



## Just Supply Chains

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Globalization, with its volatile mix of economic opportunity and social disruption, is reorganizing production, redefining work, and provoking fundamental changes in the institutions of economic governance. In a world of global supply chains—with links extending across cultural and political boundaries—corporations, unions, NGOs, national governments, and even international labor, trade and financial organizations are all casting about, searching for new strategic directions and/or novel institutional arrangements. But there is enormous uncertainty about their likely success—in particular, about their success in addressing three basic concerns about employment relations in the global economy: fair compensation, decent and healthy working conditions, and rights of association.

Currently, we observe three broad strategies for addressing these concerns about employment relations in global supply chains:

First, corporate codes of conduct and “private voluntary” efforts to monitor compliance with these codes. Responding to pressures in the 1990s from consumer groups and labor-rights NGOs, and lacking recourse to a strong system of global law, corporations have developed their own codes of conduct and monitoring mechanisms for enforcing these codes. Today, monitoring for compliance with codes of conduct is one of the principal ways both global corporations and labor rights NGOs seek to promote fair conditions in global supply chains.

But the point of codes of conduct is not simply to monitor, audit, or discipline: the point is to generate measurable improvements in compensation, working conditions, and rights of association. And recent research raises important questions about the effectiveness of this approach (Locke, Qin and Brause 2007; Maquila Solidarity Network 2006; Barrientos and Smith, 2006).

Partly in response to such concerns, a number of multi-stakeholder Initiatives (MSIs) have emerged in recent years to promote a more collaborative/coordinated approach to improved labor standards (and some companies have urged that such coordination—an ISO 9000 for labor standards—might be of general benefit). The goal of these initiatives is for the various MSIs (and corporations affiliated with them) to cooperate (rather than compete) on efforts aimed at improving working conditions through a combination of monitoring and capacity-building. The Joint Initiative for Workers Rights and Corporate Accountability initiative in Turkey and the MFA Forum Project in Bangladesh are two of the best-known collaborative efforts. Here, too, however, the results have been mixed because of resource constraints, capacity limitations, and inter-organizational conflicts.

A second direction is to reorganize national-level regulation so that it operates more effectively—with greater flexibility, rapidity, and capacity to learn from similar experiences

elsewhere (Piore and Schrank 2006). Much has been written about pro-labor administrative reforms in individual countries (e.g., Dominican Republic, Cambodia, Brazil, Argentina), as a by-product of reformist national governments and/or bilateral trade agreements. But very little is known about the long-term promise of these efforts, and still less about how to diffuse successful experiments to other countries facing comparable problems.

A third direction is more ambitious in scope but more speculative in impact. It would involve joint efforts by the WTO, ILO, and other international organizations to bring labor standards together with trade rules in a new form of global rule-making. Efforts to link trade and labor standards have already occurred in various bilateral (US-Cambodia, US-Jordan) and regional (NAFTA, CAFTA) trade agreements but their results are very much open to debate. Global rule-making in service of fairness would need to leave considerable room for national-level variation (given national economic, cultural, and political differences) and mutual learning from those variations, without turning into a toothless invocation of vague aspirations to decency. Whether it is possible to navigate between excessive uniformity (with protectionist implications) and vacuous abstraction remains open.

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To study this terrain and explore the prospects of longer-term research collaborations, we propose to organize a pair of workshops in 2008. Jointly entitled *Just Supply Chains*, the two sessions will explore the conditions under which these different strategies, either separately or in conjunction, might succeed in promoting a more fair global economy.

We focus our concerns about fairness on the three dimensions mentioned earlier: wages and work hours, working conditions that ensure the health and safety of workers, and basic rights, including the right to organize collectively. And we will consider these issues in connection with supply chains in agriculture, apparel, and electronics.

The meetings will include practitioners engaged in various institutional experiments (from firms, NGOs, labor ministries, international organizations) and scholars studying global supply chains, corporate responsibility, comparative and international political economy, and global distributive justice. Our hope is to create a setting in which scholars and practitioners alike can meet, speak openly about their experiences, and explore together how best to promote a shared goal of achieving just working conditions in global supply chains.

Our aim in the workshops is to explore three large questions:

1. What kinds of experiments and innovations are now underway in the worlds of private voluntary codes and audits, national level regulation, and global rule-making;
2. What are the results of these different efforts for wages, working conditions, and rights of association, and for more conventional measures of firm success;



3. Are there alternative ways to regulate firms in supply chains that might plausibly have greater success than current efforts?

We will start with a two-day meeting at MIT's Sloan School of Management on January 11-12, 2008. This meeting will focus principally on the first approach outlined above: corporate codes and monitoring, with some discussion as well on state efforts in this area. The group will then reconvene for a second meeting at Stanford on May 16-17, 2008, under the auspices of the Program on Global Justice at Stanford's Freeman Spogli Institute for International Studies. The second meeting will focus primarily on national level and global regulation.

Our minimal hope is that these two meetings will establish a common basis of knowledge, while raising many more questions than they answer. Our more ambitious hope is to generate a collaborative research agenda with normative, empirical, and practical aims.

The normative aim is to clarify our ideas about a fair global economy: about what levels of compensation are reasonable in different conditions (of firm success, national and regional standards, and global performance). We have some ideas about what fairness means in national economies. But are there sensible standards and measures for the global setting? And we have some ideas in the national setting of who is responsible for ensuring fair conditions. Where does responsibility lie in the global setting, with extraordinary variation in circumstances and no legitimate global regulatory mechanisms?

The empirical aim is to evaluate alternative strategies and experiments for achieving global fairness. Has monitoring reached a limit, and if so, what are the roots of those limitations? Are there ways to achieve better coordination among standards and auditors? Should NGOs be devoting more energy to helping suppliers to meet targets rather than blaming them after the fact? Can global rule-making provide workable standards that are neither protectionist nor empty?

The large practical aim is to evaluate different strategies for improving conditions of work, compensation, and association. In addition to promoting/diffusing innovative research on these issues, our goal is to build a community of scholars and practitioners who will meet regularly to exchange ideas and collaborate on promoting just supply chains.

If the project moves forward, we plan to provide opportunities for practitioners and scholars to spend time as Visiting Fellows at the Global Justice Program, with an eye to bringing their practice to bear on research and the research to bear on their work.

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