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The darker side

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Photo: AFP

EXACTLY one day before the Rana Plaza on the outskirts of the Bangladeshi capital crumbled last Wednesday, press reports in Britain noted that Primark, a leading retailer of cut-price attire, had recorded a 24 per cent increase in sales in the six months to March, its revenue jumping to 2 billion pounds (US\$3.11 billion) and operating profits leaping by 56 per cent to 238 million pounds. Not a bad result, particularly amid an economic downturn. In the same period, Primark opened 15 new stores across Western Europe. Fantabulous. How does it do it?

One of the answers obviously lies in its expertise in sourcing cheap raw materials and manufacturing facilities. Then, notwithstanding a substantial profit margin, the finished product can still be retailed with a competitively low price tag. The consumer is pleased to bag a bargain, the company is delighted by the bounce in its bottom line. Everyone's thrilled by the efficiency of free-market operations, right? Well, not quite. The low-cost, high-profit-margin phenomenon all too often entails that at the other end of the capitalist food chain, life, too, is cheap.

Primark was a leading customer at one of the garment factories housed in the Rana Plaza, whose collapse last week has killed hundreds of workers. The official death toll stood at nearly 400 at the time of writing, and was expected to rise because dozens of employees remained missing after rescue efforts – which saved scores of lives – formally ended earlier this week.

Ominous-looking cracks had reportedly appeared in the building a day earlier, and local authorities in the Savar industrial area claim they warned the business owners in Rana Plaza to temporarily shut down their facilities. A bank and a few shops complied with the advice, but the garment factories ignored it.

“I wouldn’t call it an accident,” Bangladesh’s information minister Hasanul Haq Inu declared after the event. “I would say it’s murder.”

Mass murder would be more accurate, and it’s an act in which the minister’s government is at least partially complicit. Bangladesh relies on garments for more than 80 per cent of its export earnings.

Tighter regulation of that industry could bite into those earnings, which possibly helps to explain why – beyond customary inefficiency and endemic corruption – the laws that exist are often not enforced.

Rana Plaza’s owner, Mohammed Sohel Rana – a minor luminary of the ruling Awami League’s youth organisation who, according to reports in the Bangladeshi press, initially made his fortune from drug dealing and was closely associated with the local MP – was captured on Sunday, apparently while trying to escape into India. Some of the factory owners are also in custody. All of them will presumably face trial.

Rana Plaza is said to have been built without proper planning permission on swampy terrain. But even if the government were to make a greater effort to ensure that building safety standards are adhered to – something it did not seriously bother to do after 112 workers died in a garment factory last November – the bigger issue would remain unresolved.

It is, after all, an insidiously vicious circle. It is clearly in the interests of the western retailers to pay as little as possible for the products they obtain from countries such as Bangladesh. It is equally clearly in the interests of their subcontractors to squeeze expenses – be it in terms of salaries or maintenance of premises – in order to maximise their own profits.

The workers, in turn, are willing to toil long hours for a pittance, because it beats going hungry, or trying to earn a living via subsistence agriculture.

In recent decades it has commonly been argued that globalisation has lifted millions out of poverty in nations such as China and India. That's technically true, going by the international marker of absolute poverty, supposedly an income of about \$1 a day.

That hasn't kept pace with inflation, but even if it had done so, it would surely be arbitrary to argue that an increase in daily intake from \$0.95 to \$1.05 – or even \$1.50 – represents a substantial difference in either absolute or relative terms.

The minimum wage in Bangladesh may have risen in recent years, but enforcement remains an issue. As does child labour. Practices that are against the law are not necessarily against the norm.

It has been noted that if the global labels that exploit Bangladeshi labour were to pay an extra 10 cents for each of the more than six billion pieces of clothing they procure each year, the additional \$600 million could pay for marked improvements in factory conditions.

It would not be terribly easy to ensure, however, that the extra revenue goes where it is directed. Primark has announced that it will compensate the families of last week's victims, and has urged other retailers to follow suit. Let's hope they do, but what are the chances this post hoc generosity will alter the kind of mentality that precipitated last week's "structural adjustment" in Dhaka?

The original May Day was marked 123 years ago as part of the struggle for an eight-hour day. Winning rights for workers that transformed them into human beings with some kind of life outside the workplace was an uphill struggle in the West. The victory wasn't quite complete when the dominant capitalist powers discovered that the conclusion of direct colonialism did not necessarily entail the end of exploitation from a distance, via proxy bloodsuckers.

Were the international proletariat to unite today, it would be a largely Third World coalition, stretching from Africa, across much of Asia, to Latin America. It could be a neoliberalism-threatening phenomenon, but the forces arrayed against it should never be underestimated.

The writer is a renowned Columnist and, now working with *The Australian*.

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