

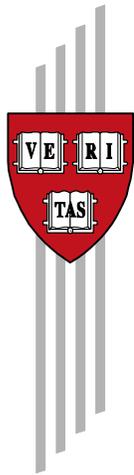
Incentivising Pro-Labour Reforms

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CID Faculty Working Paper No. 349

March 2019

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Working Papers

Center for International Development
at Harvard University

Incentivising Pro-Labour Reforms

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This paper shows that countries may reduce labour repression if they perceive this as conducive to export growth. This paper traces what happened before, in the presence of, and then following the withdrawal of international economic incentives for pro-labour reforms in Vietnam and Bangladesh. The Government of Vietnam announced it would allow independent trade unions, in order to join the Trans-Pacific Partnership (TPP) and increase market access. Similarly, the Government of Bangladesh rescinded restrictions on unions, following global condemnation of Rana Plaza and fear of buyers leaving en masse. Both governments reduced labour repression to promote export growth. With high-level authorisation, Vietnamese and Bangladeshi activists and reformists became less fearful, and mobilised for substantive change. However, these economic incentives were short-lived: after Trump's election, the USA withdrew from TPP; buyers continued to source from Bangladesh, and squeezed prices (without requiring labour reforms). Both governments then amped up labour repression - notwithstanding private regulation, economic upgrading, industry growth, and mass strikes.

Acknowledgements: I am extremely grateful to my Vietnamese and North American participants (who shared their reflections with me, explained complex political dynamics, and provided useful comments on earlier drafts). This article has greatly benefited from collaborations with Do Quynh Chi and Naomi Hossain; fantastically insightful, thoughtful, and constructive criticism from Matt Amengual, Tim Bartley, Susanna Campbell, Greg Distelhorst, Kim Elliott, Alisha Holland, Dan Honig, Genevieve LeBaron, Axel Marx, Ken Opalo, and Elke Schüßler; together with wonderful presentation feedback at the Harvard Kennedy School. Fieldwork was financed by the Development Leadership Programme (DLP), and Effective States and Inclusive Development (ESID). The debts are many, deficits mine, and critique is *very* welcome.

(1) Introduction

Labour repression is endemic in global supply chains. This is widely-recognised (Anner, 2015; Bartley, 2018). Less known (and more contested) is how to abate it (Berliner et al, 2015). Scholars have examined three main pathways: private regulation; strengthening civil society with capacity-building and foreign aid; and trade regimes. Contributing to this urgent debate, this paper examines the impact of global economic incentives for pro-labour reforms. Vietnam and Bangladesh are ideal comparisons because they both experienced (short-lived) international economic incentives to reduce labour repression. We can thus examine what happened before, during, and once incentives subsided. This process-tracing analysis is informed by interviews with 50 participants in Vietnam, and others' extensive research in Bangladesh.

The Governments of Vietnam and Bangladesh rescinded restrictions on independent labour movements due to international economic incentives. The Government of Vietnam announced it would permit independent unions in order to join the Trans-Pacific Partnership (TPP). Likewise, the Government of Bangladesh loosened constraints on trade unions and permitted the Accord - to salvage its reputation and preserve export growth after the Rana Plaza crisis. Domestic activists then became hopeful and mobilised for higher wages.

When economic incentives rescinded so did pro-labour reforms. After Trump's election, the USA withdrew from TPP. The Government of Vietnam then stalled legislative change, and cracked down on dissent. Meanwhile in Bangladesh, the Government saw that buyers were still sourcing from Bangladesh (and squeezing prices), without requiring pro-labour reforms. Both governments ceased to regard labour repression as an impediment to export growth, so ramped up repression, reinstilling fear.

This paper improves our understanding of workers' rights in global supply chains. First, it exploits within-case variation to ascertain the effects of international economic incentives for pro-labour reforms. Second, by demonstrating common effects in two very different case studies, this paper confirms external validity. Third, it explains the causal mechanisms by connecting macro-level changes to protagonists' *motivations* (their perceived interests and norm perceptions), and consequent behaviour. Third, through careful process-tracing and in-depth qualitative research, it reveals important synergies between global and local forces. The Governments of Vietnam and Bangladesh introduced *de jure* reforms to promote export growth. Emboldened reformists and activists then mobilised for substantive change.

(2) Literature Review

There is strong disagreement about how to tackle labour repression¹ in global supply chains. These can be crudely categorised into three sets of strategies: private regulation (collecting information on factory working conditions); civil society capacity-building (to shift the domestic balance of power); and global economic incentives (from trade partners and buyers). Below, I discuss the empirical support for each hypothesis.

One set tries to improve working conditions through private regulation: auditing factory working conditions (sometimes also building capacity/ providing remediation/ facilitating social dialogue/ third-party certification). These audits often improve occupational health and safety, though little else (concludes Locke 2013, after analysing: internal audit reports, 120 supply chain factories, and 700 interviews in 14 countries). Comparing certified and uncertified Chinese garment factories, Bartley (2018) finds no differences in wages, timely payments, verbal abuse, workers' knowledge of labour laws, or major grievances with management. A systematic review by Oya et al (2018) indicates that agricultural certification does not improve producer incomes or farmers' wages.² Nor does private regulation appear to amplify workers' collective strength (Anner, 2018a;

¹ I use 'labour repression' to refer to a broad spectrum of government and employer practices, intended to deter and restrict independent labour movements. This includes anti-union legislation, bureaucratic hurdles, as well as intimidation (from hired thugs and industrial police). Specific forms vary historically and geographically (Anner, 2015).

² Though impact is mediated by context (Oya et al, 2018). Hence, some country studies do find positive effects on household incomes, see for example Dragusanu and Nunn (2018) on Fair Trade in Costa Rica.

Barrientos and Smith 2007; Egels-Zandén and Lindholm, 2015; Locke, 2013). Further, voluntary schemes (like the ILO-IFC Better Work Programme, UK's Ethical Trading Initiative, and USA's Fair Labour Association) cannot penalise non-compliance, or enforce accountability (Koenig-Archibugi and Macdonald, 2013).

The impact of private regulation appears to be mediated by the wider political economy: strike prevalence, labour repression, legislative enforcement, purchasing practices, decoupling, and global competition. Research suggests that factories cannot be insulated as islands of better work amid civil society crackdowns (Anner, 2018a; Bartley, 2018; Locke, 2013).

A second set underscores *domestic* politics, as the primary cause of labour repression. Denying that globalisation entails a 'race to the bottom', they highlight cross-national variation. Workers have stronger rights in countries where they have greater political strength: via high union density; left-wing political parties in the executive and legislature; and democratisation (Berliner et al, 2015; Mosley, 2010; Ronconi, 2012). In countries where civil society is stronger, private regulation is better enforced (Distelhorst et al, 2015; Toffel et al, 2015).

Organised labour has certainly played a crucial role: publicising and decrying abuses; disrupting productivity through collective action; campaigning for reform; and securing concerted increases in the minimum wage (Ashraf and Prentice, forthcoming; Harrison and Scorse, 2010; Siddiqi, 2009; Tràn, 2007; Yoon, 2009). Through successful activism, workers realise they *can* influence wage negotiations. This shift in norm perceptions galvanises further mobilisation. Workers' organisations can buttress state capacity through co-enforcement of regulation (Amengual and Chirot, forthcoming; Amengual and Fine, 2017). Transnational campaigns are more effective if they harness local workers' knowledge and priorities (Armbruster-Sandoval, 2005).

But organised labour faces major threats and deterrents: dismissals, blacklisting, hired thugs, brutal police, and little hope of success. Observing widespread labour repression, workers may become dispirited (Evans, 2018). Union weakness is reinforced by gender ideologies. Given widespread expectations of acquiescent women and assertive men, garment unions are often patriarchal and authoritarian. Ethnographic research from South and South East Asia reveals how union leaders tend to lecture at women, rather than listening to them. If women perceive unions as unresponsive, they may be reluctant to approach representatives and engage in union activities. This weakens the collective power of labour (Evans, 2017).

Concerned by the domestic drivers of labour repression, some outsiders design in-country interventions to strengthen civil society. The European Union facilitates social dialogue and capacity-building. Though this appears largely ineffective (Orbie et al, forthcoming; Harrison et al, forthcoming). The Bangladesh Accord and ILO Better Work Programme try to promote workers' voice by mandating their participation in health and safety committees (Donaghey and Reinecke, 2017). But effectiveness is contested (Alamgir and Banarjee, forthcoming; Anner, 2018a). Donors have also funded labour NGOs (see Ford, 2009 on Indonesia). Unfortunately, there is very little evidence that foreign financing, capacity-building, and/or technical support can enable poor people's organisations to secure policy outcomes that would have otherwise been impossible. Donor funding may even jeopardise and fragment collective action (Ford, 2009; Zajak, 2017).

A third set affirms the importance of strong, autonomous labour movements, but doubts they can be strengthened without tackling global economic governance (Alamgir and Banarjee, forthcoming; Anner, 2013). Low/middle-income country governments often repress labour to keep costs low and maintain export competitiveness. This competition is especially fierce in low-end supply chains - where there are multiple suppliers (given few barriers to entry and large pools of cheap labour), so buyers can set prices, or credibly threaten to relocate to cheaper locations (Anner, 2015; Bartley, 2018). As footloose buyers scour the world for low costs, exporters try to boost competitiveness by cutting corners on safety, curtailing labour inspectorates, and neutering trade unions (Bangladesh being a classic example - Berliner et al, 2015).

Labour repression can be exacerbated by international economic incentives. When one government quashes workers' freedom of association and collective bargaining rights, economic competitors tend to follow suit (Wang, 2018). Over time, this 'race to the bottom' in collective labour rights is associated with trade openness (Blanton and Blanton, 2016; Mosley and Uno, 2007). There is also a close correlation between real unit prices and workers' rights - among the top twenty garment exporters to the USA. When prices fall, workers' rights worsen (Anner, 2013). Squeezed by prices, exporters in low-end, global supply chains tend to oppose labour regulation (Amengual 2017). Unable to negotiate with buyers, manufacturers increase work intensity: through piece-rate incentives, mandatory overtime, and no weekend breaks (Ashraf and Prentice, forthcoming).

But perhaps labour-repressive countries can be 'forced to be good'. Preferential trade agreements (PTAs) sometimes impose strict labour conditionalities, spurring improvements. In response to US trade threats, the Government of the Dominican Republic revised its labour code, improved enforcement, and used industrial policy to motivate firm compliance (Schrack, 2013). USA PTAs also imposed labour conditionalities on Canada and Mexico (1994), Jordan (2001), Chile (2004), Singapore (2004), Australia (2005), Bahrain (2006), Morocco (2006), and Costa Rica, El Salvador, Honduras, and Nicaragua (2006) (Hafner-Burton, 2013).

However, governments do not always implement PTA commitments, and trade partners rarely sanction non-compliance (Giumelli and van Roozendaal, 2017; Greenhill, 2010; Hafner-Burton et al, forthcoming; Kim, 2012). This reflects a broader phenomenon: if a regime is not already doing X, external incentives do not create the desire to X, only the façade of X. External actors struggle to monitor and sanction non-compliance. This cultivates veneers, but not functional improvements (Andrews et al 2017; Krasner and Weinstein, 2014).

In partially-democratic contexts, international economic incentives can motivate *de jure* reforms, enabling activists to mobilise for substantive change. For example, the Government of Indonesia permitted independent trade unions partly in order to secure increased market access and international financing (in the wake of the Asian financial crisis) (Caraway, 2004).³ Once labour repression lessened, workers mobilised for higher wages, and secured incremental gains (Caraway, 2004; Ford, 2009; Panimbang and Mufakhir, 2018). This two-step process of reform and mobilisation also plays out at the global level. Motivated by economic concerns, post-Soviet states ratified international human rights treaties. Canny activists used these 'insincere commitments' to hold their governments accountable (Smith-Cannoy, 2012; see also Simmons, 2009 for broader trends).⁴ These synergies are all enabled by international economic incentives: PTAs, international finance, and EU accession. There is less evidence of synergies in non-democracies, where civil society is weak or dependent on government. Without a countervailing force on the ground to reveal non-compliance, the facade persists (Hafner-Burton, 2013; Neumayer, 2005). The broad consensus is that external incentives are insufficient for substantive reform.

International economic incentives also include market-based mechanisms (operating via firms rather than governments). Manufacturers may be more willing to spend on higher wages and working conditions in order to enter high value foreign markets, requiring either higher quality products or higher labour standards (as in Vietnam - Malesky and Moseley, 2019). Manufacturers may also get slightly more purchases if they comply with labour standards (as monitored by audits) (Distelhorst and Locke, 2018). However, the market-based mechanism does not appear to alleviate labour repression (i.e. crackdowns against independent labour movements) (Malesky and Moseley, 2019). Further, buyers in low-end supply chains primarily source from labour repression countries (Distelhorst and Locke, 2018).

Another hypothesis - not quite fitting into my crude schema - is that human rights improve as countries join international institutions, revise their internalised ideologies, and embrace rights intrinsically (Greenhill, 2010). This perspective emphasises international socialisation, not international incentives. Quantitative research

³ It was also partly motivated by mass protests, and ongoing democratisation.

⁴ Echoing my findings in Vietnam, Smith-Cannoy (2012) details how post-Soviet states ratified UN human rights treaties, in order to secure economic assistance, but without the intention of implementation. Activists then leveraged these mechanisms. This evidence of a two-step process (economic incentives motivating *de jure* reform, followed by activists mobilising strategically for substantive change) counts against the idea of monolithic 'norm diffusion'.

struggles to disentangle and test these two mechanisms, as their hypothesised effects are identical (as noted by Mansfield and Milner, 2012:176). Attending to protagonists' motivations through process-tracing qualitative research would help shed light on causal mechanisms.

In sum, strong, autonomous labour movements are critical for workers' rights, pay and conditions, yet often violently repressed. Such violence intimidates workers, perpetuates hopelessness, and discourages unionisation. Without harnessing their strength in numbers, workers struggle to secure wage hikes and contest anti-union legislation. This 'chicken and egg' problem is perpetuated by domestic politics *and* global competition for price-sensitive buyers. In response, some recommend private regulation; others try to strengthen civil society; while a third set advocates international economic incentives. Private regulation seems most effective in places with strong independent labour movements, but these are persistently repressed. The question of how to reduce labour repression remains unsolved. We urgently need to 'identify the conditions under which national governments are most – and least – likely to offer protection to workers in global value chains' (Mosley 2017, 158). Contributing to this debate, this paper examines international economic incentives for pro-labour reforms in Vietnam and Bangladesh.

(3) Theoretical Framework

To identify the causes of pro-labour reforms, we need to ascertain *why* people come to support/ mobilise for political change. We need to understand their *reasons for acting* (their beliefs and desires) - as influenced by large-scale socio-economic, and geopolitical dynamics. This enables us to connect the macro- and the micro.

Research on PTAs tends to portray low/middle-income country governments as monolithically opposed to pro-labour reforms. 'Forced to be good', 'trade partners don't want human rights' (Hafner-Burton, 2013: 118). Tran et al (2017) likewise regard PTAs as 'external pressure'. This echoes methodological nationalism in older strands of International Relations (obfuscating domestic dissent).⁵ Meanwhile, studies of Contentious Politics often focus on 'state versus society': presuming that demands for reform come from political rivals or social movements. Yet we know - from research on economic liberalisation in East Asia - that reformists *within* the party-state can play powerful roles (Breslin, 2003; Fforde et al, 2017; Malesky, 2008; Vu-Thanh, 2017). Within any governing coalition, there is always disagreement. Given this heterogeneity, it does not make sense to refer to 'the state' or 'the party' as monolithic entities. As Elliot (2012:12) writes of Vietnam, '[r]eaching consensus is possible, but it is always fragile and transitory. Politics in this collective-leadership system is perpetual renegotiation'. To understand the drivers of political reform, we need to get inside the black box: understand what strengthens the hand of pro-labour reformists within the party-state. As argued in a recent Annual Review, 'future research should continue delving into the micro-politics of preferential trade liberalisation'.

This paper attends to individuals' beliefs and desires. It pays particular attention to protagonists' 'perceived interests': e.g. market access, geopolitical security, economic growth, social stability. I conceptualise interests as subjective, and do not assume their content *a priori*. Perceived interests are shaped by both material circumstances and beliefs about how others will react. Further, in contrast to much of the literature on international agreements, I do not conceive of low/middle governments in passive terms: as being 'pressured' or 'forced'. The motivational force of trade incentives or sanctions is *contingent upon protagonists' desires*, such as for export growth (which are not shared by all governments, e.g. North Korea). Passive framing neglects their priorities and is unhelpful. Instead, my analysis begins by understanding people's perceived interests, such as for export growth. As detailed in the subsequent sections, the Governments of Vietnam and Bangladesh introduced pro-labour reforms due to international economic incentives.

Besides perceived interests, this paper also attends to beliefs. These include individuals' internalised ideologies (beliefs they personally endorse, perhaps uncritically) and *norm perceptions* (beliefs about what others will support

⁵ Research on PTAs increasingly emphasises domestic politics (Milner, 1997). Curiously though, this focus is not always shared by the sub-set of literature on trade-labour conditionalities.

or condemn). Both kinds of beliefs are developed through observation and interaction: reading party decrees, listening to the radio, learning about un/successful strikes, hearing about mass arrests, and being evaluated at work. Politicians, civil servants, factory owners, unionists, and workers see which ideas and activities are celebrated or chastised, then anticipate similar treatment. Even if privately critical, reformists may stay quiet if they see dissidents being arrested, or replaced by party loyalists. Fearing backlash, they may prefer to self-censor (as Li, 2018; Perry, 2012; Stern and Hassid, 2012 detail in China): keeping their heads down, and advancing individually through clientelist relations with the party-state (Chen, 2002). Norm perceptions curb open critique.

But if everyone quietly complies, people may underestimate support for reforms - 'pluralistic ignorance'. People only revise their norm perceptions upon seeing widespread critique, mass behavioural change, regime responsiveness, or top-down authorisation (Evans, 2018; Lohmann, 1994). But persistent repression deters open dissent, reinforces hopelessness, and deters public critique. This creates a coordination problem, thwarting political change. This paper suggests that norm perceptions help explain why domestic dissidents struggled to tackle labour repression. Norm perceptions create a 'chicken and egg' problem, and are only overcome by a shift in international economic incentives.

By attending to protagonists' norm perceptions and perceived interests, this paper reveals some of the causal mechanisms driving international political economy. My emphasis on individuals' desires and beliefs also departs from the field's typical focus on processes: e.g. whether PTAs, private regulation, or transnational activism improve labour standards. Such studies reveal positive impacts in some (but not all) contexts. This variation likely reflects trade partners' differing *interests* and *expectations* about the risks and repercussions of non-compliance - as shaped by geopolitical and commercial contexts. The critical independent variable (motivating compliance) is not really the PTA (pre- or post-ratification), but whether exporters *anticipate* sanctions. For example, most governments improved workers' *de jure* rights before signing a PTA with the USA, but Latin American countries bucked this trend (Kim, 2012). Perhaps they recognised the USA's primary interest in forming a regional economic block, so did not anticipate sanctions for labour repression (ibid:717)? Hence rather than evaluating PTAs, this paper focuses on exporters' expectations and perceived interests.

But what counts of proof of ideational theories? Some argue that decision-makers' beliefs and desires only 'matter' if they are not reducible to material features of the case (Jacobs, 2014). But there is no logical reason why the default explanation should be materialist. Even if our beliefs are perfectly accurate, they still shape how we process information and make behavioural choices. Beliefs and desires are thus a necessary part of the causal story, even if not exogenous. This paper thus presupposes their importance, and explores what motivates governments to reduce labour repression.

In these ways, this paper offers a novel theoretical approach: seeing people's reasons for acting as the underlying drivers of change; connecting the micro- and macro; and exploring how export incentives motivate labour reforms, regardless of the specific *processes* (whether there are trade conditionalities or signals from importers - as in Vietnam and Bangladesh).

(4) Case Study Selection and Methodology

Vietnam and Bangladesh are ideal comparisons because they both experienced short-lived international economic incentives to reduce labour repression. We can thus examine what happened before, during, and once incentives subsided. This within-case variation enables us to get at causation.

Vietnam and Bangladesh exhibit some basic similarities. Both governments prioritise export-led growth and have been remarkably successful - with soaring exports, factories, and jobs. Between 2012 and 2017, Bangladesh's exports have increased by 8% a year, from \$26.8 to \$ 39.2 billion. Vietnam's export growth has been even faster: 13.5% a year, increasing from \$116 billion in 2012 to \$220 billion in 2017 (OEC, 2018).

Single-party Vietnam and multi-party Bangladesh also exemplify different kinds of labour repression. This enables us to examine how shifts in international economic incentives affect very different political contexts. In Vietnam, enterprise-level strikes are permitted - if they are not coordinated, violent, or challenging the Communist Party of Vietnam (CPV). But the Government prohibits independent labour unions – to prevent public critique and protect regime legitimacy. The Vietnam Confederation of Labour (VGCL) is the only representative of workers permitted. Subordinate to the CPV, the VGCL is not an independent voice of workers. Independent activists are beaten, detained, and arrested (Pham, 2017: 23; Vu-Thanh, 2017). Without a strong, autonomous labour movement, private regulation struggles to improve workers’ pay and conditions (Anner, 2017).

In Bangladesh, successive governments have sought to boost export-competitiveness by minimising labour costs. Strategies include: industry self-regulation, under-staffing labor inspectorates, and repressing independent labour movements (HRW, 2015; ITUC et al, 2014; Siddiqi, 2009). Trade unions leaders have often competed for political patronage and resources (ITUC et al, 2016; Khanna, 2011; Rahman and Longford, 2012). They were seen as self-interested, corrupt, subservient to political parties, and divided (Rahman and Longford, 2012; Zajak, 2017). Such clientelism thwarted workers’ collective strength, and bottom-up pressure for regulatory enforcement. Failing to improve conditions, unions have struggled to recruit additional members (Rahman and Longford, 2012).

Trade unions were banned in the 1970s, under martial law. Thereafter registration required support from 30% of workers in each enterprise (difficult in large factories). Trade unions are still prohibited in export-processing zones (which are also exempted from national labour legislation - Khanna, 2011). Thus, 400,000 EPZ workers are neither protected by unions nor labour law (Bair et al, 2018). Conditions are little better outside EPZs: minimum wages and regulations are rarely enforced, non-compliance is seldom penalised (Rahman and Longford, 2012).⁶ Minimum wages in Bangladesh remain the lowest among the major apparel-exporting countries (ILO 2014).

Labour repression is sustained by regulatory capture, vested interests, and elite ideologies. 56% of politicians have business backgrounds - and thus have vested interests in business autonomy, deregulation, labour repression, and low wages (Alam and Teicher, 2012; Berliner et al, 2015; Hassan and Raihan, 2017; Jahan, 2015). Neither of the main political parties court organised labour. Both champion free-markets. Ideologically neoliberal, many politicians may regard deregulation as conducive to exports (rather than an impediment to labour productivity). They have eschewed alternatives, such as heavily investing in infrastructure and training (to increase productivity, or reduce delays at ports) (Ahmed and Nathan, 2016).

For their part, manufacturers thwart unionism with hired thugs, intimidation, threats, blacklisting, dismissals, and false criminal complaints (Ashraf and Prentice, forthcoming; HRW, 2015; 2017; ILO, 2016). Surveyed manufacturers explicitly identified low labour costs as key to international competitiveness (above all other factors, like technology, productivity, market access) (Alam and Natsuda, 2016). Many also bitterly resent and oppose trade unions (James et al, 2018). Bangladesh and Vietnam thus differ with regards the form and purpose of labour repression.

Third, in both countries, policy-makers faced international economic incentives for pro-labour reform: Vietnam’s TPP conditionalities, and Bangladeshis’ fears of buyers departing en masse. One is a possibility for export growth, the other loss. One is a trade deal, the other global buyers. But if we focus on underlying motivations, both sets of policy-makers had export incentives for pro-labour reforms. These incentives were short-lived: rescinding after a few years. With all else constant, and only one variable changing, we can trace what happens before, during, and then absence of international economic incentives for pro-labour reforms (much like a fixed-effects regression).

⁶ The ILO has repeatedly urged Bangladesh to permit unionisation in export processing zones, remove bureaucratic obstacles, and the 30% high membership threshold requirement (ILO, 2017:50) - to no avail.

Methodologically, this paper draws on in-depth interviews with 60+ participants: senior and junior government officials; domestic business associations; foreign investors; trade union leaders; International Labour Office advisors; international non-government organisations; bilateral and multilateral co-operating partners; international brands; factory managers; and workers in Hanoi, Ho Chi Minh City, and via Skype (to North American participants), over four months in 2017 and 2018. I undertook my last round of research in collaboration with Dr Do Quynh Chi (as part of a larger joint project), and greatly benefitted from her networks with the Ministry of Labour, ILO, brands, business associations, trade union officials, and activists. Her long-term engagement in Vietnam enabled high-level access. Earned trust was paramount. Our 2018 research took place during an intensified crackdown against internal dissent (HRW, 2019).

This paper also explores parallels in Bangladesh - drawing on the rich literature and qualitative research undertaken by Dr Naomi Hossain. In 2019, she interviewed 20 factory owners, BGMEA leaders, trade union leaders, journalists, and international organisations - as part of our collaborative research project on organised labour in the two countries. This builds on her long-term engagement, broad networks, and personal connections in Bangladesh (affording high-level access and earned trust). Where Chi and Naomi's work informs my analysis, I have referenced their respective publications.

To understand participants' perspectives and priorities, we always asked open questions: never leading the discussion by mentioning possible influences. To gauge perceived interests, we inquired about individual and organisational goals, conflicting interests, top-down performance metrics, and their consequences. We also asked how others would react, and how that had changed over time.⁷ We triangulated interviews with a broad range of actors and institutions, engaged in different aspects and levels of reform. This helped corroborate and nuance diverse perspectives. Interviews were recorded, transcribed, and manually coded using emerging themes. I deliberately sought out and assessed wider data and alternative explanations, to strengthen rigor. To preserve anonymity, names have been changed and organisations obscured.

(5) Before International Incentives for Pro-Labour Reforms

This section explores what happened before international economic incentives for pro-labour reforms. It details how mass strikes secured economic but not political concessions over the 2000-10s. Both governments raised minimum wages, but continued to thwart independent labour movements. This constrained workers' capacity to obtain further economic concessions.

Vietnam

Vietnamese factory workers have organised strikes to improve their wages and conditions. With tightening labour markets in industrial zones, strikes generally secure material gains. 200,000 striking workers secured a 30% increase in the minimum wage in 2006, and mandated inflation-adjusted nationwide annual increases thereafter. In the garment industry specifically, monthly real wages increased by 40%, between 2001-2011 (WRC, 2013). These strikes have been publicised by pro-labour journalists. Media reports of successful activism shift norm perceptions: workers learn that they *can* improve their conditions by mobilising (Chan, 2011; Do, 2011; Kerkvliet, 2011: 175; Lee, 2006; Siu and Chan, 2015; Tran, 2007). Although garment wages increased, in 2011 they were still only 29% of a living wage (WRC, 2013).

The Government is concerned by strikes - jeopardising productivity, foreign direct investment, social stability, and regime legitimacy (as guardians of the workers' interests) (Do and van Broek, 2013). They *could* have violently quashed the strikes and media reporting (as in Bangladesh and China). But have instead tried to pre-

⁷ Norm perceptions can also be traced through quantitative research. To track norm perceptions, surveys can ask respondents to estimate wider support in their enterprise/ community/ country; or how they expect governments to respond, and their anticipation of repression. could be tracked over time. As an example of quantitative work on norm perceptions see Bursztyjn et al (2018). This contrasts with surveyors' tendency to focus on *internalised ideologies*: "Do you want/believe X/Y?"

emptively address workers' concerns through trade union reform - at enterprise and provincial levels. This reflects growing recognition that workers' concerns cannot be resolved through the top-down union structure, with management representation at enterprise level⁸. So, to prevent strike escalation, some provincial authorities have supported bottom-up union organising; bypassed enterprise unions; social dialogue; collective bargaining; and coordinated wage adjustments. However, these remain quiet, careful, subnational experiments (Do, 2011; 2017; Evans, forthcoming).

Amongst national leadership, there has always been *some* support for trade union reform. In 1988, some senior party and VGCL leaders supported a more autonomous VGCL, accountable to workers (Pham, 2017:23). But Tiananmen Square and Soviet fall sparked nervousness. CPV leadership fears that critical, independent unions could undermine their hegemony, legitimacy, and credibility.

In 2009 - after a relentless strike wave - the National Assembly initiated industrial relations reform. They proposed labour councils at national and enterprise levels, including VGCL-affiliated unions *or* workers' independent representatives. The Ministry of Labour (MOLISA) specified that they would 'not replace enterprise unions'. But VGCL reacted angrily: running aggressive newspaper articles; condemning MOLISA as trying to undermine the working class, union movement, party leadership, and nation as a whole. MOLISA conceded, reform stalled (Do, 2011:292). The first draft of the 2012 Labour Code allowed workers to form independent organisations in enterprises without trade union representation, and engage in collective bargaining agreements. These clauses were removed (Pham, 2010: 367).

In sum, some workers, provincial authorities, and senior officials challenged the status quo, but been rebuffed by party leadership (which prioritises political control). Party-state officials have heeded this proscription, or been demoted. Interviewed civil servants emphasised the dangers of calling for independent unions. Within an authoritarian regime, speaking out risks demotion, intimidation, and security threats. Anticipating backlash, career-minded civil servants prefer to self-censor. As a VGCL official explained, '*some people within VGCL really want to change it. They see the weakness of the union. They see it's not suitable in the market economy, but being a fighter [i.e. a singular, dissenting voice] cannot do, one has to get approval from the organisation*'. Without seeing successful resistance, reformists may underestimate wider support, so remain despondent, and quietly conform. Repression reinforces a 'chicken and egg' problem - via norm perceptions and perceived interests.

Bangladesh

Bangladeshi labor organisers have been restricted by law; thwarted by prohibitively high thresholds for union formation; threatened with police brutality; intimidated by local musclemen, blacklisted by punitive employers; and co-opted by political parties.

Despite these obstacles, garment workers *have* secured minimum wage hikes through militant demonstrations in 2006, 2010, 2014. Large-scale, violent protests erupted in 2006: burning 16 factories, vandalising 50, and damaging 200 vehicles. Threatened, the Government set the unskilled minimum wage at 3,000 taka. But factory owners refused. Angered, 4,000 factories went on strike. 16 factories were burnt down. After violent conflict, employers and government accepted workers' demands: to withdraw cases filed against workers; release arrested workers; no retrenchments; reopen closed factories; appointment letters and identity cards for all workers; trade union rights and collective bargaining; a hike in the minimum wage; a weekly day off; and maternity leave. A sector-wide Minimum Wage Board, and revised Bangladesh Labour Act were introduced (Khanna, 2011).

However, many factories chose to disregard provisions - perhaps because they (rightly) did not anticipate sanctions from understaffed, uninterested labour ministries (Ahmed et al, 2014; Khanna, 2011; Rahman and

⁸ Union leaders are often employed as factory managers (Anner, 2017; Do, 2011; Kerkvliet, 2011: 173; Lee, 2006: 422; Pham, 2017).

Longford, 2012; Siddiqi, 2009). The unskilled minimum wage was only raised to 1,662 taka (then USD\$24), not the original 3,000 taka. In 2007, a state of emergency was declared: banning worker mobilisation. Contentious protests erupted in 2008, in 2009, and 2010 - pushing for higher wages and safety compliance. This was met with police brutality: rubber bullets, tear gas, water cannons, arrests, and torture (Khanna, 2011). Workers' fear of violent reprisals may explain why only 10% of garment factories are unionised (HRW, 2015).

Outsiders have tried to strengthen local unions. But the availability of (and competition for) transnational support may actually compound union divisions and rivalry; while deterring membership recruitment, democracy, and accountability (Zajak, 2017:1119; Hossain, 2019). Moreover, workshops, trainings, and awareness-raising do not allay expectations of labour repression. And despite the minimum wage increases, the real monthly prevailing wages in the garment industry actually fell by 2.4% between 2001 and 2011. Prevailing wages were just 14% of the living wage in Bangladesh. This was true in both 2001 and 2011 (WRC, 2013).

Over the 2000-10s, in Bangladesh and Vietnam, mass strikes did not abate labour repression. Dismissals and detention deterred further resistance. This perpetuated path dependency: onlookers seldom saw successful resistance, so underestimated wider support, and the possibility of political liberalisation. Together with the high costs of unilateral deviation, norm perceptions motivated quiet conformity. This coordination problem thwarts workers' capacities to realise further economic gains (Anner, 2017; Anner et al, 2018; Locke, 2013). The next section explores what happened when international economic incentives changed - after 2013.

(6) International Economic Incentives: Emboldening Domestic Reformists

This section details how both governments introduced pro-labour reforms in response to international economic incentives.

Vietnam

Over the past three decades, the Government of Vietnam has cautiously liberalised its markets: achieving soaring GDP growth and nearly eradicating extreme poverty (World Bank, 2016: 152; 2018). Seeing these gains, CPV leaders increasingly see their desire for political control as best served by economic growth, foreign direct investment, international economic integration, and geopolitical alliances (Elliot, 2012; Malesky, 2008).

The Trans-Pacific Partnership (TPP) looked enticing: promising greater market access; stronger international partnerships; and military security. Through TPP, Vietnam was estimated to gain 8-10% in GDP, a 28% increase in garment exports, and a 14% increase in real wages for unskilled labourers by 2030 (World Bank, 2016). However, US Congress insisted upon pre-ratification reforms, including Freedom of Association (independent unions). Given CPV leaders' desire for increased market access, it became politically acceptable to discuss independent trade unions (hitherto regarded as seditious). The ILO cautiously, diplomatically convened discussions on 'international labour standards'.⁹ Reformists presented 'independent unions' as part of international integration (not US imperialism).

But party conservatives remained nervous about independent trade unions - potentially threatening regime legitimacy and stability (as also noted by Pham, 2017). Such concerns lessened due to geopolitical developments, domestic unrest, unwavering strikes, and faltering economic growth. In 2014, China deployed an oil rig in a disputed region of the South China Sea. This triggered widespread, violent anti-China protests throughout Vietnam. CPV reformists used this geopolitical threat and domestic discontent to persuade their colleagues: Vietnam could not rely on China's fraternal support but must diversify and deepen international relationships (see also Do, 2016; Hoang, 2015; Pham, 2017: 18; Vuving, 2017).

⁹ ILO Convention 98 on the Right to Organize and Collective Bargaining; and Convention 87 on Freedom of Association and Protection of the Right to Organize.

The party-state has always included reformists (e.g. within the National Assembly, Ministry of Labour, and VGCL), privately favouring independent unions, yet scared to speak openly. TPP incentivised and legitimised more open discussions. In a televised interview, VGCL President Dr Dang Ngoc Tung expressed VGCL's readiness to work with new unions. This top-down authorisation shifted norm perceptions and emboldened more open discussions. Many (within the party-state, business, and VGCL) then realised peer support for independent unions. As more spoke out openly, this fostered a positive feedback loop - overcoming the chicken and egg problem. Anticipation buzzed on Facebook and online forums - interviewed Vietnamese activists thought this might be a stepping stone to democratisation. Some successful trade union leaders were excited: imaging themselves as leaders of the new unions. Reformists (within the party, state, and business) became increasingly vocal. These themes are highlighted below, in five separate interviews:

The idea for change is here already, for many years... There are many people who want the labour code to move in this direction [independent unions]. The idea for trade union renovation has been here for a long time. TPP just provides an excuse for the group who wants those things to happen to move forward – senior civil servant.

'When TPP wrapped up, everyone in VGCL was so eager for change' – retired VGCL leader. 'Everyone?', I sceptically interjected. 'The technical departments were all very happy within independent unions, because at least it brings change into the trade union system'.

'There were many good initiatives to reform VGCL, but the top leaders didn't prioritise that. They didn't think it was necessary. That's partly because the Central Committee assess VGCL leaders based on their ability to serve the party... But people who prioritise the national interest were happy about TPP, and independent unions' - senior, retired VGCL official [translated].¹⁰

'The idea first came from TPP, it's very clear... People don't pressure... People will follow the law, they will not demand for the law to change – VGCL official (who privately supports independent unions).

'Without TPP, the process would be much slower' - Vietnamese human rights activist.

In December 2015, the Government Decision No 2528/QĐ-TTg instructed the ratification ILO core conventions. In February 2016, 'the United States-Vietnam Plan for the Enhancement of Trade and Labour Relations' was agreed, permitting independent unions - in both enterprises and as a national federation. This included an enforcement mechanism, penalising non-compliance (USTR, 2016). On 6th November 2016, the Central Committee issued Party Resolution 6 on international integration, permitting 'workers' organizations not affiliated to the Vietnam General Confederation of Labor'. All participants attributed this to TPP.¹¹

Resolution 6 was only a *de jure*, not *de facto* change. Some CPV leaders merely sought to placate the USA, while hobbling 'independent' unions - explained my participants.¹² Yet this announcement was still important: lessening fears of repression; motivating open discussions; enabling reformists to realise wider support; and thereby overcome coordination problems. This echoes economic liberalisation (*doi moi*) four decades ago. The Sixth Party Congress gave prominence and legitimacy to Southern reforms: providing a 'green light to open discussion'; enabling 'fence breakers' to share rather than conceal their improvisations (Elliot, 2012:51; Malesky, 2017:31).¹³

10 This statement may overstate support for reform. It is impossible to know what proportion of party-state leaders and cadres privately supported independent trade unions. But the point that open critique was deterred by desire for career progression (which was contingent upon party loyalty) was widely reiterated in my sample.

11 A remarkably similar process occurred in 2006. Just before acceding to the World Trade Organisation, the Government of Vietnam briefly tolerated the existence of independent unions, though did not announce any policy changes, and the international incentive to do so was not sustained (HRW, 2009).

12 See also Slater and Wong, 2013 on Asian authoritarians ceding multipartyism believing they could maintain control.

13 Likewise in contemporary China, protestors tactfully adopt official language, to signal compliance, while pushing for reform (Distelhorst 2017; O'Brien and Li, 2006; Perry, 2012).

Bangladesh

International economic incentives similarly motivated pro-labour reforms in Bangladesh. The horrifying collapse of the Rana Plaza factory complex in 2013 (which killed over a thousand garment workers) was a global front-page horror story.¹⁴ Consumers, campaigners, union federations, international institutions, and bilateral trade partners expressed grave concerns. ‘Following the disaster, domestic stakeholders feared that foreign buyers would abandon the country en masse’ (Bair et al, 2018). This was a huge threat: the garment industry created 87% of Bangladesh’s export, and 4 million jobs (ibid). Nervousness about export-growth spawned openness to reform.

[T]he way media had been publicizing the image of the industry, there had been assumptions that the industry would not survive without global compliance measures, so we were supportive and positive about the enactment of the agreements - industry representative (quoted in Alamgir and Banerjee, forthcoming:18; see also Hossain, 2019; Khan and Wichterich, 2017).

The EU and USA urged the Government of Bangladesh to improve safety, and allow freedom of association. The EU¹⁵ threatened trade sanctions: ‘we will put a fire under their feet a little bit’ (FT, 2013). After concerted campaigning from Democrats and labour unions, the Obama administration announced it would suspend Bangladesh’s trade privileges, due to ‘insufficient progress by the Government of Bangladesh in affording Bangladeshi workers internationally recognized worker rights’ (USDOL, 2013).^{16 17}

To salvage its reputation, the Government hastily announced pro-worker reforms. It agreed to revise the Labour Act, uphold workers’ rights, improve occupational health and safety, stipulate safety committees, and strengthen the national labour inspectorate - as part of the ‘Sustainability Compact’. Workers could unionise without disclosing their supporters to factory owners. The Government also permitted the re-registration of the Bangladesh Center for Worker Solidarity, and withdrew criminal charges against its leaders (Rahman and Longford, 2014). Criminal charges were filed against the building owner and five factory owners. The Government and BGMEA sought to reassure buyers it had resolved safety problems (Ashraf and Prentice, forthcoming; Hossain, 2019).

However, the Government did not change the 30% threshold for union formation, or EPZs’ exemption from labour laws. Bangladesh remained non-compliant with ILO core labour standards. Many of these reforms were performative promises and announcements (to placate the international community). There is little evidence of genuine commitment or increased government funding for pro-labour reforms.

Rana Plaza also triggered domestic outcry. Garment workers were politicised: angry, aghast and horrified by this existential threat; recognised that their lives were in peril; and protested. The tragedy appears to have strengthened class consciousness, amongst Bangladeshi garment workers - explained interviewed trade union leaders (Hossain, 2019). One labour organiser called Rana Plaza ‘*botyakando*’ (an incident of mass murder) (ibid). Garment workers also gained public sympathy (ibid).

But domestic outcry was not the *primary* driver of reform. This is shown by four types of evidence. First, as detailed in the previous section, large-scale earlier protests had not secured political concessions. Second, Government and BGMEA made *huge* efforts to specifically reassure foreign buyers and governments (not so much the Bangladeshi public) (ibid). In announcing labour reforms, the Chairman of the Bangladeshi

¹⁴ Two factories in the complex had just been audited, against the Business Social Compliance Initiative (Donaghey and Reinecke, 2018:22).

¹⁵ The EU accounted for 61% of Bangladesh’s garment exports (BGMEA, 2014). It threatened to suspend Bangladesh’s duty free and quota free access to the EU (FT, 2013)

¹⁶ The suspension of U.S. trade privileges signalled grave consternation, but was not in itself materially significant (as these did not previously cover garments).

¹⁷ Likewise in 2004, US officials threatened to revoke trade preferences unless the Government of Bangladesh rescinded its ban on trade unions in Export Processing Zones. This move was publicly supported by Bangladeshi labour activists, though US insistence subsided, and in 2008 the government expressly prohibited organising in EPZs (Siddiqi, 2009).

Parliamentary Sub-Committee on Labour Reforms stated, 'I am hoping this will assuage *global* fears around this issue' (Reuters, 2013, emphasis added). Third, Bangladeshi labour activists and opposition parliamentarians explicitly criticised the government 'for enacting the law in a hurry to please foreigners' (ibid). That is, activists who might want to take credit for these reforms instead rebuked them. The fourth piece of evidence is presented in the next section.

These pro-labour reforms were introduced to placate the international community and restore business confidence. Garment workers were not the primary driver of these reforms, but they could now mobilise for change (and deeply wanted to, as they had been politicised). Domestic activists seized on political liberalisation: registering 228 new unions in 2013-2014 (Anner, 2018b). We do not know how many of these unions represented workers' interests. Some of these may have just been 'yellow unions' (Hossain, 2019). Though Zajak (2017:1017,1120) finds that soaring registrations were 'much more than just a paper exercise': unions strengthened their organisational skills: recruiting new members, securing their trust, collecting fees, strengthening internal democracy, and experimenting to overcome management repression. Interviewed women union leaders now anticipated a more responsive, non-violent state. Feeling 'hopeful', over 50,000 workers went on strike: securing an increase in the minimum wage (Taka 5,300: USD\$68 at the 2013 exchange rate, Alamgir and Banerjee, forthcoming).

Very reluctantly, the Government also permitted 'the Bangladesh Accord on Fire and Building Safety': a five-year, legally-binding, multi-stakeholder agreement between international trade union federations, 180 lead buyers, and seven Bangladeshi trade unions. Buyers committed to finance major repairs. Manufacturers committed to building safety inspections, remediation, public disclosure, elected worker-management Health and Safety Committees, as well as safety training programmes (Accord, 2015). Again, this was only permitted due to concerns for export growth. The BGMEA and Government both preferred a traditional CSR initiative, without worker representation: the 'Alliance' (Donaghey and Reinecke, forthcoming).

This private regulation improved building safety. Since 2013, the Accord has inspected 1,600 factories; identified 132,000 high-risk fire, structural, and electrical concerns; and corrected 97,235 of these findings. Accord inspectors called for the immediate evacuation of 50 buildings - preventing another Rana Plaza (Anner, 2018). Participating factories must also establish democratically-elected worker-manager Health and Safety Committees, and complaint mechanisms. As of March 2018, 197 worker complaints had been resolved (Donaghey and Reinecke, forthcoming). Importantly, this intervention was enabled by and contingent upon a shift in international incentives.

So, both the Governments of Vietnam and Bangladesh introduced pro-labour reforms to further their perceived interests: export growth. These may have been intended as mere veneers, to placate bilateral trade partners and buyers. But in seeing top-down authorisation, reformists and activists revised their norm perceptions, and mobilised for substantive change. However, some CPV leaders presented an alternative narrative. They strongly denied foreign influence, and presented themselves as sovereign (reflecting long-standing resistance to American imperialism). The Deputy Minister of Labour insisted that TPP merely accelerated the Government's pre-existing plan (VietNam News, 2016b). This does not seem entirely plausible given what happened after economic incentives rescinded.

(7) Rescinding Economic Incentives; Reversing Pro-labour Reforms

Vietnam

Three days after the Communist Party of Vietnam issued Resolution 6 (permitting independent trade unions), something unexpected happened. Trump was elected President, and withdrew from TPP.¹⁸ Reform momentum

¹⁸ Clinton may have done the same, as promised in her presidential campaign.

slowed in Vietnam. The National Assembly removed the Labour Code revision from the legislative agenda. Party leadership paused, and re-read the changing international environment. They no longer expect that the USA will reward pro-labour reforms with increased market access.

In 2018, Vietnam signed two further trade agreements: TPP minus the USA (CPTPP), and with the EU (EVTA). These do not immediately require independent unions.¹⁹ As a senior Vietnamese negotiator explained, *'there is no specific commitment on ILO Convention 87: no specific pressures, no specific requirements, nothing like TPP'*. Furthermore, parties to CPTPP have signed side letters, stipulating that Vietnam will not be sanctioned for non-implementation of labour clauses over the next five years.

This withdrawal of pro-labour economic incentives bitterly disappoints Vietnamese activists. Despite receiving funding for capacity-building, activists reiterated that aid is nothing compared to the coercive power of the state.

If the EU don't demand it, the Vietnam Government will just leave it there... The right approach is for international partners to be very loud, very aggressive, while local partners are quietly supportive. If the EU is soft and local partners are loud, it is counter-productive and very dangerous for us.

CPV's new leadership (which actually precedes Resolution #6) is now keen to centralise control. It no longer has TPP's strong economic incentive to do otherwise. Since the demise of TPP, Vietnam joined China's Belt and Road initiative (re-affirming geopolitical and economic ties with China), and passed several laws punishing dissent. The 2018 CyberSecurity Law is very similar to China's: authorising the removal of seditious expression; mandating service providers disclose user data to authorities (Trinh, 2017). In July 2017, the Information and Communications Minister reported that 'Google and Facebook had removed 3,367 clips with bad and poisonous content after being requested to do so by the Ministry of Information and Communications. Facebook removed more than 600 accounts that have violating content'. The Government has also mobilised over 10'000 online propagandists (just as in China). In June 2018, people were arrested for demonstrating against the draft law on special economic zones. Independent activists and bloggers are harassed, intimidated, assaulted, and detained (Human Rights Watch, 2019).

Vietnamese NGOs now struggle to gain government approval – for their existence, activities, and events (as also noted by HRW, 2019). Without such permits, NGOs cannot receive international funding (as per Decree 93 - an old policy, now stringently enforced). Vietnamese human rights activists detailed increased police intimidation, in separate interviews:

The scrutiny of CSOs has increased. The Government delays their projects. We have to go through several ministries to get approval, and ministries delay. Projects [approval] are hard, and heavily controlled by government... We need approval for every activity. We need a license to operate from the government. It's very difficult for us to operate...

Everything is a negotiation, with public security and government. We try not to be too confrontational, and we know they might cancel our event, e.g. force the venue owner to cancel the contract, or cut off the electricity... The political environment is more difficult now, because TPP ended.

Under TPP, it was very open, people were prepared to talk about it [Freedom of Association]. Only now it's become sensitive.

How can NGOs bring cases to the higher level? At the country level, we cannot do anything. There is no mechanism... The expert meeting is very closed... 'Freedom of Association' is out of the discussion.

¹⁹ For full details, see Chapter 13 on "Trade and Sustainable Development" http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157373.pdf. This reflects a difference between US and EU trade deals more broadly, with the former typically requiring stricter labour conditionalities - Leeg, 2018.

Vietnam's leaders no longer regard labour reforms as essential for export growth. They have reversed earlier political liberalisation, and cracked down on dissidents. Formerly optimistic party-state reformists and activists have since quietened: self-censoring to preserve their safety.

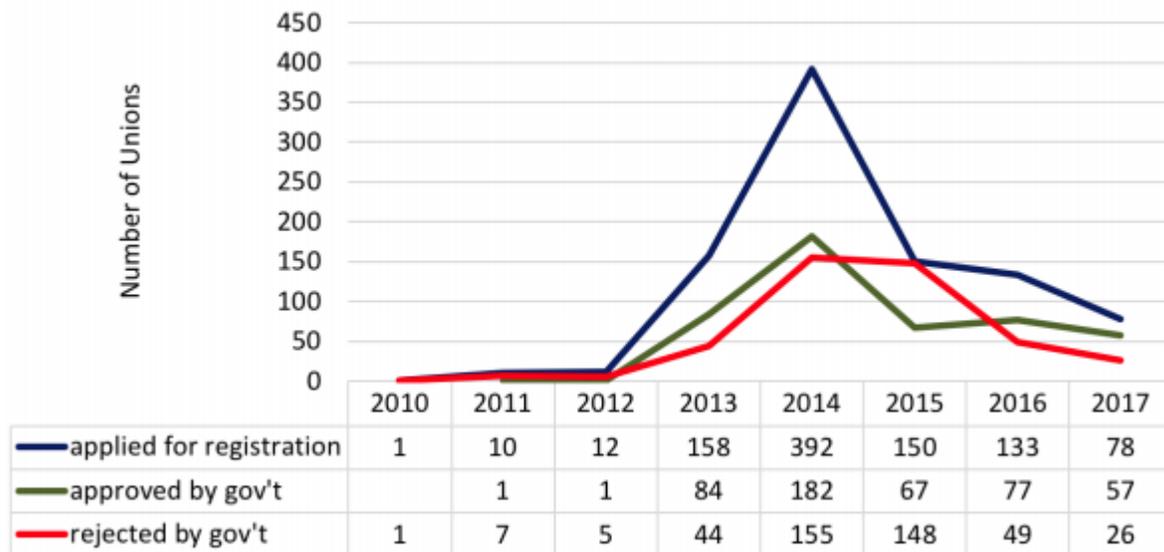
Bangladesh

As global outrage subsided and buyers remained, the Government of Bangladesh regained confidence in the economic efficacy of labour repression. It purposefully delayed implementation of the revised Labour Act; intimidated trade unions; interfered with their elections; and increasingly refused registration (Bair et al, 2018; ILO, 2016). By 2016, the government was rejecting nearly half the trade union applications in Dhaka and three quarters of those in Chittagong Division (ILO, 2017:49; Zajak, 2017). Even when local authorities do register unions, factories may seek a court injunction and thereby freeze union activity for several months (ibid). Thousands of workers went on strike in December 2016: calling for the minimum wage to be tripled. 1,600 garment workers were fired. Invoking the 1974 Special Powers Act, the Government arrested and detained 35 labor organisers and workers (Ashraf and Prentice, forthcoming).²⁰

Seeing labour repression, workers came to anticipate rejections, became more despondent, and ceased trying to unionise (see Figure 1). '[I]n the current climate, there was little point in attempting to register a union' (Bair et al, 2018). As a result, only 4% of surveyed workers said there was a trade union in their factory. Seldom seeing successful unionising, only 12% of surveyed workers valued the right to unionise (Kabeer, Huq, and Sulaiman 2019). In January 2019, one garment worker was killed and another 50 injured after police fired rubber bullets and tear gas at 5,000 demonstrators, protesting the wage structure. Factory managers have since dismissed 11,600 workers (IndustriALL, 2019).

²⁰ The Government only agreed to release the workers and organisers because five image-conscious brands threatened to boycott the 2017 Dhaka Apparel Summit (Ashraf and Prentice, forthcoming).

Figure 1: Trade Unions in Bangladesh's Garment Sector



Source: Solidarity Center, Bangladesh; presented in Anner, 2018b

The Government claims it is ready to take responsibility for factory compliance and remediation - and has sought to evict the Accord. Others doubt state capacity and commitment. The EU's (2018:5,34) technical report denies the national regulatory body has demonstrated sufficient proficiency in inspections, remediation, enforcement against non-compliant factories, transparency, and fair resolution of workers' safety complaints (for data on this see ILO, 2019). While donors finance state capacity-building,²¹ low remediation rates may indicate a further obstacle: limited government interest in stronger regulation.

The EU has reprimanded Bangladesh: passing resolutions, threatening (but never enacting) deadlines and GSP investigations.²² Bangladeshi leaders ceased to anticipate sanctions for non-compliance - as noted by academics, media, and international organisations:

'Over time, anxiety appears to have subsided... If government and industry actors in Bangladesh do not believe that the withdrawal of benefits is a real, even if unlikely, possibility, they are unlikely to change behavior, particularly as brands continue to place orders with local factories' (Bair et al, 2018; see also Kenner and Peake 2017:112).

'Each year, the government made claims and excuses and concluded with promises to do better the following year. These promises were left unfulfilled and the situation worsened each passing year, the worker members said' (Daily Star, 2017).

'The Committee observed that many of the changes it has been requesting for a number of years had either not been addressed or addressed only partially' (EU, 2018:11).

Bangladeshi politicians and exporters no longer perceive pro-labour reforms as conducive to export growth. These norm perceptions reflect four macro-level trends: continued export growth, regardless of labour repression; the efficacy of labour repression; a pricing squeeze; and lack of financial support from buyers.

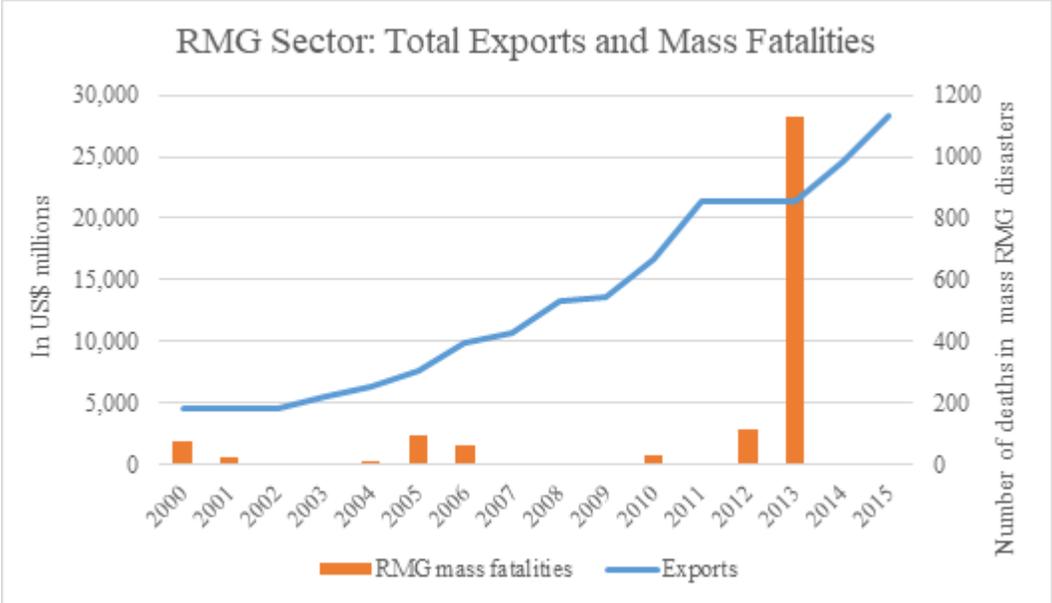
First, Government fears never materialised. They saw that exports actually grew after Rana Plaza: between 2013 and 2015 they increased by a third, to \$28.3 billion (as shown in Figure 2, Bair et al, 2018). US firms have continued to source RMG from Bangladesh, just as before. Only a minority of these joined the Accord/

²¹ Canada, the UK, and Netherlands.

²² See also Ear (2012) on the EU's empty threats to Cambodia.

Alliance. They continued to source from Bangladesh without insisting on labour reforms (Ahlquist and Mosley, 2018).

Figure 2. Bangladesh’s Garment Sector: Total Exports and Mass Fatalities.

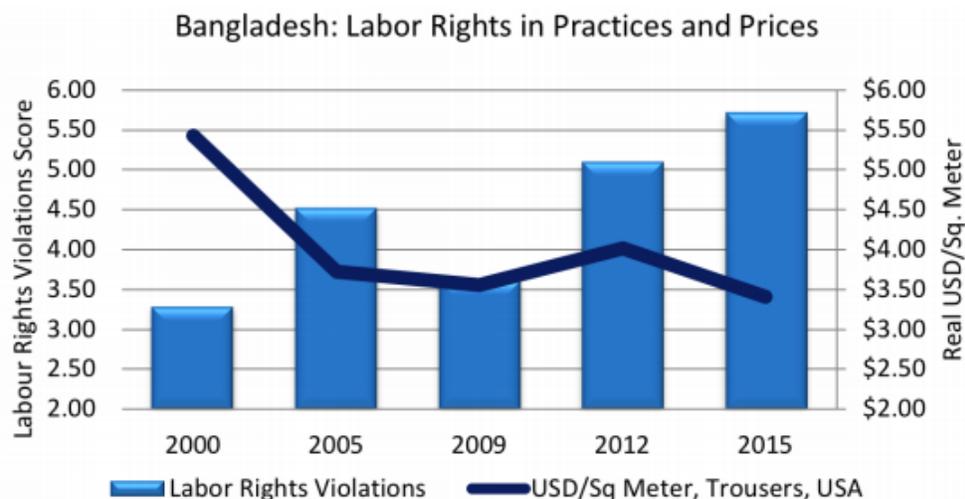


Source: Bair et al, 2018, using export data from UN COMTRADE

Second, exports grew through low-cost production. In 2016, Bangladesh exported more t-shirts than its three closest competitors by providing the lowest price point (Anner, 2018b).

Third, since Rana Plaza, lead European and American buyers have paid Bangladeshi suppliers about 9-10% less for each unit, in all major product categories (Anner, 2018b:7). From 2011 to 2016, Bangladeshi manufacturers’ profit margins fell by 13% (ibid:8). Between 2011 and 2015, lead times fell by 8% (ibid:8). To meet these targets, manufacturers increased overtime and work intensity (ibid). As prices and lead-times fell, garment factories became less compliant with labour standards in cost- and time-sensitive areas (Anner, 2018b; see also Berik, 2017).

Figure 3: Bangladesh: Labour Rights in Practices and Prices



Sources: Labour Rights Indicators (LRI), OTEXA.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) expressly resents being squeezed on prices, then scolded for inadequacies:

When the building collapsed everybody said “you’re at fault,”... but hold on, if you felt so judgemental about the whole thing, then maybe you should pay us a little more! Instead, our buyers continue to threaten us, saying, if you don’t want to take our orders, we will go elsewhere cheaper. But factories cannot produce cheaper without cutting corners on workers’ rights (quoted in James et al, forthcoming).

Fourth, manufacturers can only participate in the Accord if they meet buildings requirements. But they are expected to cover the costs (Raman and Rahman, 2018). Participating buyers have often refused or delayed payments to improve building safety, notwithstanding their legal commitments (Alamgir and Banarjee, forthcoming; Khan and Wichterich 2015; Rahman and Rahman, 2018). Manufacturers thus resent costs and interference. The BGMEA was keen for the Accord to end (Bair et al, 2018; James et al, 2018).

Bangladeshi politicians and exporters have ceased to regard pro-labour reforms as conducive to export growth. They have revised their norm perceptions and perceived interests in response to macro-trends: soaring exports, price competition, price-squeeze, no required labour reforms, nor financial support for buildings upgrading. They reversed earlier liberalisation. This is despite industry growth, various aid interventions, awareness-raising workshops, protocols, and databases to improve state capacity (ILO, 2016). Exports have increased since December 2013, but, in the absence of a strong labour movement, real wages have fallen by 6.5% (Anner, 2018b).

(8) Conclusion

The two governments only rescinded labour repression when they perceived this as conducive to export growth. Dynamics were a little different in each country. In Vietnam, labour reforms were a condition for TPP membership and *increased* market access. In Bangladesh, labour reforms were required to preserve *existing* exports. But if we focus on politicians’ reasons for acting (rather than policy specifics), we realise a common driver: economic incentives. This motivated both governments to announce *de jure* reforms.

Domestic reformists and activists then revised their norm perceptions. No longer anticipating punitive backlash, they mobilised for substantive change. In Vietnam, TPP incentivised and legitimised more open conversations about independent trade unions. Formerly quiet, despondent reformists realised wider support,

so became emboldened to further their pre-existing agenda. This fostered a positive feedback loop: with more people speaking out, pushing for reform. Likewise in Bangladesh, unionists seized on new openings: eagerly organising, recruiting new members, registering unions, and protesting en masse for a higher minimum wage in 2013.

One might counter that repression rescinded due to domestic shifts. But this is inconsistent with the available evidence. First, domestic activists and reformists had long challenged labour repression, but were unsuccessful. They did not gain political influence prior to the policy reforms. Second, reforms were introduced notwithstanding hostile domestic politics: the BGMEA's regulatory capture; and the more centralising, conservative leadership in Vietnam (from March 2016). Third, interviewees (including those directly engaged in policy) attributed reform to international economic incentives. Fourth and most importantly, when global economic incentives reversed, both governments resumed labour repression. This cuts against alternative hypotheses emphasising endogenous drivers of legislative reform: workers' demonstrations, enlightened manufacturers, or converted leaders. These domestic variables did not vary between 2013-2019, and yet repression increased. This reversal also counts against alternative hypotheses that trade improves human rights through persuasion and emulation, i.e. exporters adopting new beliefs about appropriate labour standards (Greenhill, 2010). Taken together, these four types of evidence strongly suggest that Vietnamese and Bangladeshi leaders only rescinded repression when they thought this was conducive to export growth.

One might object that international economic incentives only enabled *de jure*, not *de facto*, change. Indeed, we cannot presume that a tiny smattering of weakly organised activists/ party-state reformists could have secured substantive change if pro-labour economic incentives had endured, even over a twenty-year period. We cannot presume that Vietnamese and Bangladeshi reformists/ activists could have nurtured a positive feedback loop (following Indonesia's example) - especially not in the current context of rising authoritarianism.²³ That said, dissent certainly became much more dangerous when economic incentives rescinded, and crackdowns resumed.

Importantly, even if workers' rights did improve in targeted countries, this would not demonstrate the efficacy of trade-labour conditionalities. Penalising or rewarding specific countries may stem abuses in situ, but neglects the underlying problem: buyers prioritising low costs, incentivising labour repression. Threatening one country with trade sanctions may just lead global buyers to source from another (a global game of whack-a-mole).²⁴ Going forwards, we need to understand why and how high-income countries might entrench pro-labour economic incentives in global supply chains. Corporate accountability is one option: making companies liable for abuses in their supply chains. This might incentivise more scrupulous sourcing. Labour repression could cease to be an economically competitive export strategy.²⁵

This paper improves our understanding of workers' rights in global supply chains. First, by exploiting within-case variation, it demonstrates the effects of international economic incentives for pro-labour reforms. It shows what happened before, during, and after the removal of economic incentives for pro-labour reforms. Second, by showing common effects in two very different case studies, this paper confirms external validity. This comparative approach helpfully reveals the shared, underlying causal mechanisms. If one only focused on Vietnam, one might reasonably conclude that the key driver was the pre-ratification reforms. By looking at Vietnam and Bangladesh in tandem, we realise the significance of export incentives. Third, by connecting macro-level changes to protagonists' *motivations* and consequent behaviour, this paper explicates the full causal chain. Fourth, through careful process-tracing and in-depth qualitative research, this paper reveals important synergies between global and local forces. The Governments of Vietnam and Bangladesh introduced *de jure*

23 Countries are more likely to democratise if their neighbours do so (Gleditsch and Ward, 2006; Haggard and Kauffman, 2016).

24 After the EU threatened Cambodia with trade sanctions, Bangladesh's exports soared. Buyers may have shifted, to avoid tariffs and maximise profits (Apparel insider, 2019).

25 From 2018, all large French companies are legally obliged to undertake human rights and environmental due diligence, or else be liable for abuses. In 2018, Switzerland's National Council voted in support of similar legislation (Evans, 2018b).

reforms to promote export growth.²⁶ Emboldened reformists and activists then mobilised for substantive change.

Thus even if labour repression partly stems from domestic politics, it can rescind with global economic incentives, loosening constraints on local activists.

²⁶ For wider parallels see Caraway, 2004; Smith-Cannoy, 2012; Simmons, 2009.

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