JUST SUPPLY CHAINS

MAY MEETING

This is the second meeting of the “Just Supply Chains” working group, to be held at Stanford University on May 16-17, 2008. It will build on the themes and debates that came out of our first meeting, held at MIT in January, 2008, but extends them by focusing more on issues related to national level and global regulation. Please find, attached, a description of the Just Supply Chains project.

Our first meeting brought together an exciting group of academics, business managers, leaders of various labor-rights NGOs, and representatives of the ILO to discuss the role of corporate codes of conduct and other private voluntary efforts have played in promoting just employment relations in global supply chains. We focused on issues of fair compensation, decent and healthy working conditions, and rights of association. Although this first meeting also discussed some innovative experiments taking place within certain sectors or even within individual nation-states, the bulk of our time was spent debating the possibilities and limitations of private voluntary regulatory efforts promoted by both corporations and NGOs.

Five key themes/questions emerged from our January meeting:

1. What are the costs and benefits associated with traditional labor compliance programs and how are these costs and benefits distributed among the different actors operating across global supply chains? There is considerable debate over the “business case” for—or even the “return on investments” associated with—various corporate compliance programs. What do we really know about these costs/benefits and who absorbs or gains from these returns? What are the gains—operational efficiencies, improvements in quality, worker health and safety, and reductions in absenteeism and worker turnover—that flow from corporate compliance programs? And how are these gains distributed: are they captured by global brands, their suppliers, or perhaps even by the workers at these suppliers in terms of higher wages, reduced work hours and improved benefits? To the extent that these programs generate net costs (expenditures) rather than net gains, who (global brands, their suppliers, or the customers purchasing these products) should pay for these additional costs?

2. Related to this first theme is a second set of questions about “ethical consumption.” Notwithstanding all the campaigns and publicity surrounding poor working conditions in global supply chains and “fair” or
“ethical” trade, there remains great uncertainty over whether or not consumers in the developed countries are willing to reward “sweat-free” or “fair trade” products/companies by either paying more for these products or increasing their loyalty to brands that embrace these ethical standards. Moreover, it is unclear whether a simple purchase of a fair trade product leads individual consumers to become more complacent about labor justice issues (I gave at the grocery store) or if these individual consumer choices lead to greater political awareness and activism?

3. A third issue that emerged from our discussions in January centered on independent unions and the rights of individual workers to associate and bargain collectively for improved wages, working conditions, and work hours. Although some evidence suggests that corporate codes of conduct and labor compliance programs, under certain conditions, lead to improvements in working conditions and work hours, there is near consensus that this factory or company-based approach cannot do much to protect, let alone promote, worker freedoms and rights to associate. These rights are generally extra-firm rights and thus need to be established and protected across workplaces, at the sectoral or national-level. Moreover, without strong independent unions or employee associations, capable or exerting countervailing pressures on global suppliers, it is not at all clear that the workplace improvements that result from company compliance programs can be sustained. How best to enhance worker rights/freedoms of association in these emerging global centers of production, given their weak rule of law and regulatory institution, is a critical issue to explore.

4. Our fourth set of concerns builds directly on the previous issues: What can we learn from various national-level experiments with regulatory reform, especially in some of the larger developing countries? Reforms in the public administration, especially as they apply to labor and environmental standards have been documented by a number of scholars recently. How extensive and consolidated are these reforms? How have they interacted (or not) with the private voluntary systems of regulation being promoted by global corporations? Do these two systems reinforce one another or serve as substitutes, hence further weakening the role of the state in many developing countries? How effective are these reforms in more authoritarian political systems, as opposed to democracies? Following recent reforms not only in Latin America but also in South and East Asia (i.e., China’s new contract worker law) are key to answering these questions.

5. Finally, how do global governance arrangements, in particular as they relate to bilateral and multilateral trade arrangements impact the promotion of just working conditions across global supply chains? Notwithstanding the political valence this issue has gained in the current
US elections, systematic analyses of the linkages between (let alone causal effects from) these trade arrangements on labor and environmental standards are rare. What can learn from these supra-national arrangements?

These five themes will be the focus of our May 16-17 workshop at Stanford. As with our first workshop, our minimal hope is to establish a common basis of knowledge and generate lively discussions around these important issues. Our more ambitious agenda is to generate a collaborative research agenda on these issues – research that will have an important impact not only on various academic disciplines but also on real-world practice and policy. To facilitate these two goals, we have once again invited a diverse group of academics, business managers, and NGO and IGO representatives to share their respective knowledge and engage in collective discussions and debates.