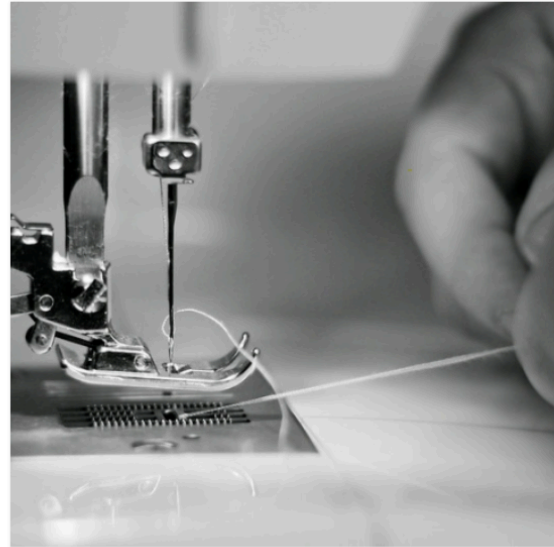


Dull magazine

ITALIA 15 Apr. 2020

Luxury Brands and Mafia, A Shared Problem: Interview Abiti Puliti

Deborah Lucchetti is coordinator for Abiti Puliti, the Italian section of the Clean Clothes Campaign. This international network is committed to improving working conditions in global garment industries, and she is helping us understand the real cost of our clothes in Italy and around the world. We interviewed her before the coronavirus outbreak.



We talk a lot about fast fashion and its questionable sourcing. Is there really a difference between luxury houses and fast fashion? Or is this a fashion problem across the board?

It's a problem with fashion and how the fashion industry is organised. Global supply chains (known as Global Value Chains, or GVCs) are based on various forms of dumping (including social, fiscal and environmental) and are organised to squeeze costs at the expense of workers, communities and the planet. Commercial agreements between brands and tier 1 suppliers are designed to shift responsibility away and pass the burden of respect for labour rights to the suppliers down the chain. The bargaining power is largely held by brands and retailers (including today's digital sales platforms) which often use this disparity to impose harsh conditions. GVCs are long, obscure and fragmented, with compressed lead times and very low prices, generating an intense use of sub-contractors and sweatshops to meet deadlines and low costs imposed by brands. This is when we enter the grey area of the informal economy when illegal practices are frequent, including reduced wages and social security for workers, irregular or non-existent labour contracts, and tax evasion.

Do you think the brands whose clothes are made in sweatshops, in LA and Italy, or in Bangladesh and China, for example, would not survive if they had to produce with real labour rights?

The problem is in the purchasing practices exercised by big players such as brands and retailers. They are at the top of the GVC and determine costs and labour conditions across the supply chain. Until the prices they pay to buy products from their suppliers include the scope for respecting fundamental rights such as a living wage, suppliers will not be able to guarantee that such rights are in place.

Brands would survive paying fair prices to guarantee labour rights are respected. If you isolate labour costs in the FOB price structure (the money brands pay suppliers), you realise that the labour component ranges from 0.5 to 3% of the full selling price, meaning that the effect on the retail price would be almost imperceptible even if this component was doubled. However, increasing labour costs firstly implies redistributing the value between labour and capital, and this burden should not be transferred to consumers. In the luxury segment there is a large margin to allow for that. Fast fashion profit margins are lower, but their prices are also too low, allowing for pathological hyper consumerism that supports an unsustainable business model with a huge environmental impact. Prices paid by consumers in the fast fashion industry should therefore also be slightly increased to restore a balance in consumption (less quantity, more quality) in combination with a fair redistribution in the value chain from corporate profits to wages.

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Fashion brands are more eco-conscious today and take a lot of initiatives in this area. But we rarely talk about sweatshops. Why is that?

Today, it's easier to talk about the environment than workers, as environmental issues are trend topics and more likely to scare people. They are perceived as more attractive or more challenging or threatening to individual health. Global supply chains have created a separation between consumers and workers, with the latter confined to the edges of the world (physically and symbolically), far from the eyes of wealthier populations. These consumers don't know what's behind the clothes they buy, and have no direct contact with workers and their sad stories. What's more, the prolonged financial crises gripping Europe and the resulting austerity policies introduced by EU governments have increased the number of poor workers in Europe, fuelling competition among the most vulnerable Europeans and migrants. Talking about sweatshops and looking at the immense inequalities created by this unsustainable business model implies focusing on the asymmetry of power between labour and capital, and the serious situation our democracy finds itself in. It's an uncomfortable topic.

Do you think there were real measures taken after the Rana Plaza disaster?

In terms of occupational health and safety, yes. Substantial improvements were rolled out in the aftermath of the factory collapse. An Accord was signed and measures have been taken for the millions of workers operating in factories covered by this unique, binding agreement. The Accord on Fire and Building Safety in Bangladesh's comprehensive, compulsory programme of inspections, remediation, training and complaint mechanisms has made factories in Bangladesh safer for millions of people.

The Accord is successful because of its binding nature, enforceability, transparency, powerful complaint mechanisms, equal distribution of power between labour and brands, and the inspectorate's independence. Take away one of those elements and it will lose force, especially in a country like Bangladesh, where civil society is under pressure and commercial interests wield a lot of power. A forthcoming legally-binding international agreement would need these elements in order to protect the progress made by the Accord. Without this carefully designed package, the risk of backsliding is considerable. However, garment workers in Bangladesh also need to solve other burning issues. They need living wages instead of poverty wages, as is currently the case. What's more, freedom of association should be guaranteed to exercise essential rights and collective bargaining power.

Garment workers in Bangladesh had ample reason to take to the streets in December 2018. The new minimum wage, announced just weeks before, amounted to only half of what unions had collectively called for, and is far from a living wage. While minimum wages are set by a committee with participation from government and employers, apparel companies have a crucial role to play by demonstrably paying prices that allow for higher wages rather than continuing the race to the bottom that has been keeping prices low in the Bangladesh garment industry.

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Is the Naples sweatshop case specific? Or should we expect others in the future?

There will be more and many others have already been discovered. The problem is systemic and until root causes are addressed, abuse will continue to happen and the shadow economy will continue to flourish, especially when you go down the supply chain. This can happen in any production country, including Italy.

Do you think what was found in Naples is common in Europe or the United States?

The more you go down the chain, the worse it is for the workers. This can happen everywhere but especially where the manufacturing sector still exists, like in Italy. Italy is a vital connection in Europe between Western, Eastern and South-Eastern countries. With a longstanding tradition in the sector, Italy and Europe represent an ideal country and macro region to relocate production (known as reshoring) from Asia. There is better logistics, better lead times, skilled workers (especially women) and lower wages (sometimes even lower than in Asia). A business-friendly environment, including wage moderation and favourable customs regimes with free-trade zones, attracts foreign investments and sustains the current business model.

The problem is that the people in Western factories are not legally forced to work. Do you think this is a fashion industry problem or a state problem?

Poor workers are pushed to defend the status quo because they are desperate and see no alternatives. Impunity is rife and inspections that uncover sweatshops generally hit those directly responsible (factory owners) but do not point the finger at the whole system or at the root causes at the core of such abuse. It's a complex global issue; concrete solutions have to look at the root causes. Both industry and governments are key players in bringing real change for affected people, whether workers or communities.

Do you think governments and international state organisations are really doing anything to stop this?

Much more is needed to prevent abuse and reduce the increasing inequality affecting our society. Governments and the EU should do more to monitor the correct implementation of labour laws. They should also modify current policies and legislation regarding immigration, which encourage exploitation and abuse of the most vulnerable. They should legally impose full transparency in supply chains, allowing for public scrutiny and democratic control. They should make it compulsory for companies to implement human rights due diligence to identify, prevent, mitigate and report on the potential negative impact their operations can have on workers, and introduce remedial measures companies must take to guarantee access to legal solutions for victims of abuse. Binding rules are needed to limit the power of transnational companies (TNCs) and restore balance to the immense disparity of power between TNCs and workers/citizens currently fostered by the structure of the global production network.

Why do you think French or Italian fashion federations are reluctant to comment?

Labels such as Made in Italy, Made in France, or Made in Europe are used to fuel a rhetoric which does not correspond to reality. They are concepts used as vectors of excellence and high quality, including social responsibility and sustainability, therefore they should never be associated with structural abuse, low wages and bad working conditions. It is preferable to hide or ignore problems by treating scandals as exceptions when they emerge. It is a classic case of the "bad apple" that distracts people from the interest the whole industry has in preserving its reputation and its impunity.

The "Made in" rules are very different in every country. Do you think we can change something there? Is that part of the problem?

There is a risk the "Made in" issue will be used to defend the status quo instead of promoting real change towards a more sustainable business model. The problem is not where a product is labelled to protect its national identity. After all, given the current GVC structure, this no longer even exists. The problem is how garments are produced, wherever they are produced. Are they made with respect for human and labour rights? We need a new discourse around "Made in" rules which combine the quality of products rooted in a particular territory with high social standards. What we need are binding rules to guarantee Made with dignity, globally.

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Why have things not changed since Roberto Saviano published Gomora?

This system is highly compromised. Cheap clothes can only exist at the expense of the planet, workers and future generations. Luxury clothes are made in many cases following the same logic, by squeezing the most vulnerable, using the same supply chains and benefiting from the normative vacuum which allows TNCs to outsource production to cheaper places where freedom of association is greatly hampered and workers compete for low-paying jobs without any protection. A radical shift is needed, with workers, their communities and the planet at the heart of any change. This shift is urgently needed to rethink the way we produce and consume. Systemic greed and capital accumulation at the expense of 99% of the population is no longer acceptable. The fashion industry is based on a business model which is blind to people's rights and communities' interests.

What can consumers do about this? Do you think they are also responsible?

Consumers can do something but not enough. Consumers are by nature fragmented, fluid and individualistic. They are not a class with its own consciousness, as capitalists are today. They could change the market in a heartbeat if only they could act with a single voice. Raising awareness among consumers remains a crucial task for those struggling for a better world, and consumerism is an essential part of the problem. But consumerism is fuelled by the industry, and fast fashion perfectly symbolises this strategy, as consumerism is necessary to sustain overproduction and anaesthetise our minds. I agree with those who think that conscious consumerism is a lie and that there are other ways to really protect people and the planet. If structural incentives for unsustainable business models are not stopped, the idea that everyone can vote with their wallets and that things can really change through a series of small, ethical purchasing decisions is nothing but an illusion. No meaningful transformation will happen until the big players in the market – the corporations – radically evolve. Sustainable consumption choices are necessary but they are no substitute for systemic change.