready to work for rock-bottom wages and longer working hours, made up the new workforce. The neo-rich were looking for high-profit investment; they became the new owners.

All governments since early 1980s have maintained the policies of the Structural Adjustment Programme to offer a longlist of incentives for export-oriented industries and foreign investment. These policies were backed by the export or perish argument: poor countries must increase export options, adopt the export-oriented development paradigm, otherwise they will perish. For export-oriented industries these incentives included duty-free import of capital goods for 100% export-oriented industries, establishment of export processing zones (EPZ) to give exporters more benefits, creation of an export promotion fund (EPF) for product development and market promotion of new items, exemption from payment of 50% of income tax on income derived from export, exemption from payment of import licence fees by exporters who import raw materials exclusively for export production, and retention of up to 10% of earnings for general business purposes (soon to be raised 20%). In later years, on many occasions, garment exporters managed to derive further benefits and favours from government.

This "export or perish" model has been hailed by neoclassical economics since the 1950s. As is well known, the first critique of this model was articulated independently by economists Raúl Prebisch and Hans Singer at the time. Their almost similar findings, on the basis of data on international trade between the developed North and the postcolonial South gave birth to the famous Prebisch–Singer thesis that made the point that "the countries that export commodities (developing countries) in time would import fewer manufactured goods relative to a given level of exports of primary goods." They further argued that "there was and would continue to be secular decline in the terms of trade of primary-commodity exporters due to a combination of low income and price elasticities of demand" (Todaro and Smith 2006).

Later, East Asian and a few other countries developed capabilities to export manufactured goods that created expectation of a change of the scenario. But, "unfortunately, this structural change has not brought as many benefits to developing countries as they had hoped, because relative prices within manufacturers have also diverged. Over the last quarter century the prices of the basic manufactured goods exported by poor countries fell relative to the advanced products exported by rich countries. The price of textiles fell especially precipitously, and low-skilled electronic goods are not far behind" (Todaro and Smith 2006: 524). A United Nations study also shows that, during the 2000s, the terms of trade of East Asia (with its export of manufactured goods) deteriorated (UN 2008). Transition from primary goods to simple manufactured goods like garments did not change the relative vulnerability of countries like Bangladesh. In fact, time has shown that the relative economic positions of countries do not depend on the composition of exports, but on the global power structure.

Therefore the export-oriented model has become a double-edged sword for peripheral economies. On the one hand, these countries have little option left but go with the export-oriented growth chosen by the North; on the other, in many ways, they are subjected to the risks of adopting this path.

First, the terms of trade often work against these peripheral countries. The unit value of Bangladeshi exported garments, for instance, relative to that of imported items from the North is always failing. In other words, the country must sell more of its items to import the same amount of goods from the North (GOB 2013). On the other hand, in order to increase the quantity of its exports, the country has to keep the export price as low as possible and take measures like artificial depreciation of its own currency that inevitably hurts other areas of the economy.

Second, the fates of the export-oriented economies of the South are dependent on conditions in the economies of the North. Financial crisis, rise of unemployment in the latter economies, tariff and non-tariff barriers, and political manipulation keep countries like Bangladesh under constant threat. Moreover, in many ways, the importer countries, especially the US, regularly take advantage of the export dependence of Bangladesh to bargain for other privileges.

Third, about 60% to 80% of the sales-value of garments in the retail market goes to the international buyers and retailers. A retailer's aim is twofold: (i) keep the prices at which it purchases its merchandise as low as possible; (ii) maximising profit.

This induces cost-cutting behaviour right through the global supply chain. The local owners of the RMG manufacturing units are thereby driven to cut their costs to safeguard their own margins, and in the process, workers are subjected to constant stress and often, factories are turned into mass graves.

Factories as Death Traps: Who Are Responsible?

Since the early 1990s, more than two thousand workers, mostly teenaged girls, lost their lives in different garment factories in Bangladesh. This happened because of either fire, or collapse of unauthorised or faulty factory buildings. Also, there have been a number of secret killings by goons or police firing, in addition to rape and killing of over a thousand of women workers on the way to and from the workplace.

It is necessary to mention some cases of fire and collapse to understand the factors behind these fatal "accidents"—32 killed at Saraka Garments, Dhaka, 1990; 22 killed at Lusaka Garments, Dhaka, 1996; 20 killed at Jahanara Fashion, Narayanganj, 1997; 24 killed at Shanghai Apparels, Dhaka, 1997; 12 killed at Globe Knitting, Dhaka, 2000; 23 killed at Macro Sweater, Dhaka, 2000; 23 killed at Chowdhury Knitwear, Narsingdi, 2004. On 6 January 2005, during a fire at Shaan Knitting and Processing in Narayanganj, all the gates of the building were kept locked. The incident claimed at least 23 lives.

Eight years before the Rana Plaza disaster, there was another collapse of a nine-storey garment factory (Spectrum) building at Savar on 11 April 2005, which caused the death of nearly 100 workers with another 100 workers still missing. This factory had also been producing for the markets of Europe and the US. The building housing the factory was constructed without proper authorisation. In another incident, in March 2006, as a result of a fire in a building that housed Saiem Fashions and other garment factories, three workers died and 50 were injured. Three more factory accidents occurred in early 2006, two in Dhaka and one in Chittagong, leaving at least 142 workers killed and more than 500 injured many of them disabled for life. At least 62 were killed at KTS Garments, Chittagong, in 2006. However, clearly the list is incomplete and the number of the dead has been underestimated. In many cases, we are not sure about the number of uncounted workers who have died (Muhammad 2011).

Various reports and studies make it clear that all these accidents took place due to lack of proper safety measures at the factories. Reports have also revealed the fact that,

> according to official statistics, only three inspectors are engaged in inspecting safety measures at as many as 15,000 factories under Dhaka divisional factory inspection office. And only 20 inspectors are now deployed to inspect around 50,000 registered factories in the country. Of them [these inspectors], four are working at the head office, six at Dhaka divisional office and three at Chittagong, Khulna and Rajshahi divisional offices (*The Daily Star*, 28 February 2006).

Four years later, another report quoting fire service officials pointed out that "a large number of garment factories do not have emergency lights, which can be turned on without electricity during the crisis. This is why the whole factory falls into total darkness during a fire" (*The Daily Star,* 27 February 2010). On 12 December 2010, police opened fire on garment workers of a factory owned by a South Korean group in Chittagong, killing at least three. The firing took place during several days of protest in which thousands of workers participated. They were protesting the factory owners' refusal to pay the wage agreed upon earlier.

Two days after the police killings, a fire in the Ha-Meem clothing factory in Ashulia near Dhaka killed between 26 and 31 workers and injured at least 100. The exact number of dead in both the fire and the police killings has not been established till today. An industrial police has recently been formed, obviously not to save workers from the atrocities but to suppress them.

On 23 November 2012, a horrific fire in a factory owned by Tazreen Fashions turned more than 100 workers along with the factory into ashes. This factory used to make clothing for several retailers around the globe, including Walmart, Sears and the Walt Disney Company. No action was taken against the owner till the end of 2013. However, a consistent campaign by different workers organisations and legal action by a group of activists ("activist anthropologists") could bring the owner to court in late 2013, and with the court's order he was arrested after 13 months had gone by since the Tazreen fire.

That all these fatal accidents, including the Tazreen fire, could not wake up the owners, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) or the government, was manifested by their lethargic inaction or irresponsible indifference to fix the problems in the industry. Therefore, Bangladesh witnessed its worst industrial disaster on 24 April 2013, only five months after the Tazreen fire, that killed more than 1,135 workers, with hundreds missing, and many more injured. Garment factories turned into a mass grave at Rana Plaza, Savar.

This eight-storey building, owned by Sohel Rana, associated with the ruling party, had approval for only five floors. On the day before its collapse, an engineer raised safety concerns while he noticed cracks in the Rana Plaza complex. But the factories housed therein were kept open to fill overdue orders. The authorities forced workers to join or face punishment. When generators were restarted after a power blackout, the building collapsed with thousands of workers in the premises. Five garment factories were in operation in the Rana Plaza—New Wave Style, New Wave Bottom, Phantom Apparels, Phantom Tac and Ether Tex. After the collapse, 2,438 workers were rescued, about 330 workers were initially found missing of which 207 workers were later identified through the DNA test.

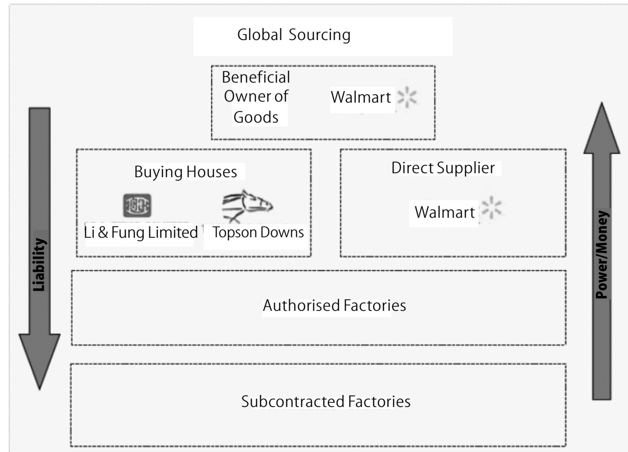
Several studies show that with the world's lowest wages and no job security for its workers, the industry maintains the highest profits for owners, buyers and global retailers. Inhuman working conditions, low wages, verbal and physical abuse, irregular or non-payment of dues and the inability to organise are common in many of the factories supplying world-class garments. Additionally, most of the so-called "accidents" since 1990 reveal the faulty structure of factory buildings including weak electrical wiring, lack of fire exits and fire alarms, narrow stairs and exit paths, poor foundations, and locked doors. These problems persist because of inadequate or non-existent regulation and lack of monitoring by the relevant government agencies, as also, ignorance or indifference on the part of the global brand-owning companies and their agents.

If we investigate to determine the responsible parties for these death traps, then we find at least three groups from home and abroad. They include:

(i) Owners of the Factories, Buildings and the BGMEA: No irresponsible owner has ever faced legal action for his wrongdoings; it seems that they the owners have a free hand to do whatever they like. As an umbrella organisation of garment-factory owners, the BGMEA has the responsibility of monitoring compliance and advocating high industrial standards. Instead, this organisation appears as the collective muscle of the owners to protect them from the law.

(ii) Relevant Government Agencies: There are ministries, directorates and divisions within government that are supposed to monitor the industry and to take action whenever necessary

Figure: Global Chain: Brands, Agents and Subcontractors



Source: Laura Gutierrez, "Save Money, Live Better?" Presentation at Jahangirnagar University, Savar, Dhaka, 14 May 2013.

for the abuse and irregularities but their presence has been little felt. Even the number of factory inspectors shows the government's indifference. This pathetic state of affairs has not changed even after the worst disaster. For example, the budget of 2013–14 was presented within two months of the Rana Plaza disaster, but no allocation was made for the appointment of the necessary number of factory inspectors and for strengthening rescue facilities. Instead, "industrial police" was mobilised to suppress the workers' agitation demanding decent wages and proper safety/security measures.

(iii) International Buyers and Brand Retailers: The abysmal conditions on the ground are not unknown to them. Factories often accept abnormally low prices in order to attract buyers and grab orders. In turn, and in order to maintain a high profit rate, low cost suppliers often avoid safety measures and reduce per unit labour costs (through increasing working hours, cutting benefits, not spending on other facilities, and so on). This cost cutting behaviour deepens the deprivation and vulnerability of workers.

The global chain for RMG works is as follows (also see the accompanying figure):

Subcontractor→ Factory→Agent/Buying house→Brand Retailer
Savar→Dhaka/Chittagong→London/Berlin/Stockholm/NY/DC/Toronto
Tazreen/Rana Plaza→Topson Downs/Li Fung→Walmart/Gap

A recent study (Labowitz and Pauly 2014) throwing light, among other things, on the heavy reliance of some of the largest multinational companies on agents—"matchmakers" between buyers and factories to source their products—states:

> These agents offer buyers a one-stop-shop that simplifies their supply chain but, in turn, reduces transparency to buyers and their control or understanding of their supply chain. The BGMEA members' guide lists about 1,000 agents in operation throughout Bangladesh, servicing the 4,417 factories listed in the guide. BGMEA president estimated that fully 80% of orders are run through agents, though like all statistics in Bangladesh, it is very difficult to independently assess the actual breakdown.

The agents who mediate between the factories and the global brand-owning companies are from North America, Europe, Hong Kong and India. Many Indian companies, big and small, have invested in joint ventures in Bangladesh. Their role is expanding in the RMG sector. One investor estimated that nearly 400 garment-buying houses from India operate from Bangladesh (Narayanan 2013).

The "sourcing giant" Li & Fung has been working in Bangladesh's RMG sector since 1996 to supply Bangladeshi apparel to dozens of major retailers, including Walmart. Its control has extended deeper into the supply chain since 2006. In January, 2010 Li & Fung formed a new subsidiary called WSG group, a sourcing stream servicing Walmart globally. A Li & Fung president explained that direct sourcing is a huge, volume-driven, low-margin business resulting in the lowest prices which is an advantage to Walmart (Cheng 2001). Leading agents such as Li & Fung offer buyers a package that includes quality and labour compliance audits.

These agents allow buyers to expand or contract their supply base at will. This puts local factories in a highly uncertain situation, resulting in factory owners "foregoing investments that would improve working conditions," fire and building safety and productivity. The loss of transparency and control that agents facilitate, coupled with a "lack of long-term commitments and a heavy reliance on subcontracting," contribute to the risks of indirect sourcing. But that makes the product cheap, which is the main attraction of global brands like Walmart (Labowitz and Pauly 2014). According to BGMEA (2010):

> 30% of Bangladesh's garments exports to the US went to Wal-Mart, the world's largest retail chain. The US is the single largest importer of Bangladeshi garments.... The Wal-Mart CEO came to visit readymade garment industry as Bangladesh becomes one of the important sourcing countries in recent years for the company.

Monopolies like Walmart and the French retailer Carrefour use their leverage to beat down prices and wages all over the world. Both called up the Bangladesh government for assurances on deliveries when 1,000 factories were shut down during a strike action in May 2006. Therefore, it is correct to note that "behind the low wage scale in Bangladesh is not only the drive of the local capitalists to maximise their profits, but the pressure of the giant retail monopolies like the US-based Wal-Mart Stores, Inc, the world's largest retailer" (Workers World 2006).

A number of parties, local and global, are involved in the extraction of profit deriving from the value created by the garment workers. For the factory owners, however, as a report in the *Guardian* (2010) puts it:

> the only thing left to squeeze is the wage of the garment worker and they are hardly going to invest money in proper factories with functioning fire escapes and sprinkler systems unless failure to do so precludes them from getting orders. Inevitably, as buyers from our high street stores drive down the price, the slack is picked up by the most vulnerable in the chain—the garment workers.

Therefore, the chain of subcontractors and agents work alongside the global brands and approved factory owners. Research on the sector found the largest factory groups in Bangladesh featuring "showcase" factories with "higher safety and production standards as the face of the group to foreign buyers, while maintaining additional, less compliant facilities as the productive engine of their operations." According to Labowitz and Pauly (2014):

> people across the sector acknowledge the reality that an extensive network of small, less compliant factories undergirds the production capacity of the big factory groups that maintain the primary, direct relationships with Western buyers.

Comparatively, subcontracting seems easier because, the "mother" factories take care of banking, transport and management of the bureaucracy. "Despite strong language in their policies about non-transparent subcontracting" many buyers pay little attention to the practice of subcontracting. They want only "98% on-time shipment." Sometimes they ask for an "alternative source" to ensure timely shipment (Labowitz and Pauly 2014). Moreover, companies like Walmart play a significant role in blocking reforms that will lead to retailers paying more for apparel in order to ensure that the Bangladeshi factories improve their safety standards.[4]

All these factors create a chain of deprivation and make Bangladeshi products cheaper at the cost of human lives.

Lowest Wage, Cheapest Product

The wage rate and the unit labour cost have been the lowest in Bangladesh compared to other RMG-producing countries right from the inception of the industry in Bangladesh. This status has not changed despite upward revisions of the minimum wage. During the 1990s, unit labour cost in Bangladesh was $0.11 per shirt, whereas the same was $0.26 in India and $0.43 in Pakistan (BIDS 2000). According to the Brussels-based International Textile, Garment and Leather Workers Federation, in "February 2005, a garment worker in Bangladesh received only 6 cents as wage per hour, compared to 20 cents in India and Pakistan, 30 cents in China, 40 cents in Sri Lanka and 78 cents in Thailand" (*Asian Tribune*, 28 May 2005). The average monthly wage in purchasing power parity (PPP) terms was also found to be the lowest in Bangladesh. The annual minimum wage in PPP dollar in different countries in 2008–09 was as follows: Taiwan: 955, China: 204, Cambodia: 156, Indonesia: 142, Vietnam: 120, Pakistan: 118, India: 113 and Bangladesh: 69 (ILO 2009).

In 2006 and again in 2010, collective actions of the workers forced the owners to revise the wage structure. If we look at the wage structure in taka,[5] it increased from 78.8% (grade 1) to 9.4% (grade 7) between the 1996 and 2006 wage scales. However, the 2006 wage scale in fact decreased compared to 1993 in the dollar terms (CPD 2010). Even after a series of protests and demonstrations, the minimum wage declared in July 2010 was still a below-subsistence wage. The exchange rate of the taka with the dollar was stable between 2006 and 2010, but the price level increased more than 50%; indeed, there was a more than 100% increase in the price of rice during this period, pointing to a decrease in real income even with the new wage scale.

A new scale of wages was declared on 21 November 2013. The minimum wage was fixed at BDT 5,300 when the poverty-line income of a family was BDT 18,000. But, in nominal and dollar terms, wages in new scales increased compared to the same in the 2010 scales. Nevertheless, the minimum wage remains the lowest in the world, below the poverty level of income of a single person and less than one-third of that for a three-member family. As is usual, many owners keep opposing this scale; many factories are yet to implement this low wage, not to mention the fact that subcontractor factories are still in operation.

In an interview to *Business Line*, an Indian proprietor, who has been in the apparel outsourcing business for over three decades, felt that the garment buyers "will still do business in a big way" with Bangladesh despite the unfortunate Rana Plaza accident. This was because the country offered several advantages like low making charges and duty-free export opportunity to Canada and Europe, including the UK. Elaborating on the cost-benefit of doing business in Bangladesh, he said the cost of making a five-pocket jean is approximately $1.30 to $1.40 per piece while in India it costs $4 to $5 a piece (Narayanan 2013).

In one estimate we find that if any garment is sold at $14 at any super market in New York or Toronto or Sydney or London, around 60% of that value is usurped by international buyers and retailers. Governments of Western countries also earn a good amount as value-added tax or sales tax. Therefore, the major part of the pie is grabbed by those who have no role in producing the good. Out of the remaining, 40% of the value, the costs of imported and local materials and for establishment take nearly 35%. Less than 1% of the value is left for the workers. The fabric and the trimmings make up the largest costs. Wages ultimately get squeezed the most because businesses can easily control them, unlike the price of cotton or shipping.

Therefore, it is no surprise that present wage level is much lower than the living wage, even much below the poverty level of income.

For a polo shirt sold in Canada at $14, its cost in Bangladesh is distributed as follows (all in $):
Materials, finishing: 3.69 (26.35%)
Shipping, tariff: 1.03 (7.36%)
Factory margin: 0.58 (4.14%)
Agent: 0.18 (1.28%)
Establishment cost: 0.07 (0.5 %)
Worker: 0.12 (0.85%)
Purchase price from Bangladesh: 5.67 (40.5%).[6]

North American retailers prefer Bangladeshi products over US ones because the sale of such products gives them a much higher profit, and consumers also get a cheaper product. Why? The table gives the answer.

Table: Costs of a T-Shirt

Costs	In the US	In Bangladesh
Materials	5	3.30
Industrial laundry	0.75	0.20
Labour	7.47	0.22
Total	13.22	4.70

Source: Institute for Global Labour and Human Rights, from http://edition.cnn.com/2013/05/02/world/asia/bangladesh-us-tshirt/index.html

The table shows that the same T-shirt that costs $4.70 when it is made in Bangladesh, costs $13.22 when made in the US. As far as the costs of materials are concerned, the two countries differ little. Material costs in the US is $5 and the same in Bangladesh is $3.30. But when it comes to the labour cost, the real source of the difference in overall cost is evident. While labour cost for a T-shirt is $0.22 in Bangladesh, it is $7.47 in the US, more than 33 times the cost in Bangladesh.

Since the global market for garments is a buyers' market, garment buyers and brands are the factory-price makers. As a recent report reveals:

> A Dhaka-based manufacturer exports cotton long sleeve tops for a Spanish buyer for decades. The buyer comes back every year with repeat order, lowering the price further. Though manufacturing cost, including wages, doubled within ... [a] span of eight years, the price was pushed down to $2.40 a piece this year from $3.40 in 2005.[7]

To grab the order, sellers often accept an abnormally low price. Despite this fall of price they find ways to maintain the high profit rate, cutting cost in every possible area. One possible option is to get the work done by a subcontractor; others include cutting cost in the provision of safety measures and reducing the real wage rate of the workers. The exercise of all of these options increases the deprivation and vulnerability of the workers, but the brand-owning companies and the retailers do not care. In this context, it is important to keep in mind that "certain global name brands said that they did not know that their products were being made at Rana Plaza, thus indicating problems of traceability in the supply chain" (FIDH 2014).

Post-Rana Plaza: What Is the Situation on the Ground?

According to the Export Promotion Bureau (EPB), the value of Bangladesh's total exports has maintained a double digit growth during July–March 2013–14 (11.9%). And "in the 12 months that ended in March from the period a year earlier Bangladesh's clothing exports jumped 16%, to $23.9 billion."[8]

A year after the Rana Plaza disaster, the main concerns of the workers have changed little. We have heard loud promises, but there is little progress on the ground. Indeed, none from the nearly 4,000 families of the victims has received any compensation. The only aid they have received from the Bangladeshi government, Primark and some donor agencies is charity support and healthcare facilities for the severely injured. Many of the surviving workers who lost their jobs have yet to be re-employed elsewhere despite many promises from BGMEA and others.

One survey among 2,222 victims, including 1,436 survivors and 786 family members, by Action Aid Bangladesh, found that "around 66% of the Rana Plaza ... [victims] are leading an inhuman life in the face of difficulties [in meeting] ... their daily needs"—2.4% of these people cannot make ends meet at all, the survey found. The survey further reports that 73.7% of the survivors are yet to return to work, mainly due to physical ailments (63.74%), trauma (23.76%) and employers' unwillingness (7.54%) (AA 2014).

Another survey, conducted by Centre for Policy Dialogue (CPD) among families of 834 workers killed in the Rana Plaza disaster, revealed that most of them were married and 56.7% of them had children. The children of the dead or severely injured workers have been badly affected; a majority of them are still living without any support (CPD 2014).

A review study done by Transparency International Bangladesh (TIB) found that (1) government has failed to take legal action against the owners and the concerned government agencies; (2) there is no progress in compensating the victims; and (3) there is no progress in formulating a comprehensive plan to rehabilitate the affected factories. TIB also draws attention to the failure of BGMEA and the global brands in implementing their promises (TIB 2014).

What Are the Concerned Governments Doing?

Over the year after the Rana Plaza disaster, the US government has earned at least $800 million as duty imposed on imported garments from Bangladesh. But it did nothing to make the US garment brand-owning companies accountable. Instead, it suspended the generalised scheme of preferences (GSP) in order to punish the garment factory owners even as garments have never enjoyed the benefits of GSP!

On 27 June 2013, US President Barack Obama declared the withdrawal of the GSP facility for Bangladesh and said: "I have determined that it is appropriate to suspend Bangladesh ... because it is not taking steps to afford internationally recognised worker rights to workers in the country." This sounds worker-friendly, but actually it is not. Although the US suspended the GSP facility to punish the garment industry, but garments, the main export item from Bangladesh to the US, never enjoyed this facility! On the contrary, it has been a victim of discriminatory, high tariff barriers from the US trade authority.

According to Oxfam US, the average tariff rate on imports into the US is 1.7%, but for Bangladeshi goods it is, on an average, 16%. Bangladesh pays nearly 60% of all the tariff revenue accruing to the US from least developed countries. Even the International Monetary Fund (IMF) earlier admitted that "poor countries—like Bangladesh—face the highest effective tariffs, on average, four or five times those faced by the richest economies" in the US.[9]

Ambassadors Terry Miller and Ryan Olson of the US correctly argued that

> this move [to suspend GSP facility] is punitive and off-target. In reality, the GSP covered only 118 products and $34.7 million in imports from Bangladesh in 2012. This is less than 1% of the $5 billion in total imports that Bangladesh ships to the US each year. In particular, it will have little effect on the garment industry, which is largely exempt from GSP duty-free status.[10]

Therefore, not only the action on GSP was misleading, it was fraudulent too. If the US accepts WTO (World Trade Organization) principles and stops trade discrimination and protectionism, Bangladesh would have more leverage to incentivise change within the industry. Rather the GSP issue has been used to pursue another agenda of the US. In November 2013, the governments of Bangladesh and the US signed TICFA (Trade and Investment Cooperation Framework Agreement) "to find a platform to negotiate for reinstating GSP facility!"

Although the government of Bangladesh has done little to change the conditions prevailing in the RMG industry, the owners have succeeded in deriving more benefits from the government. Different export incentives over the years have provided up to 5% cash credits on the basis of total export volume. In January 2014, the finance minister announced a 0.25% cash incentive based on the FOB (free on board) value of exports of all types of RMG items. The number of sales contracts is considered the basis for creditworthiness. The biggest factory groups thus "get the largest number of orders and subcontract actual production to a network of other facilities" (Labowitz and Pauly 2014). Furthermore, duty on source was reduced from 0.8% to 0.3% (TIB 2014); this decision alone added BDT 20 billion benefit for the owners in a single year. But the government has failed to hand over even the donation money of BDT 1.2 billion to the workers, deposited in the Prime Minister's fund by different individuals and groups for the victims of the Rana Plaza disaster, this even after one long year has gone by.

The Brand Role: Accord and Alliance

After the Rana Plaza disaster, citizens around the world demonstrated their discontent and anger on the conditions of workers in the thriving RMG industry. In response to the protests, there have been some initiatives by the global garment brand-owning companies and retailers in the garment-importing countries. The most important of these are the formation of the "Accord" and the "Alliance," both of which have been planned for five years. The Accord on Fire and Building Safety was established on 15 May 2013 with the initiative of Industri All (headquartered in Geneva) and UNI Global Union (also headquartered in Geneva).[11] This Accord is an agreement between the labour unions and over 150 apparel brands and retailers. While the vast majority of Accord signatory companies are European, some North American brands have also joined the agreement. Many of the industry's biggest companies refused to sign the Accord, including Walmart, because of its binding nature. The Accord companies are required to fund and participate in independent safety inspections and renovations. It is claimed that the Accord obligates companies to maintain order volumes in individual factories.

The American Apparel and Footwear Association and several US senators took initiative to establish a non-binding programme, the Alliance, formed in July 2013.[12] The North American big brands, including Walmart and GAP, are part of this alliance. The United States Agency for International Development (USAID) and the International Finance Corporation (IFC), the latter, of the World Bank group, are also members of this alliance. Unlike Accord, the executive leadership of the Alliance consists of industry heads and company representatives. Its board of directors includes a Walmart vice president, the BGMEA president, the US ambassador to Bangladesh, and the GAP boss. A Li Fung representative participates in the Alliance in an advisory capacity.

The core programme elements for the Accord are "safety inspections, remediation and building safety training, member-sponsored funding for factory improvements." For the Alliance the programme encompasses "safety inspections, safety and empowerment training, voluntary loans for factory improvements."

While the Accord is a legally binding agreement between companies and trade unions, the Alliance is not legally binding and has no role for trade unions, workers and worker representatives. However, the Accord and the Alliance serve very similar functions in Bangladesh: they create a short-term inspection and monitoring system among some selected factories, "conduct trainings for management and workers on fire and building safety, and provide some level of resources to their primary suppliers for remediation efforts." It is interesting to note that the companies providing these facilities are publicising themselves in Bangladesh.

According to April 2014 data, Accord targeted 1,626 factories for inspection, according to their claim, completed nearly 300 and published some inspection reports. The Alliance declared its plan to inspect 626 factories, but they published no details of the 247 factories they claim to have inspected. (TIB 2014) The two initiatives thus cover nearly 1,873 factories between them, but there are between 5,000 and 6,000 factories, both registered and unregistered. Therefore there is a genuine concern that "the Accord and the Alliance's inspection and remediation regimes are unlikely to reach the factories where workers are most at risk" (Labowitz and Pauly 2014).

These initiatives, however, do not cover the issue of compensation. The ILO has taken the initiative to mobilise funds for compensation. Based on the compensation estimates for the victims of Spectrum Garments using the benchmark of ILO, an approximate total of $74.5 million has been estimated to be required to compensate the victims of Rana Plaza. A single approach has been established in accordance with the ILO Convention 121 and the Bangladesh Law to compensate the 3,600 Rana Plaza victims. The ILO has planned to mobilise $40 million, while "current total available for awards about US $17 million."[13] According to Human Rights Watch, "15 international retailers officially implicated in the collapse have not yet paid into the fund." Human Rights Watch reached out to 14 brands for an explanation as to why they did not contribute to the fund.[14] It is important to note that all funding from the brands are still voluntary; no legal system has been formulated to force the brands to fund compensation as a compulsory liability.

In Conclusion

Many companies looked at all the fatal "accidents" (discussed in this paper) as a brief "public relations disaster," but the real disasters have been traumatic for the thousands of workers' families. The national and multinational enterprises in the RMG business have failed to uphold their responsibilities even as they have made even more profits than before. In our investigation of the global supply chain, we find a number of business groups in Bangladesh and in the West who are getting fatter over the value created by the workers of the RMG industry in Bangladesh. All of them must bear responsibility for failing to secure a minimum standard in the RMG factories.

In a sentence, the mania of businesses from home and abroad to derive more and more profit without bothering about the heavy costs borne by the workers led to the horrific disasters of Rana Plaza and Tazreen. The global network of injustice allows factory owners, BGMEA, agents and global retailers to avoid responsibility even after the deaths of thousands of workers. This shows a failed system of accountability on a global scale, from Savar to New York. Questioning and monitoring this unjust system and raising our collective voice to uphold the rights of the deprived workers are our responsibility, from Savar to New York.

NOTES

1 See Muhammad (2007) for an analysis of different aspects of this phase.
2 For analysis on the direction of Bangladesh economy see Muhammad (2006).
3 For details of jute sector destroying project of the World Bank, see Muhammad 2002
4 http://www.nytimes.com/2012/12/06/world/asia/3-walmart-suppliers-made-goods-in-bangladeshi-factory-where-112-died-in-fire.html?_r=0, retrieved on 2 May 2014.
5 One dollar exchanged for 77.64 BDT on 3 May 2014.
6 From a study by consulting firm O'Rourke Group, 2011 (http://www.prothom-alo.com/detail/date/2013-05-04/news/349443).
7 http://www.thedailystar.net/beta2/news/secret -cuts/
8 http://www.nytimes.com/2014/04/28/opinion/one-year-after-rana-plaza.html?src=recg
9 http://www.imf.org/external/pubs/ft/fandd/2002/09/smith.htm
10 http://www.heritage.org/research/reports/2013/07/punitive-trade-sanctions-on-bangladesh-not-the-way-to-improve-labor-conditions
11 For details of Accord, its objectives, source of funding and participant organisations, see http://www.bangladeshaccord.org/
12 For details of Alliance, its objectives, source of funding and participant organisations, see http://www.bangladeshworkersafety.org/
13 This figure is stated in the official website of the fund: http://www.ranaplaza-arrangement.org/fund/donors, retrieved on 6 May 2014.
14 Detail names and their fashion ads are given in this link: http://www.policymic.com/articles/88325/one-year-later-here-s-every-company-that-hasn-t-paid-the-bangladesh-factory-victims?utmsource=policymicFB&utm_medium=main&utm_campaign=social

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