

Paper Submission for the 12th GLU Conference
Jawaharlal Nehru University, New Delhi, India
October 4-6, 2017

Submission for Conference Track #2:
Global Supply Chains and Implications for Labour

Paper Title:
**The Impact of the Sourcing Squeeze on Workers' Rights in Global Supply
Chains: Analyzing the Evidence using the Labour Rights Indicators**

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Abstract

Myriad state and non-state social compliance programs have sought to address worker rights violations in global supply chains. Yet certain practices persist and in some cases have become more pronounced. Notably, wages remain chronically low and forced and excessive overtime remain endemic. I argue in this paper that some of the root causes for these problems can be found at the top of supply chains in how lead firms price their production contracts and administer their sourcing practices with their global suppliers. MNC power consolidation at the top of Global Supply Chains is the result of how the global economy has been governed, notably through trade agreements that have facilitated capital mobility, international outsourcing, and the protection of intellectual property rights, while failing to provide adequate protection of worker rights.

I first explore this argument by examining the price paid for imported apparel to the U.S. and the E.U. by the top apparel exporting countries in the world. Using new data of the Labour Rights Indicators project, I then examine worker rights trends in top apparel exporting countries. Finally, these findings are complemented by field research in Bangladesh, which allowed me to explore in

detail how declining prices paid by lead firms appear to have contributed to a lowering of the price paid to labor per unit produced and a lowering of supplier factory profit margins. I also found evidence of how short production order lead-times and dramatic fluctuation in contract volumes contributed to chronic overtime, as well as unauthorized outsourcing. As the December 2016 strike wave in Ashulia, Bangladesh illustrate, the impact of the price squeeze on wages is conducive to cycles of labor protests, worker rights abuses, and transnational activism.