

Lessons from the Bangladeshi Factory Collapse

The only way to ensure real change is to transform our global economic rules to value workers no matter where in the world they might be.

BY IMARA JONES MAY 22, 2014 <https://www.colorlines.com/articles/lessons-bangladeshi-factory-collapse>

Just over a year ago, in the wake of Rana Plaza factory collapse in Bangladesh, retailers, unions and NGOs banded together in two separate efforts to ensure that such an event would never happen again. A little over 12 months later, the work of the Accord on Fire and Building Safety in Bangladesh and the Alliance for Bangladeshi Worker Safety struggle to make sustained progress. Their difficulty should not come as surprise. The problem is that they are fighting the sometimes savage laws of economics. The bottom line here is that the only way to ensure real change is to transform our global economic rules to value workers no matter where in the world they might be... For consumers used to donning items with a “Made in” label from a distant place, the cost of our out-of-sight, out-of-mind global system of production became quite real... Corporate signatories to both the Accord on Fire and Building Safety in Bangladesh and Alliance for Bangladeshi Worker Safety pledged to ensure minimum standards to ensure that garment employees and the places they work are safe... Only half of Bangladesh’s 5,000 garment factories employing 3.5 million people are covered by their separate agreements. The Accord will protect 1,500; the Alliance another 700. Reporting by The New York Times refers to remaining 2,500 facilities as those with worse conditions than the others that will be inspected.

What’s essential to grasp is that despite the harsh conditions and low pay, apparel production is an essential lifeline for Bangladesh. The \$38 a month paid to most workers was as much as double as what employees could earn in other common areas like housework. It allows for money to be sent back to pay for the schooling of loved ones and the purchase of essentials. It also grants young women the step towards an independent life that would not be possible if they remained in rural villages. Factory worker Nazma Akhter’s mother worked her entire life farming rice. Akhter, who jumped from the stricken Rana Plaza building, told Bloomberg Businessweek about why she worked there: “My mother couldn’t stand straight anymore. I couldn’t live like that. I couldn’t make my daughter live like that.”

Moreover the \$20 billion garment industry is also the way that the country as a whole generates the money it needs to pay for global essentials. Eight out of 10 dollars that this South Asian parliamentary democracy earns from exports comes from the manufacture of apparel. This cash is how Bangladesh pays for products like oil, gas, medical equipment and other key items the nation needs to stay afloat. Without the garment industry, Bangladesh would essentially be effectively bankrupt.

The problem is that all of this, as Rana Plaza highlights, comes as a steep cost. That’s because Bangladesh is playing an international economic game in which it is stacked to lose. The current economic rules of the road incentivize Bangladesh, the companies that produce there, and the foreign firms which hire them to keep costs low. It’s one of the reasons that half of Bangladesh’s garment producers remain outside of the Accord and the Alliance. The nation’s

lower labor costs relative to other countries and cheaper facilities, with less safety features, helps Bangladesh attract international investment as a result of its bargain-basement prices.

It's All About Pay

What's counterintuitive to this situation is that worker pay is essential to worker safety. The bottom line is that companies will only invest in worker safety and protections when the numbers say that employees are worth it. And what telegraphs a worker's value to owners and managers is how much they are paid...Factory owner Shabbir Mahmood told PBS' Newshour, "The buyer says if you can't give it (to us) for our price, we'll go somewhere else."

In low-cost industries like the garment industry, this can fuel a disruptive race to the bottom where producers are constantly on the move across the globe—opening and closing factories—to hold costs down. In fact, until late last year when the nation's parliament voted to raise it, Bangladesh had the lowest official minimum wage of anywhere in the world. That's why, in the wake of the Rana Plaza disaster, Thomas Palley of the London School of Economics proposed the idea of a global minimum wage. Though his proposal and the others that followed it would calculate the global minimum wage differently, the goal is to raise wages in countries around the world sufficiently so that the destructive in-out cycle of producers would be reduced. It wouldn't be as cost effective to pick up leave, and companies would have a stronger incentive to invest in local worker safety.

It's important to emphasize that the global minimum wage would not equalize pay between a garment worker in another country and that in Bangladesh. But it would reduce the difference in pay between the two so that the churn of moving from country to country and skimping on worker protections is less systemic. If the global minimum wage had been in effect last year, a garment worker in Bangladesh would have earned \$95 instead of the actual \$38 a month that they were paid.

To be clear low pay in did not cause the Rana Plaza disaster, but it did induce it. And the global incentive for rock bottom wages is why both the Accord and the Alliance are finding it difficult to gain traction. The only way to avoid another repeat of the tragic affair is to raise the value of workers everywhere so that companies will be encouraged to treat them more like human beings and less like cogs in a dangerous machine.