

WHO GOVERNS THE GLOBAL FACTORY?  
THE POLITICAL ECONOMY OF LABOR IN GLOBAL VALUE CHAINS

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## **ABSTRACT**

The expansion of global value chains (GVCs), as interlinked productive networks that transcend nation-state boundaries, has rapidly transformed the world economy since the neoliberal revolution in the 1970s. This study examines to what extent host market political institutions are able to mediate the effects of GVC trade on workers' socioeconomic outcomes (WSEOs) in export-oriented industries. This study proposes two competing theories to explain how political institutions shape WSEOs. GVC Hegemony theory posits that rising GVC trade universally degrades worker outcomes as disproportionate corporate power—through market concentration and labor arbitrage—supersedes national political autonomy. In contrast, Democratic Upgrading theory argues that only democracies improve WSEOs as GVC trade increases as a result of interest group representation, political accountability, and citizen protections. I test both theories in a comparative case study of the garment industries in Bangladesh and Vietnam, conducting a qualitative analysis of WSEOs over time as a function of GVC trade levels and evolving political settlements. In both cases, labor organizing and resistance—rather than formal political processes—proved to be the primary mechanism for improving WSEOs. However, Vietnam's political settlement institutionalized worker gains more effectively, while Bangladesh's more liberal democratic institutions failed to proactively improve WSEOs in the same manner. The findings challenge both theoretical approaches, demonstrating that regime type alone does not determine worker outcomes. Instead, future research should examine how state capacity, elite domestic coalitions, and labor resistance interact to shape WSEOs in export-oriented industries.

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## TABLE OF CONTENTS

ABSTRACT.....	ii
ACKNOWLEDGEMENTS.....	iii
TABLE OF CONTENTS.....	iv
LIST OF FIGURES.....	vi
LIST OF TABLES.....	vii
LIST OF ABBREVIATIONS.....	viii
CHAPTER ONE: INTRODUCTION.....	1
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1. GVC Theory.....	10
2.2. GVC Effects on the Workplace.....	13
2.3. GVC Effects on the External Environment.....	17
CHAPTER THREE: THEORETICAL APPROACHES.....	23
3.1. Theory I: GVC Hegemony.....	24
3.2. Theory II: Democratic Upgrading.....	29
3.3. GVC Trade.....	33
3.4. Democratic Political Institutions.....	39
3.5. Outcome Variable: Constructing Workers' Socioeconomic Outcomes.....	41
3.5.1. Defining GVC Workers.....	43
3.5.2. Wages.....	43
3.5.3. Employment and Job Security.....	45
3.5.4. Working Conditions.....	46
3.5.5. Ecological Implications.....	48
3.5.6. Social Implications.....	49
3.5.7. Worker Countermovements.....	51
3.5.8. Workers' Socioeconomic Outcomes.....	52
3.6. Conclusion.....	53
CHAPTER FOUR: LABOR IN THE GARMENT INDUSTRY: BANGLADESH AND	

VIETNAM.....	55
4.1. Case Study Introduction.....	55
4.2. Contextualizing the Global Garment Industry.....	61
4.3. Garment Industry Development in Bangladesh.....	65
4.4. Garment Industry Development in Vietnam.....	73
4.5. Garment Workers’ Outcomes in Bangladesh.....	79
4.5.1. Wages.....	79
4.5.2. Employment and Job Security.....	83
4.5.3. Working Conditions.....	87
4.5.4. Ecological Implications.....	91
4.5.5. Social Implications.....	93
4.5.6. Worker Countermovements.....	97
4.5.7. Summary of Bangladesh Case Findings.....	101
4.6. Garment Workers’ Socioeconomic Outcomes in Vietnam.....	102
4.6.1. Wages.....	102
4.6.2. Employment and Job Security.....	105
4.6.3. Working Conditions.....	107
4.6.4. Ecological Implications.....	111
4.6.5. Social Implications.....	113
4.6.6. Worker Countermovements.....	116
4.6.7. Summary of Vietnam Case Findings.....	120
CHAPTER FIVE: FINDINGS AND CONCLUSION.....	122
5.1. Revisiting GVC Hegemony.....	125
5.2. Revisiting Democratic Upgrading.....	127
5.3. Study Implications.....	128
5.4. Towards a More Comprehensive Model.....	130
REFERENCES.....	133

## LIST OF FIGURES

Figure 1 - Value of Textile and Garment Exports in Bangladesh and Vietnam.....	59
Figure 2 - Bangladesh RMG Exports.....	68
Figure 3 - Minimum Wages in the Garment Industry.....	80
Figure 4 - Working Poverty Rate.....	81
Figure 5 - Garment Factory Non-Compliance Rates.....	89
Figure 6 - Non-Compliance in Compensation.....	104
Figure 7 - Non-Compliance in Labor Relations.....	106
Figure 8 - Non-Compliance in Freedom of Association.....	108
Figure 9 - Non-Compliance in Occupational Safety and Health.....	109
Figure 10 - Non-Compliance in Working Time.....	110
Figure 11 - Non-Compliance in Gender Discrimination.....	113
Figure 12 - Non-Compliance in Child Labor.....	115

## LIST OF TABLES

Table 1 - GVC Hegemony.....	24–25
Table 2 - Democratic Upgrading.....	29
Table 3 - Potential Theoretical Implications.....	59–60
Table 3.1 - Theoretical Implications.....	124
Table 4 - Major Government Policies related to the RMG sector.....	69–70
Table 5 - Notable Đổi Mới Reforms.....	75
Table 6 - Growth of Bangladeshi Garment Factories and Employment.....	83
Table 7 - Maternity Protection in Bangladesh.....	84
Table 8 - Status of Job Security in Bangladesh.....	85
Table 9 - Worker Abuses.....	87–88
Table 10 - Summary of Case Study Findings.....	122–123

## **LIST OF ABBREVIATIONS**

AFWA	Asia Floor Wage Alliance
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BDT	Bangladeshi Taka
CMT	Cut Make and Trim
EPZ	Export Processing Zone
EU	European Union
FDI	Foreign Direct Investment
FLA	Fair Labor Association
GCC	Global Commodity Chain
GVC	Global Value Chain
ILO	International Labor Organization
IMF	International Monetary Fund
ITUC	International Trade Union Confederation
MFA	Multi Fiber Agreement
MNC	Multinational Corporation
NAFTA	North American Free Trade Agreement
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing Power Parity
RMG	Ready Made Garment
VCP	Vietnamese Communist Party
VGCL	Vietnam General Confederation of Labor
VND	Vietnamese Dong
WSEOs	Workers' Socioeconomic Outcomes



## CHAPTER ONE: INTRODUCTION

Global value chains (GVCs)—as a consequence of their globalized nature and prominent role in modern production and consumption—seemingly bypass the traditional nation-state, replacing the realm of national politics and social change with a framework of neoliberal development (Rodrik 2000). These boundaries are enforced through MNCs’ ability to offshore and unilaterally reconfigure global production, shifting power away from the national sphere, and towards international markets and market actors (Stiglitz 2002). Significant literature has examined the more technocratic elements of GVCs, analyzing private governance, efficiency, and firm-level coordination (Porter 1990; Gereffi and Korzeniewicz 1994a, 1994b; Gereffi 2018). Others have explored the stark implications of GVCs on everything from the environment to normative sociocultural systems (Dannecker 2002; Siddiqi 2009; Ponte 2020; Khosla 2019). What is consistent throughout much of the literature, however, is that GVCs permeate virtually every corner of human civilization, significantly redefining economic, social, political, and cultural life around the world.

Within this conversation, less attention is given to understanding states as mediating bodies between international markets and workers employed in export-oriented industries—with notable exceptions, including Wang (2017) and Mosley (2008, 2011, 2017). The core inquiry of this study explores to what extent host market political institutions influence the socioeconomic outcomes of workers employed in such industries, and if more liberal democratic political institutions are able to create better outcomes for workers. To answer this question I propose two theoretical models, *GVC Hegemony* and *Democratic Upgrading*, that offer different explanations for the relationship between political institutions and GVC trade. Do increases in GVC trade

universally harm workers' outcomes, as GVC Hegemony suggests, or do democratic institutions play a pivotal role in improving workers' outcomes?

GVCs in this paper refers to the globalized mechanisms of production, however, the GVC model is also a specific analytical framework to understand supply chains in the global economy, as will be discussed in the following section. More generally, GVCs fragment production where different stages in the commodification process—design, sourcing, assembly, marketing, for instance—are spread across national boundaries. GVCs are uniquely important as they position multinational corporations (MNCs) to be the ultimate coordinators of the entire productive process. Once confined to a nation-state, now global production has the ability to penetrate every city, village, forest, or river, linking communities together across land and ocean through GVC trade, at the direction of MNCs. Through their position atop these chains, MNCs hold significant power over their own production and engage in the global market to find suitable partners. Once a process largely confined within national legal and political frameworks, now MNCs can in effect bypass both their home market *and* potential host market by imposing competitive pressures between suppliers in different countries, stressing labor flexibility and cost-effective strategies. Through holding the power to integrate (and de-integrate) new economic actors in the global economy, GVCs thus become the mechanism by which MNCs exert control over labor markets, particularly—although not exclusively—in the Global South, with significant implications on the well-being of workers in host markets.

Contemporary literature regarding GVCs' impact on its workers, whether that be their conditions, rights, or surrounding environment, can be roughly sorted into two camps. First, is the literature that characterizes GVCs as economic structures with the propensity for socioeconomic upgrading. That is, GVCs can act as international mechanisms that can improve

the conditions of workers operating within them in some measurable way (Amengual, Distelhorst, and Tobin 2020; Distelhorst et al. 2015; Distelhorst and Locke 2018; Distelhorst 2023; Heath and Mobarak 2015; Malesky and Mosley 2021; Tanaka 2020). This upgrading could include increased wages, better work conditions, improved social welfare, access to education, and more. Second, is the literature that characterizes GVCs as economic structures either complicit in or actively perpetrating exploitation in a host of forms, whether it be ecological damage, labor exploitation, resource extraction, or community degradation. This camp theorizes that GVCs, at best, offer minimal opportunity for socioeconomic upgrading relative to their costs, and at worst, a structural propensity for stagnant or worsening socioeconomic outcomes for workers (Ahlquist and Mosley 2021; Alsamawi, Murray, and Lenzen 2014; Baglioni, Campling, and Hanlon 2020; Caspersz et al. 2022; Selwyn 2019; Selwyn and Leyden 2022).

From this foundation, the following study presents two theoretical frameworks to analyze how GVC-state interactions manifest in the lives of workers. First, GVC Hegemony Theory hypothesizes that workers' socioeconomic outcomes worsen as GVC trade increases, regardless of the type of host market political institutions. Based on mechanisms of industry mobility, inter-state labor arbitrage, and market concentration, MNCs are able to collectively exert power over host market political systems to keep labor costs at competitive levels. MNCs implicit power stems from the omnipresent reality that dramatic increases in labor costs (i.e. increased wages, improved conditions) will result in offshoring production and thus national economic harm, therefore, it is within states' interests to comply with these pressures. Second, Democratic Upgrading Theory hypothesizes that workers' socioeconomic outcomes improve in democracies while stagnating or even worsening in nondemocracies as GVC trade increases. Democratic institutions in host markets act to mitigate the most perverse effects of deep integration in global

trade through mechanisms including better worker representation in policy decisions, public accountability measures, independent judiciaries, as well as generally stronger labor protections. Shared interests between the state and workers to maintain industry presence in the country will create spaces for dialogue and reform more efficiently than nondemocratic states with less structural representation for worker interests. Democratic Upgrading therefore suggests institutional variation shapes how GVC trade affects worker well-being.

I test both frameworks by comparing the growth of GVC trade, variation in political institutions, and the subsequent trajectories of worker outcomes in the garment sector of Vietnam and Bangladesh. Three features of the global garment industry make it relevant for this study's inquiry. First, the garment industry is deeply embedded in global supply chains with production fragmented across numerous countries and continents, including processes from cotton agriculture to synthetic fabric production to cutting and sewing to design and marketing. Shifts in international trade incentives are therefore paramount to GVC trade integration across a vast range of host markets. Second, the garment industry is both incredibly labor intensive, with one in six people estimated to be employed in some element of the global fashion industry, and low in capital intensity (Linden 2016, 14). This positions the industry as a promethean stepping stone towards industrialization in underdeveloped and/or post-colonial states, many of which are willing to utilize their comparatively low wage standards to integrate in the global industry. Third, the core transformative elements of labor in the garment industry lie with garment workers in manufacturing plants cutting, setting, dyeing, and washing, i.e. turning raw material inputs into finished commodities for distribution. This sect of workers, currently concentrated in markets across the Global South, are thus most susceptible to shifting global market forces, as

they are most concentrated in the garment industry proper, relative to, for instance, agricultural or transportation workers.

These three specific configurations make the garment industry an ideal economic context to compare worker outcomes across political contexts, as workers under different institutional arrangements will largely experience the same international economic pressures. The industry's construction allows for clear analysis into how different political systems, first, interact with the global garment industry, and second, mediate outcomes for garment workers employed in the export-oriented sector. Does Bangladesh, being what M. Khan (2011) describes as a "vulnerable democracy," mediate better outcomes for garment workers with its relatively more liberal democratic institutions (M. Khan 2011, 103)? Is Vietnam, being more authoritative in its market-socialist orientation, better positioned to mediate better outcomes for Vietnamese garment workers? Or, is the mediating effect of institutional variation effectively nulled as a result of overwhelming pressures on worker outcomes from the global garment industry itself?

The outcome variable I construct to test both theories is workers' socioeconomic outcomes (WSEOs). While the workplace-centric outcomes like wages and working conditions are dominant in most studies of workers, I attempt to include the consequences of rapid ecological and social transformations on workers' lives as a function of integration in export-oriented industries. If this study truly wishes to understand GVC workers' outcomes, it must explore the implications of phenomena like industrial pollution, urban development, sociocultural reformation, and labor movements on the working class of each country. WSEOs is thus constructed to examine wages, employment and job security, working conditions, ecological and social implications, and worker countermovements in order to construct a more complete image of workers' well-being in the garment industry. This outcome variable will be

referred to generally as WSEOs, workers' outcomes, or worker well-being interchangeably throughout this study.

The two explanatory variables in dialogue to determine WSEOs are GVC trade and degree of democratic political institutions. First, GVC trade is utilized to measure to the extent a country is integrated in GVC production; higher GVC trade signifies deeper integration in the global economy, and therefore subject to intensifying pressures of international markets. Second, the degree of democratic political institutions is qualitatively measured to separate differing labor, trade, and industrial policies relevant to GVC integration as a function of political systems; for instance, more democratic institutions may be structurally more conducive to uplifting workers due to institutional mechanisms like worker representation and electoral accountability, as is the hypothesis of Democratic Upgrading. The proposed case study offers a comparative lens to assess whether democratic political institutions better mediate the effects of GVC trade on WSEOs, or if global market pressures override any institutional variation.

The qualitative analysis in Chapter 4's case study concludes that Vietnam, through a constellation of more intentional and dialogical industrial policies, has been able to institutionalize improved WSEOs for garment workers comparatively better than Bangladesh. In both country contexts, however, extra-institutional worker mobilization emerged as the primary mechanism towards improving WSEOs in both countries. This paper employs Karl Polanyi's *double movement* to understand, first, how GVC pressures induce worker resistance, and second, the extent to which states then respond to worker countermovements to *re-embed* markets (Polanyi 1944). The ultimate difference between Vietnam and Bangladesh in the case study became each state's respective willingness to engage with organized labor interests. The Vietnamese state has taken a significantly more active role in mediating the relationships

between MNCs, garment workers, and its own state interests such that garment workers were able to translate organizing into institutionalized upgrading. As a result, both theoretical frameworks as they are constructed in this paper, GVC Hegemony and Democratic Upgrading, are falsified. First, with GVC Hegemony, the case study largely affirms this framework's structural analysis, emphasizing the power of MNCs to shape host markets to their interests. However, the findings challenge its deterministic nature, as Vietnam's institutional structure was able to produce relatively better WSEOs, suggesting institutional variation can at least partially mediate GVC-driven downward pressures. Second, with Democratic Upgrading, as the relatively more liberal democratic institutions of Bangladesh failed to mediate better WSEOs for its garment workers due to political exclusion. The theory overestimates democracies' inherent tendency of better labor protections and representation, suggesting that political and economic power distribution within the state—rather than regime type itself—determines WSEOs, as elite coalitions and global pressures combined to suppress worker interests in Bangladesh specifically.

This study elicits four implications for understanding the political economy of labor rights and outcomes in global supply chains. First, it challenges the assumption that GVC integration and trade, by itself, inherently yields improved outcomes for workers in export-oriented industries. Instead it suggests that the effects of increased GVC integration and trade on workers outcomes are conditional (to an extent) on state capacity, political configuration, and their interactions with workers' organization, rather than solely market forces. Second, it challenges the assumption that democratic institutions, by themselves, are uniquely capable of mediating improved outcomes for GVC workers. Instead the study demonstrates that state capacity and intra-state political and economic power distributions are paramount in determining the extent of state mediation of GVC worker outcomes. Labor protections and

institutional guardrails only function to the benefit of workers when organized labor, in political contexts with ample state capacity, compels states to enforce or improve standards. Third, these findings affirm the analysis that political institutions *can mediate*—but not eliminate—worker precarity in export industries, as the outcomes of Vietnamese garment workers were relatively better yet remain substantively inadequate. This conclusion aligns with structural analyses of GVCs as inherently extractive, and that extra-market forces—e.g. state intervention, worker counter-movements, etc.—are necessary in order to somewhat improve outcomes. As such, it becomes evident that political institutions, whether more or less democratic, operate within the constraints of GVC productive interests. Even in cases of institutionalized upgrading, WSEOs are restricted within certain competitive levels, as in Vietnam, relatively better garment wage levels are still below accepted national living wage standards. Fourth, concerns of long-term viability in GVC-led development strategies emerge as relatively more successful cases like Vietnam—with respect to worker outcomes—are now facing growing uncertainty in the competitiveness of their garment industry. Conversely, Bangladesh, with less state capacity and whose GVC workers experience comparatively worse outcomes, still remains wholly dependent on garment exports after multiple decades of GVC integration.

This work gives more attention to the understudied role of states as mediating bodies in the international economic system, and through its focus on workers' outcomes, attempts to center the experiences and outcomes of workers themselves—those often the most vulnerable in this system—as the measure of whether institutional mediation is possible. Chapter 2 will outline the scholarly contributions regarding GVCs' implications on workers, and positions Chapter 3 to intervene to theorize the potential consequences of the relationships between GVC trade and different political institutions on workers' socioeconomic outcomes. Chapter 4 explores a case



study in the garment industry, comparing the relative outcomes of garment workers in Bangladesh and Vietnam, and conducting a qualitative analysis of the role of each state's political settlement in determining workers' outcomes. Chapter 5 revisits each theory's hypothesis, reevaluates their usefulness in light of the case study, and offers potential study limitations as well as opportunities for further research.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1. GVC Theory

The onset of neoliberal-style globalization in the 1970s prompted the creation of a handful of theoretical models built to better understand global supply chains; among these include: global commodity chains (GCCs) and global value chains (GVCs). Both models first conceptualize a supply chain's primary function as providing sequential processes of commodification, from acquisition of raw materials and inputs to final marketing and distribution, for eventual consumption (Suwandi 2019, 49). However, what separates the commodification process present in supply chains from past eras is the necessity of goods and services to cross national borders as part of the process. First developed in the 1970s, the idea of “commodity chains” emerged from tradition of world systems theorists:

Take an ultimate consumable item and trace back the set of inputs that culminated in this item – the prior transformations, the raw materials, the transportation mechanisms, the labor input into each of the material processes, the food inputs into the labor. This linked set of processes we call a commodity chain. (Hopkins and Wallerstein 1977, 128).

Later scholars used the concept as a base for analyzing the increasing relevance of global supply chains in contemporary discourse. To uncover the structural attributes of global supply chains, these scholars sought to deconstruct the internal relationships between all actors in the global market, including manufacturers, buyers, workers, capital providers, states, and so on (Gereffi and Korzeniewicz 1990; Gereffi and Korzeniewicz 1994a; Raikes, Jensen, and Ponte 2000; Gereffi, Humphrey, and Sturgeon 2005). The GCC model thus emerged as a framework to explain the shift from nation-state-centered trade to a globally integrated system, where multinational corporations (MNCs) orchestrate internationally dispersed production processes (Raikes, Jensen, and Ponte 2000, 392–394). Therefore, the GCC model outlines two types of

chains: producer-driven commodity chains and buyer-driven commodity chains (Gereffi and Korzeniewicz 1994a). The producer-driven supply chain model theorizes that MNCs take a central role in coordinating production, with active involvement in product design, technological development, and marketing, and ultimately outsource input manufacturing to other suppliers. This type of commodity chain would include examples like the automobile industry or the aerospace industry; both are capital and skill intensive in production, thereby distributing much of the power within the supply chain to final-product manufacturers (Gereffi and Korzeniewicz 1994a, 97). In contrast, the buyer-driven supply chain model theorizes that large firms set standards and specifications for their products and then outsource their manufacturing to a decentralized network of suppliers. This includes the garment, footwear, or toy industries, where top firms utilize a decentralized supply structure in order to create a tiered network of suppliers from which to purchase inputs (Gereffi and Korzeniewicz 1994a, 97–99).

Building on the initial GCC framework, the global value chain (GVC) model shifts from structuralist analyses towards a more firm-centered approach that emphasizes governance and the role of MNCs in shaping economic opportunities in global trade (Porter 1990; Melitz 2003; Gereffi 2001). Antràs (2019) briefly describes the characteristics of the GVC analytic shift as defined by highly customizable, repeatable interactions, and largely MNC-organized:

From this alternative relational conceptualization of GVCs emerges a richer analysis of GVCs, one that puts at the center stage the major actors (multinational firms, lead firms in GVCs, etc.) that play a leading role in shaping GVC activity and foreign direct investment (FDI) flows, and one that underscores the importance of institutional factors in shaping the location of global production. (Antràs 2019, 2).

The GVC model is able to conceptualize a holistic range of processes in global commodification under the direction of lead firms, including innovation, labor, design, branding, and marketing (Gereffi 2001). Building from the initial GCC dichotomy of producer vs. buyer chains, the question of governance is reconfigured in the GVC model of supply chains. Gereffi, Humphrey, and Sturgeon (2005) build on the theoretical framework, outlining the five distinct types of

governance structures of GVCs: markets, modular value chains, relational value chains, captive value chains, and hierarchy. On one extreme, a market value chain completely decentralizes the supply chain, where final producers merely buy what competing suppliers produce. Conversely, a hierarchical value chain would be wholly integrated, where a final producer controls each segment of the commodification process (Gereffi, Humphrey, and Sturgeon 2005, 83–84). With increasing vertical integration from market to hierarchy, the GVC model provides an analytical framework to differentiate how supply chains in different industries operate and why.

The theoretical differences between GCCs and GVCs are nuanced but important distinctions that each form their own analysis of the globalized economy. However, this study seeks to understand how workers' outcomes—the fruits of the engine that makes transnational production possible—shift in relation to GVC trade and political institutions. With this goal, the GVC model provides a distinct theoretical understanding of *governance* of globalized production, and thus of labor, at the direction of MNCs. Focusing on the role of workers within this context will give the subsequent theories and analysis a stronger foundation moving forward.

The next section begins with a discussion of the effects of GVCs on the immediate workplace, followed by a discussion of the effects of GVCs on the external environment of workers. It is helpful to visualize this structure as two concentric circles, the first being the immediate material conditions of the worker, within the workplace. These immediate outcomes could include but are not limited to: wages, working conditions, and job security. However, just as the lives of workers do not end outside the factory doors nor the fences of the field, the second surrounding concentric circle considers how the external environment, as shaped by GVCs, influences the well-being of workers and their communities. This would include but not be

limited to: labor rights, access to education or healthcare, as well as community and ecological well-being.

## **2.2. GVC Effects on the Workplace**

For export-oriented sectors, the workplace effectively becomes a function of the dynamic interests of the international marketplace (Alamgir and Banerjee 2019; Buckley 2009). Framing this relationship as such clarifies the role that international pressures, via GVCs, play on workers' economic and social outcomes. The most common measures of worker well-being within the workplace, the first concentric circle, are real wages, job security, and working conditions; these combine to construct the immediate material realities of a particular occupation. Within the contemporary global economy, the relative level of each measure is contingent on many factors including national context, type of industry, and varying GVC governance structures (Lund-Thomsen and Nadvi 2010; Gereffi, Humphrey, and Sturgeon 2005). Understanding, first, how international market forces, mechanized through GVCs, are known to affect the workplace will lay the foundation for understanding the extent to which political institutions can intervene to mediate worker outcomes.

Aligning with the first camp of literature mentioned previously, many studies discuss how GVCs can act as mechanisms for socioeconomic upgrading; that is, they illustrate specific cases and conditions from which upgrading can be observed (Amengual, Distelhorst, and Tobin 2020; Distelhorst et al. 2015; Distelhorst and Locke 2018; Distelhorst 2023; Heath and Mobarak 2015; Malesky and Mosley 2021; Tanaka 2020). For example, the mechanism of improved *compliance*—referring to the ability of a contracted factory to abide by the standards of a higher-chain sourcing company, domestic regulation, or buying firm at-large—can correlate with increased factory orders, and thus improve worker outcomes (Bair 2017). Compliance is often

measured through auditing processes, private or public, that report to relevant stakeholders within the industry or to higher tier firms themselves (Bair 2017, 169–170).

Distelhorst and Locke (2018) illustrate how confirmed compliance through auditing processes can create the conditions for upgrading among workers integrated in the garment GVC. From data representing over 2,000 manufacturing establishments in 36 countries, they found that achieving compliance is associated with a 4% average increase in annual purchasing (Distelhorst and Locke 2018). Additionally, another study of H&M's wage programs at foreign supplier factories found that interventions were associated with a real wage increase of 3% relative to factories with no intervention (Distelhorst and Shin 2023). This particular study also found participation in wage programs were correlated with increase in order units, likely due to improved relationship with H&M after program implementation. Furthermore, if a value chain is constructed to ultimately sell highly-marked up products, firms are more inclined to support labor upgrading initiatives given access to higher-standard markets and revenues (Malesky and Mosley 2018). More generally, it has been found that higher firms are able to influence suppliers to measurably improve standards, so long as the firm has a strong reputation for addressing labor conditions (Amengual, Distelhorst, and Tobin 2020). These results corroborate that under specific circumstances, workplace upgrading through GVC influence is possible.

Among the former observations are significant caveats, both made by the researchers themselves and by critics. First, Distelhorst and Locke (2018) conclude that a large part of their positive measured effect is due to distinct features of the garment industry which, relative to other industries, experiences measurably more social pressure as a result of anti-sweatshop activism in importing countries. Nonetheless, this reality suggests that activist campaigns can shift trade patterns, making compliant factories more attractive to larger firms so as to avoid

social consequences and criticism from organized solidarity movements. This reality can also help explain the conditions from which H&M had decided to create and implement a supplier wage improvement program within its GVC. Regardless of corporations' supposed motives, these outcomes ultimately create better conditions for employed GVC workers through increased wages, and incentives for suppliers to comply with buying firms' standards. However, it has also been found that increasing purchase orders—which function as material rewards for suppliers who engage in labor upgrading—are prone to stagnate over time (Amengual, Distelhorst, and Tobin 2020). The authors conclude that if anything, factories whose standards worsened have tended to see their orders increase.

The phenomenon of GVCs as mechanisms for upgrading depends on underpinnings of compliance, corporate social responsibility, and private governance structures of GVCs. First, a systemic analysis of Hewlett Packard's (HP) supplier responsibility program concluded that *national context*, not audits, supply chain influence, or capability, was the key predictor of workplace compliance with the imposed program (Distelhorst et al. 2015). The broader implication of this finding is that top-down, privately imposed solutions alone experience resistance in elevating the socioeconomic conditions of GVC workers, dependent on national circumstances (O'Rourke 2006; Bulut and Lane 2010; Anner 2012). Only under certain conditions, seemingly predicated on the alignment of numerous interests *against* GVC norms, is upgrading possible. For example, a 2021 study found that incentives for voluntary participation in regulatory initiatives in Bangladesh's garment industry were strongest when consumers and shareholders aligned (Ahlquist and Mosley 2021). The study found that apart from an alignment of interests, free-rider problems and lack of material incentives for firms inhibited participation in regulatory initiatives. Furthermore, interest alignment among firms and host country

institutions has also been shown to be an important determinant of workers' outcomes, further complicating what is actually necessary to achieve improved worker outcomes (Mosley 2017).

In observing workers' outcomes as a function of GVC trade, one can begin to understand the highly contradictory nature of workers' outcomes in export sectors. In many instances, the likelihood for workers' outcomes to improve or degrade is highly contingent upon how a firm enters and engages with a domestic country, and how that country engages in the global economy (Mosley 2010). GVC trade has been demonstrated to have a propensity for upgrading under distinct conditions; from the studies above, factors like degree of activist pressure or compliance auditing can improve outcomes for workers within an industry's GVC (M.A. Islam, Deegan, and Gray 2017; Short, Toffel, and Hugill 2020). The most pertinent point from the studies above is that each had cited a mechanism completely separate from the input or control of GVC workers themselves. This reality affirms the analysis that regardless of improved or even degraded conditions, workers remain institutionally disempowered from reshaping the imbalances of power that construct GVC systems (Selwyn 2019; Selwyn and Leyden 2022).

Selwyn (2019) argues that this is not a bug in the system, but rather a distinct, intentional feature of global capitalism. He argues that worker exploitation is intensified in value chains through firm-level "value-capturing" strategies. Using empirical evidence from the electronics industry in Cambodia and China, he posits that GVCs contribute to new forms of worker poverty, unique to their own existence in those countries (Selwyn 2019). Further, the concept of *modern slavery*—distinct from historical definitions of slavery—has been discussed to characterize the relational exploitation between lower tier GVC workers and higher tier firms, made possible through contemporary global supply chains (Stringer and Michailova 2018). Caspersz et al. (2022) illustrates how the complex and opaque features of modern GVCs create



susceptibility towards modern slavery practices, including forced labor and debt bondage (Caspersz et al. 2022). While researchers have shown workplace outcomes have the propensity for upgrading under certain conditions, systemic analyses demonstrate that GVCs' asymmetrical power structures and shifting global market forces remain dominant, and therefore, largely dictate the conditions of GVC workers.

This section demonstrates the highly contradictory nature of workers' material outcomes in GVC-integrated sectors. While certain market conditions and stakeholder configurations have acted as mechanisms for upgrading, workers wages and conditions remain effectively at the behest of international markets. Therefore, intensity of GVC trade is not indicative of relative worker well-being, and combinations of other variables are needed to reveal how workers' outcomes are fully shaped. Future sections will explore how political institutions, through worker engagement, may be able to act to induce workplace upgrading.

### **2.3. GVC Effects on the External Environment**

Often overlooked in analyses of workers' outcomes in global supply chains is how GVC integration impacts the world beyond the workplace. As industry permeates into developing countries, phenomena like rapid industrialization and urbanization have potent effects on the ecological health and existing social relations of a given country (Gereffi 2018). Workers within integrated GVCs are often most acutely affected by these shifting changes as they experience both the first concentric circle of GVC influence, their occupational outcomes, but also the second concentric circle, including effects on ecological health, community health, and labor rights. Just as Section 2.2 illustrated, there are multiple ways scholars have approached studying this phenomenon, and have reached different conclusions regarding how GVCs influence workers' external environment.

First, different industry value chains, via their productive purpose, will have different environmental effects on workers and their surroundings. For example, industries concerned with resource extraction like mining or oil, will have much more visible, and possibly more intense impacts on a country's ecological health relative to other industries (Worlanyo and Li 2020; Johnston, Lin and Roh 2019). Likewise, industries built towards mass agricultural production will have their own unique effects on ecology and rural development (Boerema et al. 2016). In the garment industry, necessary processes like dyeing and washing are particularly harmful to surrounding ecology, contributing to mass pollution of microplastics and heavy metals in the water supplies (Haque et al. 2022; Sakamoto et al. 2019; Majed and A. Islam 2022). Despite important industry-specific deviations, the social effects of GVC integration converge across contexts in many instances, irrespective of industry; this includes GVC trades' effect on employment patterns or shifting social relations. (Koo 1990; Dannecker 2002).

Increased GVC trade, regardless of state context, broadly induces significant changes in workers' external conditions in the form of reconstructing existing social relations (Dannecker 2002; Saxena 2014). For example, in Bangladesh's ready-made garment (RMG) industry, the rapid expansion of manufacturing employment has led to drastic shifts in the lives and social positioning of Bangladeshi women. With female garment workers overwhelmingly dominating the workforce of the industry, measurable delays in marriage and childbirth have been observed along with increased female enrollment in higher education among women in the country, correlating with garment employment (Heath and Mobarak 2015). Similarly in Myanmar, Tanaka (2020) argues that rapid marketization of the country has had positive effects on both immediate and external outcomes for workers, including improved fire safety and better healthcare access, as the country has to abide by international buyer standards (Tanaka 2020). Due to relative

proximity to exporting GVC suppliers in the country, Tanaka (2020) argues, Myanmar firms' standards have now become comparable to the standards of multinationals in the country.

The mechanism driving these changes to external environments, just as they were in immediate worker outcomes in Section 2.2, can be simplified to changes in global market forces. That is, there existed a market opportunity for GVC integration in Bangladesh and Myanmar's respective export industries, such that multinational corporations—working with domestic supplier companies—sought to invest in long-term production, resulting in both increased production and the subsequent changes to the external context of now-GVC-employed workers (Tanaka 2020; Heath and Mobarak 2015). In this respect, market opportunity, as previously characterized by Malesky and Mosley (2021), can drive labor-related improvements in developing country firms. In an analysis of the impacts of shifting U.S.-China trade preferences during the first Trump administration, they found that this exogenous shock to the global market increased the willingness of foreign firms in Vietnam to engage in labor upgrading (Malesky and Mosley 2021). However, the researchers found that governments and activists interested in upgrading “may have little ability to *generate* such exogenous shifts in international market opportunities,” thereby affirming claim that workers remain outside the institutional structure that determines their conditions (Malesky and Mosley 2021, 3; note: author-added italics).

While market opportunities can act as motivators for upgrading, unfavorable shifts are just as likely to have the opposite effect on workers' outcomes. For example, the negotiation and implementation of the North American Free Trade Agreement (NAFTA) had devastating effects on manufacturing industries in the United States (Shushanik and McLaren 2016). Once the deal was ratified, there now existed a market opportunity to off-load production from countries with higher labor costs, the U.S. and Canada, to a trade partner with lower wage levels, Mexico.

Although immediate material upgrading, i.e. increased wage levels, occurred for workers in the growing Mexican auto industry, evidence suggests that this has been accompanied by further deepening geographic, gender, and educational inequalities (Garduño-Rivera 2010). More broadly, evidence across multiple sectors suggests that workers can experience social downgrading and material upgrading simultaneously (Rossi 2013; 2019).

The cumulative consequence on GVC workers as a result of market opportunity—whether they be Mexican, American, or Canadian after NAFTA, or other examples—becomes a much more complicated story when weighing both the receiving-end and the abandoned-end of GVC integration. Both ends, as a consequence of GVC trade dynamics, experience drastic shifts in existing social relations (Garduño-Rivera 2010; Choi et al. 2021). In the post-NAFTA auto industry example, U.S. manufacturing employment plummeted by 5 million, while only about 400,000 Mexican jobs were created long-term, largely due to Chinese input competition (Blecker 2014). The sociopolitical consequences of both processes have been drastic, as demonstrated in the rise of Trumpism among the U.S. demographic, and the now-GVC-integrated Mexican worker became tethered to the winds of the international market and U.S.-based MNCs (Choi et al. 2021; Cypher 2011). In taking a step back and analyzing GVC integration through a larger scope, it is possible to see that GVC workers continue to be structurally disenfranchised in the mechanisms that dictate their well-being.

Perpetuating the asymmetry that defines the conditions of GVC workers, is the structure of GVCs themselves. A quantitative analysis by Alsamawi, Murray, and Lenzen (2014) studied developing and developed countries' trade relations, outlining a global division between what the authors characterize as *master* and *servant* countries. The former are defined as states who benefit most from the workforces of other nations, whereas servant countries—often in African

and Asian regions—provide the labor that support the lifestyles and consumption patterns of the former (Alsamawi, Murray, and Lenzen 2014). More complex GVCs, the authors note, such as electronics, agricultural goods, and chemicals are particularly *servant intensive* and more commonly stem from resource extraction and labor exploitation in developing countries, exacerbating the asymmetrical relationship. Conceptualizing productive relationships between states in this way offers insight into the systemic imbalances of GVCs; imbalances not just between export-oriented developing states and their trade partners, but also between multinational firms, often headquartered in master countries, their contracted suppliers, and employed GVC workers.

With a broader scope, some scholars have rejected analyses of GVCs as purely apolitical and technocratic apparatuses; they rather emphasize GVCs as politically embedded institutions that shape and are shaped by social systems (Baglioni et al. 2020). GVCs thus function as political bodies that play a significant role in domestic politics, statecraft, and international relations (Cowen 2014; Chua et al. 2018; Khalili 2021). Political influence extends to social outcomes, as shifts in global demand can reverberate throughout GVCs, impacting inequality in GVC producing states. Court et al. (2021) found that for each 1% decline in the demand for nonessential products, inequality measures rise in correlation (Court et al. 2021). This dynamic leads to a particularly difficult paradox to address: decreased frivolous consumption from wealthy nations leads to further social and economic inequality in GVC-dependent countries farther down the chain. As a result, GVCs can be seen as purposefully designed to capture and redistribute value, with surplus value often ending up in formerly called: *master countries*. Holistically, GVCs exhibit a tendency to concentrate wealth and increase inequalities, particularly affecting workers in supplier firms (Selwyn and Leyden 2022). These more

structural analyses of GVC effects demonstrate how the contradictory external outcomes of GVCs effectively perpetuate socioeconomic inequities on national and international scales.

In analyzing how GVCs affect the external sphere of workers, it seems every ‘positive’ or ‘negative’ attribute of GVC-employment is contrasted with its own complicating feature. As workers gain access to urban amenities like education, they also live in more precarious conditions; with better access to healthcare, industrial pollution from their factories contaminates their water supply, and so on (Ponte 2020). Widening the scope to include workplace and non-workplace consequences of GVC integration reveals an even more dense, incoherent nature of workers' lives in GVC industries. As workers struggle to navigate their own proletarianization, privatized and external actors in MNCs essentially offload responsibility for workers and their environment onto domestic political institutions. Now, the existing public apparatus must navigate and respond to the insecurities that GVC pressures induce like pollution, social unrest, economic insecurity, and more. The specific orientation of political institutions, be they more democratic or not, becomes relevant to understanding to what extent worker outcomes are mediated by political institutions, or if orientation is functionally exogenous. The following chapter outlines two competing theories that seek to explain this relationship.

### CHAPTER THREE: THEORETICAL APPROACHES

This chapter outlines the theoretical frameworks, along with their respective mechanisms and variables, investigated in this study. First, it presents the competing theories—GVC Hegemony and Democratic Upgrading—that seek to explain how political institutions mediate the effects of GVC trade on workers’ socioeconomic outcomes (WSEOs). GVC Hegemony posits that GVC trade—through the mechanisms of interstate competition, globalized efficiency, and market concentration—primarily determines worker outcomes, regardless of state institutional variation. This framework hypothesizes that as GVC trade increases, worker outcomes degrade regardless of political context.

In contrast, Democratic Upgrading contends that democratic institutions are crucial mediators of GVC trade’s downward pressures on workers’ outcomes. Section 3.2 of this chapter posits that GVC trade—through the mechanisms of worker representation, political accountability, and individual and social protections—can be channeled in democracies to the benefit of GVC workers. Likewise it hypothesizes that autocratic institutions are unable (or unwilling) to mediate improved outcomes for GVC workers. The chapter then defines and operationalizes the explanatory and outcome variables for each theory, first by examining how GVC trade and political institutions are positioned to shape WSEOs. Lastly, it systematically constructs the composite measure of WSEOs, outlining each component analyzed in this study: wages, employment / job security, working conditions, ecological implications, social implications, and worker countermovements.

Before exploring each theoretical model, it is necessary to outline the shared assumptions both theories operate from. First, in order to experience GVC trade and its subsequent theorized

effects, a state must first be integrated into an existing GVC structure. This ensures a known level of GVC trade has been established and thus a measurable level of worker outcomes can be expected. This is important to note in order to clarify the distinction between what each theory describes as *less* and *more* GVC trade, not merely as the presence and absence of GVCs, but rather the degree to which GVCs have a stake in a given country. From this distinction, it is reasonable to assume that GVC influence in a country is correlated with the amount of existing GVC presence in a country, which can be characterized as less and more GVC trade. Second, during the process of GVC integration, a domestic population may undergo one of two distinct forms of transformation: proletarianization of a peasant-like population, or reappropriation of an existing labor market (Koo 1990). This is important to note because the context in which workers enter a job tied to GVC production influences their eventual outcomes. Therefore both case studies selected to test the subsequent theories had domestic contexts similar to the first possibility prior to GVC integration in order to better control for external, national-level factors. The following sections outline two competing theories that seek to explain how WSEOs react to variations in GVC trade under differing levels of democracy.

### 3.1. Theory I: GVC Hegemony

Theory I: GVC Hegemony begins with the hypothesis ( $H_1$ ) that workers' socioeconomic outcomes worsen as GVC trade increases, regardless of political institution type. Therefore, it theorizes that level of GVC trade is the sole explanatory factor (X) of WSEOs (Y), with political systems being functionally irrelevant. See Table 1 to visualize this relationship:

*Table 1: GVC Hegemony*

<b>Theory I</b>	<b>Democracy</b>	<b>Non-democracy</b>
<b>Less GVC Trade</b>	Worker's socioeconomic outcomes are low	Worker's socioeconomic outcomes are low



<b>More GVC Trade</b>	Worker's socioeconomic outcomes worsen	Worker's socioeconomic outcomes worsen
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H<sub>1</sub> theorizes that GVCs exert insurmountable pressure on states' economies, rendering domestic political institutions ineffective at addressing the challenges created by GVC trade. The framework of GVC Hegemony utilizes mechanisms of interstate competition, globalized efficiency, and market concentration to explain why political institutions are functionally exogenous to GVC worker well-being. Each of these factors plays a distinct role in degrading workers' socioeconomic outcomes (WSEOs) as GVC trade increases in a given country.

GVC Hegemony begins with the idea that countries compete amongst themselves to improve their position within the international economic system. This competition creates a *race to the bottom* dynamic, where export-oriented countries compete among themselves to lower labor and regulatory standards in order to attract or retain international economic activity; such competition then fuels a downward spiral that is detrimental to sustainable development and social welfare (Stiglitz 2002; Chan and Ross 2003). Because GVCs, driven by large MNCs, tend to concentrate economic power toward final producers on a global scale, GVCs naturally create deeply asymmetric power dynamics between foreign top firms, developing states, local suppliers, and their workers (J. Lee and Gereffi 2015; Stringer and Michailova 2018). As countries compete to keep or improve their position on GVCs' productive ladder, they ultimately become dependent on GVC operations for economic growth and access to global markets (Selwyn 2019). GVCs provide states with significant opportunities for tax revenue, foreign direct investment (FDI), and job creation, creating very strong incentives to comply with GVCs' imposed pressures may include lowering labor standards, privatization, or industry deregulation en masse (Moehlecke, Thrall, and Wellhausen 2023). The modular and mobile nature of GVCs means that states, fearing exclusion from GVC integration and the global market, have powerful incentives

to discourage policies that may raise production costs too much, and conversely, may support policies that lower production costs.

Even if political actors were to gain domestic power with a mandate to challenge such a dynamic, any resistance to imposed GVC pressures may result in MNCs deciding to decrease GVC trade in that country. MNCs may even relocate their GVCs entirely to another, more compliant nation due to an interstate collective action problem (Stiglitz 2002). As such, high integration in GVC trade allows value chains' interests to render political systems ineffective in engaging in truly democratic politics, limiting their national sovereignty to regulate their own economy (Rodrik 2000). Public servants subject to these dynamics lack the leverage needed to compel MNCs to comply with certain protections of workers, communities, or the environment, and instead seek to either appease GVC interests, or fully embrace them in seeking to climb the productive hierarchy. In this way, GVCs force capitulation from the state and political actors in order to create favorable productive conditions, which will generally hurt workers' outcomes (LeBaron 2021). Therefore, regardless of whether their political systems are more autocratic or democratic, developing states are forced to reckon with the same conundrum between GVC workers and MNCs, compounded with the existential consequences of any dissenting policies. The culmination of this dynamic is the systematic disempowerment and disenfranchisement of both GVC workers, but also, of developing states themselves as their political institutions become bound to the interests of the international economic system.

As demonstrated in the previous section, developing states view their continued participation in GVC trade—which generates productivity, tax revenue, and global clout—as contingent upon the rigidity with which their economic policies align with GVC interests. As a result, states seek to design economic policy in accordance with what they believe MNCs will

find attractive; which fundamentally means designing policy to reduce production costs and, therefore, systematically reduce both the bargaining power and the subsequent outcomes of workers (Van Assche and Gangnes 2019). Despite the capitulation of domestic states towards GVC interests, the globalized nature of the economy means that the chief arbiters of production, MNCs, have a significantly smaller stake in the welfare of foreign-producing communities, relative to corporations engaged in production in their ‘home’ countries (Lechner et al. 2020). MNCs do not face the same reputational, or immediate material costs in maneuvering production in the appendages of their supply chain relative to, for example, General Motors closing auto manufacturing plants in the Midwest to open production in Mexico. In the case of the electronics GVC, MNCs like Samsung, Microsoft, or Apple can instead, with relatively more ease, shift elements of their production to and from foreign locations according to their interests.

Regardless if it is detrimental or beneficial to the workers within integrated countries, the pressure for globalized efficiency fuels a local disconnection between top firms and their GVC workers (Selwyn and Leyden 2022). This system results in MNCs using GVCs to empower themselves as the hegemon of international trade, such that they have the ability to both shape economic policy to serve their productive interests, and still hold the ultimate power to *pull the plug* should conditions deviate from their interests. The consequence of this system is disconnected top firms holding supremely disproportionate bargaining power over both foreign workers and states to mold the conditions they deem is necessary for GVC integration (Van Assche and Gangnes 2019). The overwhelming influence of GVCs requires states to prioritize the progression of capital over the progression of labor and communities, ultimately leading to worsened WSEOs as states seek further GVC integration and trade in the international system at the expense of local communities.

Foreign firms often seek to drive out local competitors, leading to more market concentration that increasingly empowers MNCs as labor monopsonists—i.e. companies that are the dominant employer, or *sole buyer of labor* in the area (Ashenfelter et al. 2022). When a particular GVC dominates a host market, they drive out other employment opportunities for similarly-skilled workers, leaving workers further disempowered and bound to the productive interests of integrated-GVCs (Manning 2020; Szymczak and Wolszczak-Derlacz 2021). In areas or states where a certain GVC is dominant, workers have little choice but to accept the terms of employment imposed by MNCs. In the case of the garment industry, many garment workers accused of organizing in their workplace are fired and subsequently blacklisted from a number of employers. It is likely that such workers will not be able to find work in the area as a result (Dannecker 2002; IndustriAll 2023). The consequence of this dynamic further weakens workers' bargaining power, and reinforces the downward spiral of labor standards both nationally and internationally.

Under the GVC Hegemony model, MNCs are able to create interstate competition that favors their interests, disconnect from the localized, social consequences of mobile production, become the dominant employer of certain labor markets, and heavily incentivize political systems to create domestic productive conditions they deem favorable to integration. Therefore, as GVC trade decreases, or rather, in states with relatively less GVC trade, workers do not experience the most exploitative and worst outcomes of global mass production as less pressure is exerted on them to do so. Conversely as GVC trade increases, or in states with relatively more GVC trade, workers experience more pressure from MNCs to produce quickly and efficiently, and as a result, experience worse socioeconomic outcomes.

### 3.2. Theory II: Democratic Upgrading

Theory II: Democratic Upgrading begins with the hypothesis ( $H_2$ ) that GVC workers' socioeconomic outcomes improve as GVC trade increases in democracies, and degrade as GVC trade increases in nondemocracies. Therefore, it theorizes that both the level of GVC trade and the presence of democracy are the explanatory factors (X) determining WSEOs (Y). See Table 2 to visualize this relationship:

*Table 2: Democratic Upgrading*

<b>Theory II</b>	<b>Democracy</b>	<b>Non-democracy</b>
<b>Less GVC Trade</b>	Workers' socioeconomic outcomes are low	Workers' socioeconomic outcomes are low
<b>More GVC Trade</b>	Workers' socioeconomic outcomes improve	Workers' socioeconomic outcomes worsen

$H_2$  operates on the assumption that democratic institutions generally better represent worker interests relative to more autocratic regimes, and are able to translate that representation into more favorable policy that benefits GVC-integrated workers without sacrificing GVC relationships. The existence of a domestic democratic political system will effectively moderate the relationship between domestic workers and GVCs in a way that yields improved WSEOs under conditions of increased GVC trade and democracy. The Democratic Upgrading framework operates off the mechanisms of worker representation, political accountability, and individual and social protections, to explain why democracies are enabled to produce better worker outcomes relative to less democratic states. The following sections discuss each mechanism in more detail.

Democratic Upgrading functions from the idea that democracies empower a range of interest groups that ultimately lead to organic worker representation. As a result, democratic institutions will value worker representation in policy creation through institutionalization of

interest groups like labor unions and adjacent organizations (Collier and Mahoney 1997). Democracies also are likely to enshrine labor rights like collective bargaining, associational rights, and legal protections for workers (Wang 2017). These structures provide workers with more opportunities to express their concerns through existing political and legal processes, challenge unfavorable working conditions, and organize for better wages and safety standards (C. Lee 2007). Holistically, the compounding result of democratic structural features would have positive downstream effects on the socioeconomic conditions of workers, as they institutionalize political mechanisms to improve WSEOs relative to GVC trade. Particularly in GVC-integrated industries, democracies may even prioritize labor interests within their broader political system, ensuring that worker interests are factored into the development and implementation of economic policies.

Autocratic systems, in contrast, lack structural features that empower a wide range of interests, and instead often only value a select number of rigid interest groups; e.g. many autocracies may favor interests of a military junta, or an oligarchic elite that fuels self-interested, kleptocratic policies (Linz 2000). As a result of little structural propensity for representation through free electoralism, organized interest groups or any other means, political elites limit the ability of working class constituencies to advocate for better wages, conditions, or protections (Chen 2016; Josephs 2009). In the absence of institutionalized mechanisms for worker participation in political processes, the superimposed interests of GVC producers can reign unchecked, allowing MNCs to operate with fewer constraints (Wang 2017). Without the right of collective bargaining or independent labor unions, workers in autocracies are relatively more disempowered than workers in democratic states, leaving them more vulnerable to exploitation

and degrading outcomes (Madrid 2003). The lack of worker representation in autocracies allows GVCs to operate according to the mechanisms of GVC Hegemony.

Democracies are designed to be systemically accountable to their citizens, forcing elected governments to manage GVC relationships in ways that benefit their constituencies. The logical consequence of governmental failure to protect its GVC workers from the harmful pressures of unregulated GVC trade is that the public can vote them out of office, ensuring that a new, better equipped administration can assume power to represent their interests (Rodrik 1999). This accountability mechanism encourages governments to craft policies that prevent the worst effects of interstate competition and the race to the bottom dynamic associated with GVCs, while still promoting economic growth and global integration (Wang 2017). Furthermore, the press and judiciary play key roles in ensuring transparency and holding MNCs accountable for any violations of labor laws or social protections. Democracies, through independent judiciaries, are more likely to enforce the rule of law, ensuring that GVC-related violations are investigated and penalized (Chen and Xu 2012). Additionally, an independent media provides the public with information about any such violations, possibly prompting public consciousness, pressure, and when necessary, government intervention (Ullah 2020). This checks and balances mechanism is crucial for ensuring that democratic states can respond effectively when exploitative practices emerge within GVCs.

Conversely, autocratic systems are not structurally accountable to their citizens, and therefore are less likely to respond to worker issues. Without the threat of electoralism to ruling elites, autocratic leaders can largely ignore labor rights should they not fit their interests (Young 2018). Such lack of public accountability allows autocratic governments to run the country with interests separated from the direct input of GVC workers, opening a greater propensity for poor

WSEOs (Wang 2017). Autocratic systems generally lack both an independent judiciary and a free press, which in tandem limits transparency and reduces likelihood of holding MNCs accountable within their borders. In such systems, the judiciary and the press often serve the interest of the ruling elite, rather than prioritize the impartial enforcement of domestic or international law (Chen and Xu 2012). With the absence of functional oversight or accountability mechanisms, MNCs can engage in exploitative practices with little fear of legal or public backlash, which further undermines workers' rights and outcomes in GVC-integrated industries. The lack of checks and balances in autocracies allows GVCs to operate according to the mechanisms of GVC Hegemony.

Democracies tend to enshrine individual liberties into their founding documents or through legislation, and implement expansive social protections and safety nets. Social protections may include healthcare, unemployment benefits, minimum wage laws, and stronger labor rights, which collectively create better baseline conditions for GVC workers; individual protections may include the right to assembly, freedom of speech, and other civil liberties (Møller and Skaaning 2013). As democracies have a greater tendency to offer these individual and social protections, workers in GVC-integrated industries are more likely to experience improved WSEOs, as workers both enjoy better baseline labor rights, but also retain civil rights to organize for improved conditions when necessary (Linz 2000). As such, individual and social protections act as a democratic mechanism to respond to GVC interests, and mediate better outcomes for workers under conditions of improved GVC trade.

Autocratic political systems are less likely to prioritize or implement broad individual or social protections relative to democratic counterparts (Young 2019). Instead, such regimes may prioritize stability, enriching interested parties, or in reality, favor the freedom of having few



legal protections for citizens. Without structural propensities for building robust social safety nets or safeguarding individual liberties, autocratic regimes leave workers bare to endure the shifting winds of the global market (Møller and Skaaning 2013). Under conditions of intense downward pressures on wages, conditions, regulations, and/or protections, less democratic systems create prime conditions for labor exploitation that further stagnates or degrades WSEOs. Consequently, the lack of individual and social protections in autocracies allows GVCs to operate according to the mechanisms of GVC Hegemony.

In the context of this theory, WSEOs in autocracies largely follow the same mechanisms and logic patterns as outlined in the previous Section 3.1. More autocratic states will often lack the political institutions needed to empower workers to the same extent as more democratic states. Therefore, autocracies are unequipped to substantively challenge the imposed GVC incentives on WSEOs, ultimately marginalizing workers and emboldening private power. Therefore, as GVC trade decreases, workers in both autocracies and democracies will experience low WSEOs as a consequence of the market. As GVC trade increases in autocracies, WSEOs will decrease, in conjunction with the mechanisms of GVC Hegemony Theory. However, as GVC trade decreases in democracies, Democratic Upgrading Theory allows for WSEOs to improve, as democracies can take advantage of their structural features and mediate GVC relationships to improve worker outcomes. The following sections in this chapter will deconstruct and describe the features of the explanatory factors (X), GVC trade and type of political institutions, and outcome variable (Y), WSEOs, that construct both theories.

### **3.3. GVC Trade**

There are two factors theorized in this study to explain why relatively higher or lower WSEOs are observed in different countries integrated in similar GVCs. First is the level of GVC

trade. Contrary to conventional understandings of exports and imports in bilateral trade, GVC trade has unique features that separate it from other conceptions of international trade. These features include global division of labor, developmental implications, geographical and sectoral variation, and international policy implications. This section will illustrate how each feature separates GVC trade from traditional conceptions of trade, and how it is used in this paper to explain WSEOs.

The term GVC trade carries with it the features of the GVC model of supply chain production into traditional discussions surrounding trade. In this sense, GVC trade is simply a more precise term to describe trade that is conducted in international supply chains. Therefore, the first and perhaps most evident feature of GVC trade, is that it necessitates the fragmentation of the production process for an exchanged good. Distinct from traditional forms of bilateral trade where one country may agree to exchange pre-made goods with another, GVC trade allows for the construction of a good itself to defy traditional borders (Amador and Cabral 2016). In this system, before goods are ready for the market they would have already entered and exited multiple countries throughout its own commodification. This process relies on intermediate goods (also called intermediaries or inputs) as components and/or materials traded between countries as inputs for further production (Amador and Cabral 2016, 4–5). In other words, instead of a collection of inputs entering a country to construct a final product: an output, a collection of inputs may enter the country, undergo a labor-induced commodification process, and leave the country only destined for the next linkage in the value chain. For instance, unrefined cobalt leaves the Democratic Republic of the Congo to be refined in China, refined ore is then manufactured into batteries or circuits, which leave to be components of a final product in U.S., E.U., or Japanese manufacturing, for sale around the world. The presence of cobalt as an

intermediate good in China, via refined ore or component parts, only serves to complete the output process farther up the value chain. The extensiveness and interdependency of such a process is largely unique to modern GVC trade. By fragmenting commodification across borders in this way, GVC trade further globalizes the division of labor (Aguiar de Medeiros and Trabat 2017).

As a result of GVCs' international nature, previously unaffiliated sets of workers now have their own role in a single production process, for instance, agricultural workers harvesting rubber, transportation workers delivering it to factories, manufacturing workers building tires, and assembly workers putting them on vehicles; such is only one example of numerous value chains that transcend traditional understandings of bilateral trade. This type of production creates the conditions where multiple sets of workers, located in different countries around the world, are in essence linked together to the relative success, or failure, of a given commodity (Amador and Cabral 2016). Thereby, the fluctuations of GVC trade in relation to a commodity or industry will inevitably have direct effects on the workers all throughout the chain, regardless of national boundaries.

GVC trade also necessitates the further division of labor in commodity production, from intra-regional and intrastate during more primitive eras of globalization, to now truly international. Previous periods of international economic integration certainly had a great deal of labor division, particularly internationally as the U.K. and its Western counterparts became the industrial engines of the world by the mid 19th century. However, modern technologies have made the sheer scale and efficiency of transnational production so easy, that GVCs account for over 70% of international trade (Verbruggen 2022). This is the deviation from previous eras, where bilateralism or even multilateralism did not necessarily mean mass involvement in

complex, modular, interstate supply chains. Now, as economic interdependence has grown more and more unavoidable, the expansiveness of GVCs has made global integration a prerequisite for joining the international economy. Furthermore, an increasingly globalized division of labor has drastic implications regarding social stratification of societies both nationally and internationally, and in some instances drives social and economic inequality (Alsamawi, Murray, and Lenzen 2014; Aguiar de Medeiros and Trebat 2017; Court et al. 2021). GVC trade has brought an unprecedented division of labor, and consequently, has significantly impacted the social and economic contexts in which GVC workers are embedded.

In addition to perpetuating the division of labor, GVC trade is characterized as having distinct developmental implications. Of course, it is expected that integration in international trade will have implications on a states' economic development, however, GVCs do this in a specific way. First, GVCs have unique capabilities to exert international pressure through non-state means—unique from former mercantilist or traditionally imperialist organizations of the international economy. Through their various appendages extending to virtually all corners of the world, GVC trade empowers MNCs to be chief managers in transnational production to build and direct their supply chains (Gereffi and Korzeniewicz 1994a). This creates an environment where those capable of transnational production, typically large, wealthy corporations located in richer, more developed countries, can impose significant demand on qualities, like high speed and low costs, on suppliers further down their supply chains (Alsamawi, Murray, and Lenzen 2014). Such a dynamic, where concentrations of private capital can exert power on a global scale—independently of explicit state-sponsorship—had not existed nearly to the same degree before the neoliberal revolution.

The power asymmetry as a consequence of this arrangement can be exacerbated by the tendency of trade to accumulate in a country or region where related operations already exist; and so as to avoid being ‘left out,’ many developing countries instead orient their domestic economies in service of GVCs (Stiglitz 2002). This dynamic fuels the model of export-oriented development, where states open themselves up to global markets, and through deep integration in modern GVCs, seek to grow their economies via foreign investments to jumpstart capital accumulation.

GVC trade enables vast economic interdependence across numerous countries and regions around the world, however, such interdependence often reflects regional patterns, i.e. creating economic blocs like East Asia, North America, or Europe that, to some extent, occupy similar roles in the global economy (Alsamawi, Murray, and Lenzen 2014). Furthermore, GVC trade exhibits unique sectoral features where varying private GVC governance within the global economy is determined as a result of the type of industry a given GVC serves (Gereffi, Humphrey and Sturgeon 2005). As discussed in Section 2.1., one side of the private governance spectrum would be a fully decentralized supply chain, the other side being a fully hierarchical value chain (Gereffi, Humphrey, and Sturgeon 2005, 83–84). With increasing levels of vertical integration from market to hierarchy, there is a great deal of sectoral variation within different GVCs that, as a result of their structure, are enabled to react to GVC trade in different ways.

For example, a MNC operating a decentralized chain in the garment industry would be able to react to decreased demand for its products via progressively terminating its contracts with existing suppliers, and seeking lower cost inputs. Conversely a MNC operating a vertically integrated chain would have to react via internal maneuvers, including lay-offs, internal wage decreases or other strategies. This is not to say that either reactions are mutually exclusive, but

rather the structure of a GVC itself can be a useful tool for understanding how variable shifts in GVC trade may affect workers. As such, both geographic and sectoral variation are unique features of GVC trade.

Lastly, GVC trade relies heavily on interstate trade policy and multilateral agreements. Interstate trade is predicated on the cooperation of governments in the facilitation of goods and services across borders through policy on global commerce. GVC trade opens a distinct necessity for cooperation on things like technological uniformity and intellectual property due to the level of productive interdependence between countries (Durand and Milberg 2020). The disruption of which, through policies like tariffs or sanctions, can have rippling effects on numerous countries outside the target country of such policies (Crozet and Hinz 2020).

Post-war the second world war (with significant changes along the way) international institutions have governed this balance in an attempt to mitigate the exponential disruptions that can ensue from conflicting trade policy. In the modern global economy, this means ensuring that GVCs are able to conduct business relatively uniformly across nations, in order to maximize efficiency and production. This also necessitates the importance of consistent standards and regulations across borders, with pre-agreed alignments on things like quality control, intellectual property, and restrictions on proprietary manufacturing (Durand and Milberg 2020).

Such standards do not end at commodity-related measures, but are also important in order to (at least attempt to) regulate global labor and human rights standards in GVC trade. As discussed previously, lead firms have the ability to exert pressure on suppliers in developing nations to comply with accepted global standards. The efficacy of this system has demonstrated the need for international institutions like the International Labor Organization (ILO)

conventions and multilateral frameworks to help standardize and enforce labor protections across countries participating in GVC trade.

Converging these distinctions from traditional trade—fragmentation, development, variation, and policy—into an emergent variable, GVC trade represents a distinct form of international commerce that has emerged over the past half century via the forces of neoliberal globalization. Unlike its historical predecessors, GVC trade involves the fragmentation of production processes across multiple countries, each providing certain inputs towards a final product. Such interdependence leads to features of GVC trade including a more intricate global division of labor, opportunities for rapid state development, geographical cohesiveness, unique sectoral features, and reliance on international trade regimes. This section has demonstrated why relative increases or decreases in GVC trade affects workers in integrated industries, as shifts in the sheer quantity inputs correspond with shifts in demand for value-adding activities of GVC workers, which shift subsequent WSEOs. This is the supremely important connection in building an understanding of the interactions between political systems, GVC trade and their workers.

### **3.4. Democratic Political Institutions**

Political institutions are the tools in which political systems operationalize their particular ideology of governance based on a wide range of social, cultural, economic, and temporal factors. Such institutions will seek to further a state's interests and goals, and create structures that reflect the underlying values of their political system. Naturally, different political systems will seek to construct different political institutions in order to best express the distinct features of their own value system, informed by historical processes, regional cultures, country-level social relationships and other considerations. For example, one core feature of democratic institutions is the construction and maintenance of voting processes, as participatory politics is a

foundational feature of democracies; however, the specific character of such processes are not universal, and varies across polities, e.g. European parliamentary versus American presidential systems. Extending towards the opposite end of the spectrum, more autocratic regimes may have voting institutions with structural features to guarantee set victories, or may lack any functional national voting institutions altogether. Regardless, the collective of political institutions creates an emergent political system, and in reverse, the principles and governing ideas of a political system will be dispersed and expressed through domestic political institutions. Therefore, institutions set the context in which domestic actors engage with each other, including workers, firms, and policy-makers—all embedded within political structures.

Concerning democracies in contemporary developing states, political actors are often forced to manage a significant constituency of workers engaged in lower-skill work within GVC trade. Due to their entanglement in the lower rungs of the global market economy, GVC workers are a population most acutely affected by influences external to the state by itself (Rodrik 2000; Selwyn 2019). Domestic institutions remain important in determining workers' outcomes, however, a state's regional and global position—being in competition with other states for access to markets—can often give perverse incentives that further complicates the way institutions approach labor outcomes (Mosley and Uno 2007). States and their institutions are responsible for constructing the terms and conditions of both labor conditions in their country, *and* negotiating interstate trade relations, both of which play a significant role in determining the well-being of domestic workers. With states responsible for everything from domestic labor rights to ecological protections to trade relations, they functionally become the mediators between GVCs and the GVC workers in their country. Condemned to weigh both global trade and domestic worker interests, developing states must navigate the often conflicting relationship between these



two integral aspects of their economy. Democratic Upgrading theory posits that democratic states are best equipped to navigate this relationship as a function of their political institutions and underlying values that govern public life.

For transparency and clarity, the variable conception of the *degree of democratic political institutions* is often referred to in this paper as the presence of democracy or simply as democracies. The following theories characterize democratic institutions in a binary variable form, democracy or nondemocracy, but in practice, states express democracy on a vast spectrum. In comparing the respective political institutions between more and less democratic states, it is important to identify the key features that may help us explain differences in downstream WSEOs as a function of such institutions. Important features unique to more democratic political institutions align with the mechanisms of Democratic Upgrading, including worker representation, political accountability, and individual and social protections. Section 3.2. outlined these features as mechanisms of Democratic Upgrading theory, ultimately shaping how GVC trade interacts with WSEOs.

The two explanatory factors, GVC trade and democratic political institutions, work together in Democratic Upgrading theory to predict that GVC workers in democratic states have better WSEOs than those in less democratic states. In GVC Hegemony theory, GVC trade is the sole explanatory factor for the well-being of workers, as states' actions are constrained by the international market. The following section progressively constructs the composite outcome variable determined by these factors.

### **3.5. Outcome Variable: Constructing Workers' Socioeconomic Outcomes**

The outcome variable in this paper is referred to holistically as workers' socioeconomic outcomes or WSEOs. This term can be segmented into two parts, referred to previously as two

concentric circles: the inner, immediate workplace outcomes and the outer, external or environmental outcomes. As described initially in Section 2.2, immediate workplace outcomes are measures directly attributable to workers' experiences in the workplace as a result of their contractual obligations. This includes distinct markers typically used to understand workers' experiences such as real wages, benefits, job availability and security, and working conditions. Analyzing immediate workplace outcomes as a function of GVC trade, under differing degrees of democratic institutions, will ultimately determine to what extent different political systems can better mediate worker-GVC relationships.

The second component completing the emergent measure of WSEOs are external outcomes. A purposefully broad term, this measure is conceptualized to bring the consequences of GVC trade in non-workplace areas of life into a holistic understanding of collective worker well-being. For the purposes of discussion, non-workplace outcomes are divided into distinct, yet interconnected categories: ecological implications, social implications, and worker countermovements (countermovements as both an outcome of GVC production, and a mechanism to change the conditions of GVC production, described in more detail in Section 3.5.7). This includes observing how integration into GVC trade regimes influences ecological health outcomes like access to clean water, freedom from pollution, migration patterns, urban sustainability, as well as broader social outcomes like living conditions, access to education, or healthcare. Furthermore, including worker countermovements helps humanize workers as active agents in their own workplaces, communities, and lives, contextualizing potential improvements in WSEOs within ongoing struggles of GVC workers for dignity. Inclusion of this secondary measure is important in that it contextualizes the presence and expansion of globally integrated industry beyond the factory doors, and into the homes, schools, forests, rivers, and town squares

of local communities. The following sections will go into more detail on how these two conceptions work together to construct a full representation of GVC workers' well-being, and what specific measures are commonly used by scholars to achieve this.

### *3.5.1. Defining GVC Workers*

At its most basic level, the term GVC workers is used to describe the people employed in the production of goods and/or services for the explicit purpose of export in an integrated GVC. For example, the GVC workers in the garment industry would include everything from agricultural workers harvesting raw materials, transportation workers (though not exclusively), and factory workers, as they all contribute to the commodification process of garments. Generally, this paper focuses on the textile factory workers as GVC workers given that they are most exclusively employed within the confines of the garment industry, and are most geographically contained in specific countries (relative to other tiers of production). Therefore, this sect of manufacturing workers is most subject to changing industry conditions, and thus easier to measure. This is not to say that adjacent or other integrated workers are not affected by the variability of GVC trade, but rather that textile/garment factory workers are most affected by country-level fluctuations in GVC trade, while adjacent employment like transportation workers are often integrated in other industry operations, and therefore would not be as endogenous to the presented variables. Nevertheless, more focus on other sects of GVC workers in relation to political systems and GVC trade levels is an avenue for future scholarship.

### *3.5.2. Wages*

Perhaps the most predominant measure of workers' well-being, wages are often utilized proxies for measuring worker outcomes in scholarship (Rodrik 1999; Distelhorst and Locke 2018). Intuitively, this makes complete sense: higher wages and better benefits for workers can

often lead to improved overall socioeconomic outcomes. Barring external shifts—which is, as will be discussed, not wholly straightforward—it is fair to assume that the lives of workers and their communities improve along with rising wages and improving workplace benefits; such an assumption was a basis of previously discussed studies (Distelhorst and Locke 2018; Distelhorst and Shin 2023; Reyes, Lenzen and Murray 2017). Furthermore, the roles of the global marketplace and GVC trade, along with domestic and regional labor markets, both play important roles in determining the level of wages and benefits such GVC workers receive (Malesky and Mosley 2021). At its most simplified, it is reasonable to assume that decreases in GVC trade, via exogenous shocks or market forces, may push wages down in GVC-integrated workplaces in order to remain competitive in the global market; likewise, sharp increases in GVC trade may push wages up for GVC-integrated workers (Malesky and Mosley 2021, 3).

Labor outcomes within GVCs, particularly less-skilled work within more modular chains, is wholly dependent on the structures of globalized wage-labor. Waged work and the social relations it produces are foundational to the productivity of contemporary GVCs, and likewise to the well-being of GVC workers. As such, different political systems engage with the often conflicting incentives of worker constituencies and demands of wage labor systems in different ways. Some governments may uplift labor unions as institutions that can counteract the more harmful effects of GVC modularity, while others may institute anti-union legislation that empowers capital owners to react to the global market how they see fit, with relatively less regard for the outcomes of their employed GVC workers (Wang 2017). Regardless, wages and benefits, being the core components of the relationships between workers, their employers, and larger MNCs in general, are supremely important in order to understand how workers' socioeconomic outcomes are influenced by the interactions of political systems and GVC trade.

### *3.5.3. Employment and Job Security*

Another profound consequence of the GVC-employment system are opportunities for employment and job security among GVC workers. The prospect of fair, secure employment among GVC workers in developing countries is also contingent upon the cost-efficiency, flexibility, and division of labor that GVCs depend on (Alsamawi, Murray, and Lenzen 2014; Ashenfelter et al. 2022). Similarly with wages and benefits, MNCs are enabled to react to global market forces, and through GVCs, either end or create employment opportunities. However, in a divergence with the previous section, job security and employment are generally higher stake outcomes than merely a decrease or increase in wages. Instead, threats to employment and security have drastic effects on WSEOs via wholly cutting off participation in the means of production, and thus of subsistence, from workers. In this way, effects on employment and security are both escalated outcomes of GVC trade.

The consequences of wage-labor dynamics on employment and security do not affect workers in developing countries alone, but instead creates a two way street. Victories of free trade incentives have had massive social, cultural and political implications in the Global North over the past 50 years. The ongoing process of neoliberal globalization, within which the global dynamics of wage labor are essential, has deeply affected formerly industrialized regions in the Western world, from the U.S.'s Rust Belt, to Northwestern France, or Northern England (Blecker 2014; Shushanik and McLaren 2016). These regions have played important roles in the growing sense of economic dislocation and the growth of right-wing populism, theorized to be symptomatically expressed in the form of the election of Donald Trump in 2016 in the U.S., the resurgence of the National Front in France, and the success of Brexit in the U.K., respectively. In all such examples, domestic workers experienced market shifts that terminated their employment

and security in their lifelong trades, mainly industrial manufacturing (Choi et al. 2021). As a result, many decent, union jobs that existed decades ago, simply do not exist in the same locations for the same constituency of workers anymore, as unfettered GVC trade incentives triggered a productive exodus from those regions. Likewise, states on the receiving end of labor migration will experience employment opportunities previously unavailable to them (Blecker 2014). While improved employment opportunities may help WSEOs, it's important to note that economic opportunity or upgrading alone do not automatically induce social upgrading among working populations (Rossi 2019). Mexico, post-NAFTA, for example saw an increase in manufacturing sector jobs through the foreign investment of U.S. (and Canadian to some extent) MNCs. However, by 2002, real manufacturing wages fell 12% below the level they were in 1994 as a consequence of a host of factors (Cypher 2011). These trends are not bugs in the system of modern international trade, but important features that fuel the productive capacity of GVCs. The consequences of this process on job security and employment have been extensively documented, and reaffirm the notion that GVC trade and political configuration can have significant effects on workers' well-being.

#### *3.5.4. Working Conditions*

Working conditions are another component of immediate workplace outcomes for GVC workers. As demonstrated with wages, employment opportunities, and job security, the prospects of fair, stable, and safe work conditions are fundamental to workers' quality of life. For example, take two workers in separate industries experiencing very similar immediate outcomes like wages, security, and benefits, however, one worker was employed as a mineral miner and the other employed on an assembly line. It would be expected that the former will experience lower WSEOs as a result of job quality and safety; mining is a physically strenuous job with severe

implications on long term worker health via exposure to respiratory irritants, carcinogens, repeated physical strain, and other important considerations. Likewise, miners, via the nature of their work, are prone to catastrophes like landslides and mine collapses. Quantitative analyses of this component can measure fatal and nonfatal work injuries in different sectors and countries to determine relative safety. However, qualitative approaches are also important as long term effects on worker health like exposure to chemicals, are more difficult to measure. Through this example it is possible to understand how workers' conditions are both a determinant of their ultimate well-being, but also a function of the nature of industry a given worker is employed in, and the GVC trade patterns that govern them.

The core features of globalized wage labor in cost-efficiency and flexibility are inextricably linked to working conditions as GVC operations will ultimately seek work environments that are most efficient for the least cost (Stiglitz 2002; Chan and Ross 2003). These preconditions to employment create downward incentives for local employers to maintain poor and/or intense labor conditions in order to remain competitive. Such dynamics were at the heart of the collapse of the Bangladeshi garment factory, Rana Plaza, in 2013; garment factory building codes were ignored by both private and public interests, resulting in the death of over a thousand garment workers (Prashad 2018). Conversely, MNCs may decide their suppliers should follow a certain baseline regarding working conditions, which may improve WSEOs up to a point as well (Distelhorst and Shin 2023). Top firms have an interest in maintaining a certain level of job quality and safety within their chains in order to avoid production disruption via accidents or delays. Notably, certain industries are better equipped, via their level of modularity, to implement policies capable of achieving such outcomes, and therefore, the efficacy of top

down controls on job quality and safety is dependent on the type of industry (Gereffi, Humphrey and Sturgeon 2005).

The structures of wage labor remain important to understand shifts in working conditions for GVC workers, and how those shifts impact WSEOs. Ultimately, whether in the form of wages, employment, security, or safety, workers bear the brunt of the consequences (good or bad) of GVCs' reliance on flexibility, cost-efficiency, and division of labor; all of which are core features of the global wage labor system that defines immediate workplace outcomes for workers involved in GVC trade.

### *3.5.5. Ecological Implications*

GVC trade, via the productive pressures illustrated previously, can have significant ecological implications on integrated countries and ecosystems. As firms tend to seek cost-efficiency, some environmental concerns are often secondary, particularly in countries with weak environmental regulations (Yang et al. 2021). Such consequences will be different in different industries, for example, resource extractive industries will seek to expand access to potential hotbeds of their given resource, whether it be oil, salt, or cobalt. Ultimately, these industries' dependency on finite resources will, over time, seek to further expand to more remote, often more difficult places of extraction as their resources grow more scarce. This can lead to further deforestation, ecosystem interruption, and depletion of natural resources as extractive processes themselves are often harmful to ecological health, e.g. mining or drilling (Worlanyo and Li 2020; Johnston, Lin and Roh 2019).

Less obvious, yet still important consequences on ecological sustainability can be observed in non-resource-extractive industries. For example, textile production requires copious amounts of water in the production of cotton and denim clothing. Extensive use of dyes and



finishing products is estimated to be responsible for roughly 20% of global clean water pollution. Additionally, mass production of textiles is responsible for 10% of global carbon emissions, more than international flights and shipping combined (EU Parliament 2020). Not to mention the implications of synthetic fabrics on growing microplastic pollution (Haque et al. 2022; Sakamoto et al. 2019; Majed and A. Islam 2022). As demonstrated, there are many ways in which seemingly ecologically-neutral industries have drastic impacts on ecological health. Both through employment in factories driving ecological issues, but also as community members, workers are subject to the first-hand, immediate outcomes *and* the second-hand, external consequences of mass production on ecological health.

#### *3.5.6. Social Implications*

GVC trade frequently has profound social implications in developing nations. The influx of foreign capital into less developed countries often reshapes social relations, either by pushing agrarian communities into wage labor and integrating them into capitalist production, or by reorienting existing labor pools to fit GVC demands (Koo 1990). Also, social implications on quality of food supply, infrastructure, access to healthcare and education, migration patterns, urbanization, as well as potential erosion of traditional community structures, are all observed (Dannecker 2002). As discussed previously, GVC can cause distinct harm to ecology in a given country. However, ecological harm being in and of itself undesirable, also has a wide range of effects on community health, for instance, the negative effects of unsafe drinking water and a contaminated food supply on collective human health (UNICEF 2016). Additionally, GVC trade may produce communities marred by work-induced disease, including respiratory illness or pollutant-induced disease as a result of industrial chemical exposure, which may strain local health institutions and healthcare programs (FLA 2019, 6–10). As GVC trade spreads, it has

distinct developmental effects on the states and communities it touches. One aspect of this is access to healthcare and education. Workers employed in GVC operations may be more likely to receive better access to educational opportunities and healthcare as a result of their employment (Heath and Mobarak 2015). However, opportunities for social upgrading are accompanied by contradictory effects. For example, GVC integration creates the conditions for formerly rural, agrarian communities to enter urban labor markets en masse (Dannecker 2002). While industry integration tends to concentrate groups of workers, possibly giving them better access to urban amenities like higher education and quality healthcare, it can simultaneously erode traditional community structures, cultural practices, and even degrade living conditions (Rossi 2013). The consequences of a rapid economic transformation can overwhelm urban infrastructure, cause poor sanitation, erode native cultures, and more.

The presence and integration of GVC operations in developing countries may also have implications on the labor and human rights standards of workers and their communities. The consequences of weak labor standards have demonstrably negative effects on WSEOs. In a broader sense, however, GVC trade occupies a unique role in the range of civil rights workers and citizens in developing countries may receive. First, GVC incentives may place pressures on domestic suppliers to repress the right to free speech, the right to organize, and subsequent labor rights protections through legal systems (IndustriAll 2023). Second, GVC trade may create conditions for gender based violence in the production process, as gendered labor divisions arise as a result of GVC integration seeking low-wage, female labor (e.g. South and Southeast Asian garment workers are overwhelmingly female, while factory owners are overwhelmingly male) (Kholsa 2013). Lastly, GVCs can be entangled in abuses including child and forced labor (Caspersz et al. 2022). Apart from the immediate consequences of child and forced labor on

workers themselves, the larger societal implications of systems that enable such employment practices creates poor environments for the protection of just human and labor rights.

### 3.5.7. *Worker Countermovements*

Once integrated into the global economic system, new GVC workers undergo a process of self-commodification as they enter the labor market. The outcomes discussed above—wages, job security, working conditions, social welfare, etc.—are essentially transferred from the employer to the worker in exchange for their deemed labor power. This imposition of capitalist social relations sets the material basis for workers as they navigate their new lives as commodities in a labor market. As free market forces influence the fluctuating value of a workers' labor power, workers find themselves increasingly commodified, and as the following case study will illustrate, many seek to resist this process. This is particularly true for GVC workers, as the international mechanisms that drive their commodification, MNCs and their GVCs, lie outside their realm of influence within national politics (Rodrik 2000).

In this context, Karl Polanyi's concept of the *double movement* is important to understand GVC worker countermovements as resistance to their own commodification. The double movement refers to, first, increasing pressures for free market reform, which once take grip on society, are then confronted through mobilized *countermovements* from civil society seeking to *re-embed* markets within protective institutions (Polanyi 1944). While written to describe the global economy's descent into protectionism in the early 20th century, Polanyi's ideas serve this paper to resist the tendency to objectify GVC workers as objects of study, and instead humanize them as active agents within their own lives, communities, and domestic societies. In this sense, neoliberal globalization becomes the first stage of the *neo-double movement*, and global worker

reactions over the past decades together embody the countermovement against pure commodification of all things land and labor in their own contexts (Lacher 1999).

Within the context of this study, worker countermovements can act as vanguards to induce institutionalized worker upgrading. That is, through coordinated collective actions, workers themselves can become the mechanism by which their own conditions improve. As is a consistent theme throughout the case study, workers are perpetually organizing and finding ways to renegotiate their social positioning within society as they are persistently commodified as GVC subjects. Within the framework Democratic Upgrading, it is theorized that workers in democratic contexts are best equipped to mobilize countermovements and re-embed markets to the benefit of workers, due to the liberal structure of political institutions. Because, as Section 3.5 has illustrated, GVC trade and political institutions shape the foundation of WSEOs, worker countermovements act as reciprocal political pressure against MNCs seeking to further commodify land and labor across the world. These ideas will reemerge in each case study, as workers in each political context seek to re-embed GVC markets, to varying success.

#### *3.5.8. Workers' Socioeconomic Outcomes*

As Section 3.5. has shown, through the combination of immediate and external perspectives, a unified web is constructed of the more intimate and more expansive world that workers and their communities experience as a consequence of GVC trade and political institutions. Nevertheless, the emergent measure of WSEOs must be able to convey if, and ultimately why and how, political systems determine the differing downstream effects on workers and their communities. Due to the nature of how the WSEOs variable has been constructed in this paper, there will be instances wherein the internal components of the composite measure will contradict one another, both within concentric circles or across them. For

example, GVC workers may gain better access to education but their local waterways become polluted, a contradiction across concentric circles, or, GVC workers' conditions intensify but their wages increase, a contradiction internal to one component measure. This reality points to the highly contradictory realities of GVC workers holistically: there exists virtually endless combinations of such component measures, each combination more likely to be observed than others, and each with their own implications on the relationship of workers, political systems and GVC trade. To account for this, the subsequent case study will examine trends in each outcome broadly, over significant time periods in order to smooth out the potential contradictions within the measure of WSEOs.

### **3.6. Conclusion**

This chapter has outlined the mechanisms through which GVC trade and political institutions interact to shape WSEOs. As demonstrated, GVC trade is not merely an extension of traditional bilateral commerce, but rather a distinct form of economic organization with its own features—flexibility, cost-efficiency, further division of labor—all of which contextualize the international conditions under which GVC workers operate. These features not only drive workplace outcomes, like wages and job security, but also induce broader external consequences, accelerating ecological degradation, shifting social relations and labor rights. Further, democratic institutions, via their structure, may be more capable to mediate the perverse incentives GVC trade induces on workers' outcomes. The emergent measure, WSEOs, captures the cumulative and often contradictory effects of GVC integration on workers' well-being as market forces seek to reshape the material and immaterial environments in which workers and their communities are embedded.

The core of the debate I outline is the tension between GVC-induced structural determinism, as seen in GVC Hegemony, and possibilities of institutional mediation, as theorized in Democratic Upgrading. GVC Hegemony theorizes that the strength of international market forces constrains the actions of states in intervening to uplifting workers in any meaningful way. Therefore, political institutions, regardless of level of democracy, are rendered ineffective at mediating better outcomes for workers in the face of demands from global capital. Conversely, Democratic Upgrading theorizes that, as a consequence of institutional design, democracies create mechanisms that enable worker representation, labor protections, and political accountability. Therefore, through engagement in the political system, GVC workers can organize to mitigate the downward international pressures on their conditions. Both competing frameworks offer diverging accounts for how GVC trade affects WSEOs in more democratic and nondemocratic countries, thereby positioning the following case study to investigate which model maps better onto observed reality.

The next chapter outlines a comparative case study between Vietnam and Bangladesh, two states deeply integrated within the global garment industry, but with key institutional differences that position them as prime subjects to test both hypotheses. The chapter outlines the shifts in GVC trade and state-level policy responses that combine to determine workers' outcomes over time. It also discusses how workers, as a result of GVC-induced material conditions, organize and engage with national politics to improve their conditions. Exploring how each state reacts to both pressures from international markets as well as domestic worker countermovements will provide insight into how different political institutions interact with workers and GVCs differently, and to what extent they are able to produce improved outcomes while embedded in the global economy.

## **CHAPTER FOUR: LABOR IN THE GARMENT INDUSTRY: BANGLADESH AND VIETNAM**

### **4.1. Case Study Introduction**

Are Bangladesh's more liberal institutions better equipped to uphold workers' rights? Are Vietnam's more capable at producing higher socioeconomic outcomes for workers? Or, do both institutional structures ultimately fail to protect workers employed in export-oriented industries? The case study in this chapter examines the relationship between GVC trade, political institutions, and its effect on workers' socioeconomic outcomes (WSEOs) through a comparative case study of Vietnam and Bangladesh's garment industries to answer these questions. Examining how the WSEOs of garment workers in both countries shift over time provides an empirical basis to test the competing frameworks of GVC Hegemony and Democratic Upgrading. This chapter provides insight into how the international economic system, through its mechanistic appendages, GVCs, influences workers' lives through the mediums of their state's political settlements. It also explores to what extent political systems, via their institutional structures, can exert some level of autonomy that benefits workers employed in export-oriented industries. A dominant theme throughout the chapter is how workers organize to renegotiate the relationship between themselves, their governments, and export industries, and by their own volition, redefine their existences in their factories, their homes, and in domestic society.

The case study finds that Vietnam, as a consequence of its relative state capacity and government-industry relations, has been able to institutionalize upgrading of WSEOs with greater effect than Bangladesh. The result on workers' lives is that Vietnamese workers generally enjoy higher wages and safer conditions, although environmental considerations like industrial

pollution and its consequences are largely consistent across both contexts. Vietnam's more centralized governance structure allowed it to better adjust wages, and facilitate some social and economic upgrading as worker countermovements emerged in resistance to precarious conditions in the industry. Meanwhile the Bangladeshi state, as a result of weak enforcement capacity, state-industry collusion, and elite capture, was ill-equipped to confront the interests of private capital, leading to particularly exploitative conditions and violent crackdowns on organized worker countermovements. Two important caveats emerge from the findings, first, that worker countermovements, not state benevolence, were the ultimate mechanisms towards improving WSEOs in both countries; second, that Vietnam, despite better institutionalizing worker upgrading, still exhibits structural precarity in the garment sector, with garment wages remaining under living wage estimations and significant levels of labor rights violations. The results falsify the current construction of both theoretical frameworks, Democratic Upgrading and GVC Hegemony.

The findings elicit four important implications for understanding labor outcomes and governance in global supply chains. First, it indicates that GVC integration and trade do not deterministically improve or degrade WSEOs, as is hypothesized by GVC Hegemony. Second, a more democratic political context *alone*, in the presence of increased GVC trade, does not guarantee that worker interests will be protected as theorized by Democratic Upgrading. Third, the findings suggest that state capacity and intra-state elite power distributions are better determinants of GVC mediation in worker interests than solely regime type. Instead, it affirms that political institutions can mediate, but not eliminate, the downward pressures on GVC worker outcomes.



Lastly, these findings raise concerns about the long-term sustainability of export-oriented development models, particularly for economies heavily reliant on the garment industry. Bangladesh, despite decades of integration in the garment industry, is only growing increasingly dependent on garment exports with minimal progress towards transitioning to higher-value sectors. Vietnam, while more successful in diversifying its economy, now faces mounting uncertainty as rising garment labor costs and industry relocation threaten its garment sector. Both countries now stand at a pivotal moment—Bangladesh with an urgent need for diversification, and Vietnam risking deepening its reliance on garment exports amid shifting market incentives away from the country. Without deliberate institutional efforts, both domestically and internationally, to leverage GVC trade for broader industrial development and worker well-being, pure reliance on GVC-driven growth appears increasingly undesirable.

Four core features of the global garment industry make it especially relevant to understanding how GVC integration and political institutions shape worker outcomes: deep embeddedness in GVCs, the labor-intensive nature of its production, and its historical role in both industrialization and social transformation. First, the contemporary industry operates within an extensively fragmented global supply chain. The process of commodification for a single garment is spread across multiple countries and continents, from cotton farming and synthetic fabric production to light manufacturing (i.e. cutting, dyeing, sewing) to branding and retail (Gereffi and Frederick 2010). Such complexity positions the industry to be highly sensitive to shifts in international trade, and therefore, an ideal sector to observe its fluid interactions with political institutions in host markets.

Second, garment production is one of the most labor-intensive industries in the world, employing an estimated one in six workers worldwide (Linden 2016, 14). Along with its low

capital intensity and reliance on low wages, the industry allows underdeveloped countries to rapidly integrate in global markets. As such, the garment industry is often a staple in early industrialization processes, thus making it a prime case to examine how states mediate social costs and benefits of GVC trade.

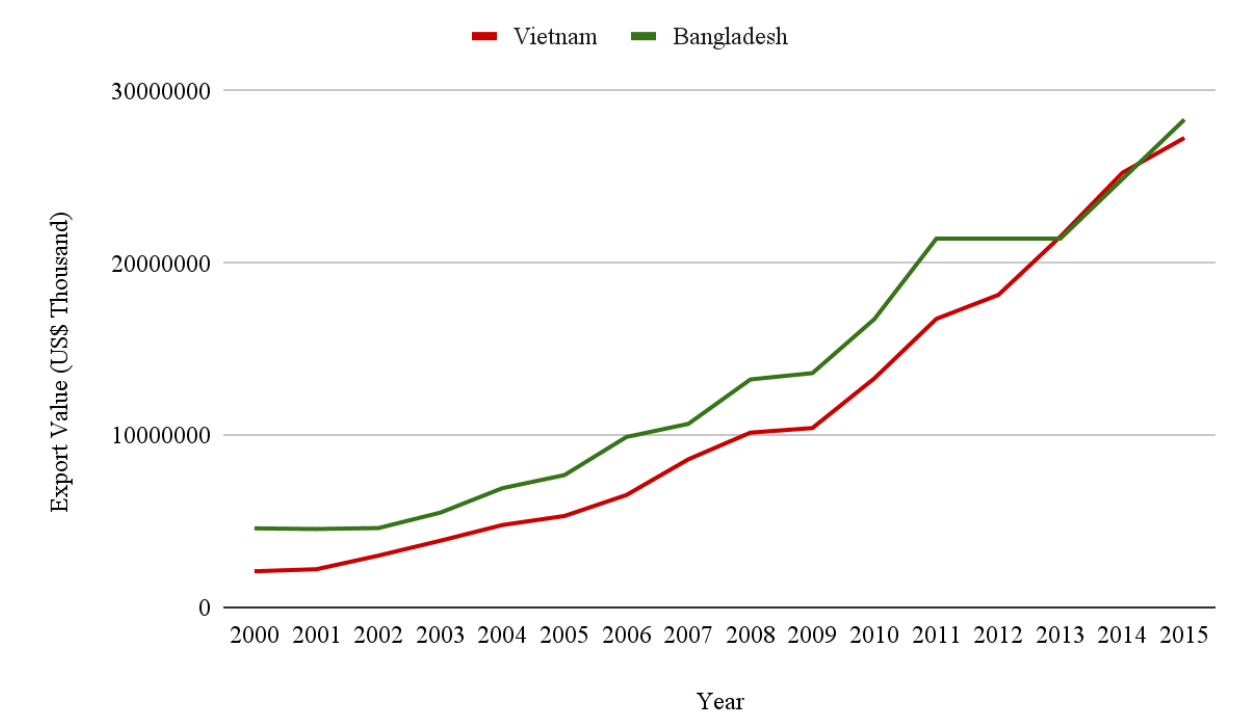
Third, garment manufacturing workers are the engine of the global industry, meaning shifts in international markets specifically and acutely affect their outcomes, as opposed to other integrated workers in cotton or fabric production. Therefore, studying factory workers unlocks a unique vantage to observe how host market political institutions mediate shifting dynamics in the global industry, and if workers' outcomes improve as a function of such interactions.

Lastly, the garment industry tends to spatially concentrate wage workers both within the workplace and urban centers (Dannecker 2002). As a result, garment workers are uniquely positioned—relative to peers in agriculture sectors, for example—to experience highly contradictory outcomes of employment. Along with long working hours, low wages, and poor conditions, (mostly female) garment workers are able to create organizing spaces, build community, and take agency of their own social transformation. As the following case study illustrates, worker countermovements are integral not only to reshaping workers' lives, but the global industry as a whole.

By comparing Bangladesh and Vietnam—two leading garment exporters with distinct political institutions—this study is equipped to determine the extent to which institutional variation mediates worker outcomes. As Figure 1 shows, the two industries produce a comparable amount of value for each country. Further, both countries' classification as *lower middle income* by the OECD places each workforce in a relatively comparable position (OECD n.d., under “ODA Recipients”). By comparing workers' socioeconomic outcomes across both

countries, it is possible to unveil to what extent different national contexts, and their subsequent divergences in political settlements and normative social relationships, impact the well-being of supply chain workers.

Figure 1: Value of Textile and Garment Exports in Bangladesh and Vietnam



Source. World Bank. 2025. “Bangladesh Textiles and Clothing Exports.” World Integrated Trade Solutions Database. *World Bank*.  
World Bank. 2025. “Vietnam Textiles and Clothing Exports.” World Integrated Trade Solutions Database. *World Bank*.

Table 3 outlines how potential results would support, falsify, or complicate the proposed theoretical models. It is important to note that component measures of WSEOs will likely contradict one another, making it essential to use each measure to construct a qualitative narrative of the well-being of garment workers as a function of GVC trade and political context.

Table 3: Potential Theoretical Implications

Potential Result	Implication for Democratic Upgrading Theory	Implication for GVC Hegemony Theory
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1. WSEOs have <i>improved faster</i> in Bangladesh than in Vietnam.	<i>Support.</i> Bangladesh's more liberal institutions were able to better mediate outcomes for garment workers.	<i>Falsify.</i> Bangladesh's institutional structure was able to better improve WSEOs in spite of international pressures relative to peer countries
2. WSEOs have <i>improved faster</i> in Vietnam than in Bangladesh.	<i>Falsify.</i> Vietnam's more authoritative institutions were able to better mediate outcomes for garment workers.	<i>Falsify.</i> Vietnam's institutional structure was able to better improve WSEOs in spite of international pressures relative to peer countries
3. WSEOs have <i>improved at equitable rates</i> in both Bangladesh and Vietnam.	<i>Falsify.</i> Neither country's institutions had a significant effect on altering garment workers' outcomes relative to peer countries.	<i>Falsify.</i> Neither country's institutions had a significant effect on altering garment workers' outcomes relative to peer countries; while WSEOs didn't degrade, GVC incentives remained dominant.
4. WSEOs have <i>degraded faster</i> in Bangladesh than in Vietnam.	<i>Falsify.</i> Bangladesh's more liberal institutions were not able to better mediate outcomes for garment workers.	<i>Complicate.</i> Bangladesh's institutional structure was less conducive to mediate WSEOs relative to peer countries; yet, GVC incentives remained dominant.
5. WSEOs have <i>degraded faster</i> in Vietnam than in Bangladesh.	<i>Partially support.</i> Vietnam's more authoritative institutions were not able to better mediate outcomes for garment workers relative to liberal peers.	<i>Complicate.</i> Vietnam's institutional structure was less conducive to mediate WSEOs relative to peer countries; yet, GVC incentives remained dominant.
6. WSEOs have <i>degraded at equitable rates</i> in both Bangladesh and Vietnam.	<i>Falsify.</i> Neither country's institutions had a significant effect on altering garment workers' outcomes relative to peer countries.	<i>Support.</i> Both countries' institutional structures were unable to mediate WSEOs in the face of GVC pressures.

The chapter will next briefly outline the progression of the garment industry, namely, its geographic trajectory and the mechanisms driving its development over time. This is important in order to contextualize the garment industry's overwhelming presence in the Global South, as structural incentives of the global economy have shaped the industry from its inception to the present. Such structural considerations will prove to be of the utmost relevance to ongoing worker outcomes explored in this case study, as contemporary productive incentives continue to

push and pull the industry in and out of certain polities, and thus, out of workers' lives. Next, the chapter will discuss the development of the garment industry in Bangladesh and Vietnam respectively, in order to contextualize how the political settlements of both countries affect the industry and WSEOs. The chapter will then qualitatively analyze each component measure of WSEOs—wages, employment, working conditions, ecological and social implications, and worker countermovements—to determine how WSEOs have been shaped by political institutions and GVC trade over time. The case study will conclude with a brief outline of its findings, and set up Chapter 5 to explore the implications of the case study, and revisit the validity of the theoretical frameworks previously outlined in Chapter 3.

#### **4.2. Contextualizing the Global Garment Industry**

Over the past half century, the garment industry has emerged as a driving force of development for non industrialized countries. However, the roots of the industry as a sector of mass production goes back to the 18th century. In Sofia Thanhauser's *Worn: A People's History of Clothing*, she illustrates the social history of garments with an emphasis on the sociocultural transformations that took place at the onset of mass garment production. She outlines how the social role of clothes for the average citizen evolved as a function of the scale of production, writing:

Like many colonial-era American homes, the house was designed with no closets. Rather, a single hook or a peg rail sufficed. This was testament to a time when each member of the family owned two sets of clothing: one for Sunday, and one for every other day of the week (Thanhauser 2022, x).

Daily garments once made at home for the explicit purpose of utility in the colonial era were slowly transforming, through the proletarianization of the existing U.S. peasant class, into a mass manufacturing industry during the industrial revolution. As such, U.S. garment development would take center stage of independence discourse. In his 1791 *Report on the*

*Subject of Manufactures*, Alexander Hamilton argued U.S. textile production would be crucial to liberate the colonies from the economic chains of the British Empire, and cement its political independence through industrialization (Hamilton 1791). By the onset of the 20th century, the process of capital accumulation in the industry built garment manufacturing hubs in Northeastern cities of Boston, New York, and Philadelphia (Thanhauser 2022).

Along with the rise of the industry, naturally, came the demand for a new type of worker. Hamilton's idea that "women and children are rendered more useful and the latter more early useful" in garment manufacturing materialized, creating the labor supply for one of the U.S.'s first mass industries (Hamilton 1791). As the U.S. garment industry grew, these new demographics of wage workers were mobilized, as young women migrated from the countryside to the new urban centers for employment. For the first time in U.S. history, there existed a space solely for women to participate in economic, cultural, and social life as (somewhat) independent citizens. The famous 'Lowell Mill Girls,' for instance—colloquial name for the young women sent to work in the garment factories in Lowell, Massachusetts—became a center for women's struggle in the 19th century. Via the garment factories, women had access to higher education, they wrote their own newspapers, engaged in contemporary political debates, and developed a working-class intellectual culture unprecedented at the time (Kirschbaum 2005). Not coincidentally, Lowell became one of the first centers for female-centered labor struggles, organizing strikes as early as the 1830s, and laying the intellectual groundwork for the formation of the International Ladies' Garment Workers' Union (ILGWU) in 1900.

Opportunities available in newly found urban life for female garment workers are only one side of a complex narrative of the 'liberating' aspects of garment labor. To claim that the liberation of women occurred as a result of wage labor in garment factories would be a gross

overestimation and romanticization of the realities of garment work. Initially, garment employment was only available to women of well-off families, as the unpaid, unrecognized work of women in peasant and working class households was too valuable to be traded for a petty wage in the city (Thanhauser 2022, 16). Garment workers' opportunities like access to education, tempered financial independence, and social benefits were only a result of ten to fourteen hour work days, subsistence wages, tenement-style living conditions, and complete removal from their families. Further, the environmental consequences of the expanding industrial revolution were reverberating in the U.S. First, and most obvious, the devastation of indigenous land practices, communities and cultures, the dispossession and erasure of which provided new opportunities to privatize land and engage in capital accumulation. And second, accelerated by the former, local waterways, forests, and resources were consumed by the ever-expanding accumulation of capital, providing the base for the investment into industries like textiles and garments. This transition from homespun clothes to a mass industry gave U.S. society the first tastes of the social and pollutive consequences of garment production. As Thanhauser reminds us:

The argument Hamilton made and his willingness to exploit two cheap resources—women and nature—became ubiquitous. Cheap women's labor and expendable land have been the foundation of the garment industry ever since (Thanhauser 2022, 18).

Once women garment workers in the Northeast U.S. were organized, the industry began to shift for the first time as a mass productive entity. The rising wages and improving conditions of workers in New York, Boston, and Philadelphia rendered production in those areas uncompetitive as they were simply not as profitable for garment firms as before. In its first of many fluctuations, the industry began to move, first to the U.S. South, where labor protections and unions were less developed. But likewise as Southern workers organized and improved their conditions, the same process ensued, and this dynamic replicated itself across the world throughout the 20th century, shifting to East Asia, Central America then South and Southeast

Asia (Smith 1996; M. Hasan 2019). Even now, rising wages in dominant garment exporting countries are leading firms to begin seeking production in emerging markets like Ethiopia and other Sub-Saharan African countries.

Why is any of this early history important? Understanding the garment industry's geographic mobility on the basis of wage differentials is integral to the dynamics present in both countries of this case study. That is to say, the garment industries in Bangladesh and Vietnam would take very different forms and scale today had the industry not emigrated mass production from the Global North to South over the past century. Furthermore, as this study moves forward, it becomes clear that the industry's role in worker migration, proletarianization, pollution, and relocation maps on eerily well to the experiences of garment producing nations and workers in the present moment.

As demonstrated by the emergence of U.S. mass garment production, from the perspective of workers, the effects of the garment industry can only be described as highly contradictory. Here, the first example of the multi-dimensional outcomes of garment production on workers is seen: the social opportunities of urbanized labor contrasted with the costly price of uber-competitive, highly-intensive, low-skill wage labor, all cast onto the background of environmental degradation and the looming threat of offshoring. This constellation of contradictory socioeconomic outcomes continues to define the experience of garment workers around the world today. As the industry twists and turns, bound to the incentives of the international market, the Lowell Mill Girls remain, still organizing and resisting the current conditions of their employment, only this time across the world in Bangladesh and Vietnam.



### **4.3. Garment Industry Development in Bangladesh**

Since the turn away from economic centralism in the immediate years following independence, Bangladesh's early garment industry emerged from newly forged state-private political and economic relationships. Bangladeshi politics have been marred with various forms of patron-client relationships between the state and the developing private sector; chief among which include the crown jewel of the Bangladesh economy: the garment sector (Ahmed, Greenleaf, and Sacks 2014, 260). M. Khan (2011) gives a comprehensive outline of the progression of Bangladesh's political structure post-independence, describing the country's political settlement during the explosion of the garment industry as dominated by different forms of clientelism (M. Khan 2011, 75). With the emergence of the industry in the 1970s, the clientelistic features of political life enabled rent-seeking relationships between the government and private actors to finance the beginnings of a competitive export garment industry.

The transition away from economic centralism in 1975 shifted the country's industrial policy from that based on the tradition of import substitution industrialization (ISI) to the emerging strategy of export-oriented industrialization (EOI) by the 1980s (Saxena 2014). The former ISI model, as Saxena (2014) describes, had "posed problems for industry reliant on raw materials and intermediate inputs" like garments and textiles (Saxena 2014, 70). As such, the Bangladeshi government turned to issuing licenses to enterprises for duty-free importation of capital goods relevant to the garment industry, like sewing machines; this was an early example of clientelism between the Bangladeshi state and the garment industry, as similar licenses were not universal across potential industrial markets. As the emergence of 'vulnerable democracy'—in the words of M. Khan (2011)—shuffled patron-client relationships between the public-private sector by the 1990s, corruption and rent-seeking behavior continued to persist in

different forms (M. Khan 2011, 75). The government pursued market-supporting, non-interventionist institutions that created a stable environment for investment, as predictable levels of corruption did not deter foreign investors (Ahmed, Greenleaf, and Sacks 2014).

However, it's important to note that Bangladesh's ISI to EOI pivot was, like many postcolonial countries at the time, encouraged by foreign investors and institutions via structural adjustment programs. The IMF provided Bangladesh loans in the 1970s, 80s, and 90s tied to domestic policy reforms that slowly privatized public goods like healthcare and education, empowered foreign business, and liberalized the economy. Anu Mohammad, an economics professor at Jahangirnagar University in Dhaka, writes these imposed prescriptions all had the effect of "supplying cheap products at the expense of the economy and the environment" of the region (Mohammad 2007). The EOI model came to dominate national politics, and its productive consequences would restructure political and economic life in the country. One can only be reminded of Hamilton's adage, that willingness to mobilize women's labor and the environmental resources were the keys to unlocking the engine of a modernized economy. Industrial and agricultural production were about 21% and 32% of Bangladesh's GDP in 1980, respectively, but by 2005, agriculture fell to 20% compared to the 27% share of the industrial sector" (Ahmed, Greenleaf, and Sacks 2014, 261).

The rapid development of the garment industry in Bangladesh had in large part to do with the Multi Fiber Agreement (MFA). A multilateral trade agreement initially signed in 1973, the MFA governed trade on garments and textiles by setting quotas on such exports from developing countries. At its inception, the agreement led to a significant distortion in trade schemas, allowing for remnants of garment industries to remain in Global North markets, protected by limited imports from countries with relatively cheaper production costs. While crafted in part to

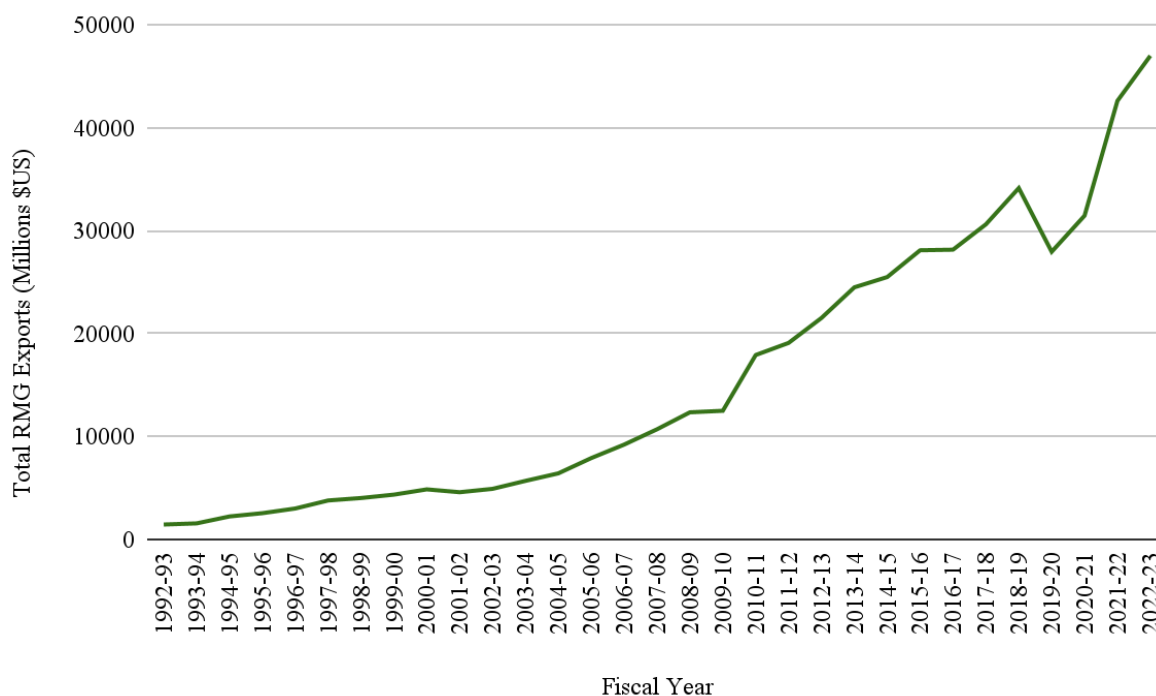
advantage more developed countries, the agreement was paramount to the establishment of garment industries in emerging markets globally, as countries sought to take advantage of their allotted quota within the system. S. Khan et al. (2009) outlines how this system, a result of Western protectionism, positioned regions like South Asia to emerge as a site of production in the global industry (S. Khan et al. 2009).

Geostrategic considerations were foundational to the creation and maintenance of the MFA system. With the prospects for industrial development at stake, potentially Western-rivaling countries like China were allotted lower relative quotas to smaller, ostensibly less threatening nations like Bangladesh (Saxena 2014). Further, quotas on the already dominant garment exporting countries at the time like South Korea and Hong Kong, meant that similarly low priced yet less developed markets were able to become competitive relatively quickly. In fact, South Korean capitalists were an integral part of the first wave of foreign investment into Bangladesh's garment industry, as they sought to both avoid quotas imposed on Korea through outsourcing, and take advantage of Bangladesh's mass cheap labor pool (Dannecker 2002, 11). As Shakya (2013) writes: "It should come as no surprise then that the garment industry in Bangladesh, virtually non-existent until the early 1970s, expanded exponentially to employ 3.5 million workers within just a few decades" (Shakya 2013).

The lifespan of the MFA ended in 2005, when the last of its quota initiatives were phased out. At the time, there was great uncertainty not just concerning the future of Bangladeshi garments, but for the structure of the industry as a whole. Scholars and industry experts were torn over whether larger markets like China or India would come to dominate garment exports at the expense of smaller producers, or, among a slew of other predictions, if heterogenous national conditions would take prime consideration in the direction of the industry. Bangladesh ultimately

emerged as one of the winners of the post-MFA breakdown for a few specific reasons. First, Bangladesh was an initial haven for regional capital investment from other industrializing countries, like South Korea, which had the effect of creating a highly knowledgeable entrepreneurial class—relative to peer countries—early on in the lifespan of the industry.

*Figure 2: Bangladesh RMG Exports*



Source. Bangladesh Garment Manufacturers' Export Association (BGMEA). 2024.

The first export-oriented garment factory in the country, for instance, was a result of a partnership between a leading Korean manufacturer, Daewoo, and a domestic firm (Sadique, Das, and Prasad 2018, 2–3). But the second reason, and no doubt a driving force behind the former, was the existence of an “abundant labor supply in Bangladesh coupled with the relatively low-skill nature of RMG work” (Ahmed, Greenleaf, and Sacks 2014, 266). Bangladeshi workers were not just able to be employed at a lower rate than peer countries, but at a lower rate among other domestic industries, as minimum wage law is segmented by sector with garments at the

bottom (Dannecker 2002, 13). These two in conjunction allowed Bangladesh not just to remain competitive, but to massively expand its garment exporting capabilities, as shown via export value in Figure 2.

The rise of Bangladeshi garments has occurred in the context of a general malaise of political and economic corruption. Ahmed, Greenleaf, and Sacks (2014) conducted a comprehensive study of how countries marred with weak governance and forms of clientelism are able to both remain competitive and actually grow industry. They find that the current political settlement in Bangladesh has created a “viable environment” for the continued growth of the Ready-Made Garments (RMG) sector, despite various institutional and structural hindrances like presence of corruption (Ahmed, Greenleaf, and Sacks 2014). The authors’ model first outlines two convergent features of Bangladesh’s industrial policy post-independence: commitment to economic liberalization and promotion of exports. After a dramatic policy shift in the 1970s, the state has kept a relatively stable line of liberalization for the past four decades, wedding itself to neoliberal economic policy with impressive consistency (Ahmed, Greenleaf, and Sacks 2014, 262–264). The state has also sought to promote exports over the past four decades. Through the creation of Export Promotion Zones (EPZs), import duty exemptions for RMG exporters, and financing systems for working capital, Bangladesh has remained consistent in their commitment to export-oriented development (Ahmed, Greenleaf, and Sacks 2014, 263–264).

*Table 4: Major Government Policies related to the RMG sector, mid-1970s-2012*

<b>Mujib-Era Awami League (1971-1975)</b>	<ul style="list-style-type: none"> <li>- Scarce activity related to labor law, industrial relations or finance;</li> <li>- Many laws important to the industry were passed pre-1971.</li> </ul>
<b>Military Regimes (1975-1990)</b>	<ul style="list-style-type: none"> <li>- Industrial Relations Rules (1997);</li> <li>- Bangladesh Export Processing Zones Authority Act (1980);</li> <li>- Workmen’s Compensation Act (1980, 1987);</li> </ul>

	<ul style="list-style-type: none"> <li>- Industrial Relations Ordinance and Amendments (1980, 1982, 1984, 1985);</li> <li>- The Finance Act (1981);</li> <li>- The Employment of Labor Ordinance (1985);</li> <li>- Industrial Relations Act (1990).</li> </ul>
<b>Democratic Transition (1990-2005)</b>	<ul style="list-style-type: none"> <li>- The Companies Act (1994);</li> <li>- Private Export Processing ZOnes Act (1996);</li> <li>- The Credit Rating Companies Rules (1996);</li> <li>- Export Processing Zones Workers Union and INdustrial Relations Act (2004).</li> </ul>
<b>Caretaker Government (2006-2008)</b>	<ul style="list-style-type: none"> <li>- The Labor Act (2006);</li> <li>- Labor Welfare Foundation Law (2006);</li> <li>- The Import policy Order (2006);</li> <li>- The Bonded Warehouse Licensing Rules (2008).</li> </ul>
<b>Hasina-Era Awami League (2009-2024)</b>	<ul style="list-style-type: none"> <li>- Payment and Settlement Systems Regulations (2009);</li> <li>- Labor Law Amendment and Minimum Wage Board Laws (2010).</li> </ul>

Source. Adapted from Ahmed, Greenleaf, and Sacks (2014), p. 263

The implications of Bangladesh industrial policy on the country's political economy has created a unique set of three circumstances, which together create the contemporary context of Bangladesh's garment sector. First, the country's relatively stable corruption has in turn created stable business expectations for foreign capital. From the perspective of upper chain garment brands, seeking supplier contracts in the country is justified because corruption costs are manageable due to their predictability, and labor costs still remain low enough to justify production (Ahmed, Greenleaf, and Sacks, 2014, 265–266).

Second, Bangladesh's clientelistic political climate has resulted in the “fragmentation and the gradual deterioration of capabilities of its bureaucratic organizations” (Ahmed, Greenleaf, and Sacks, 2014, 266). The government is unable to properly audit garment factories, and even if they do, they are largely unable to enforce any domestic labor law if violations are found. Further, poor public investment in infrastructure, including energy grids and transportation, is a

significant barrier to further chain upgrading in the garment sector, and to human development in Bangladesh at large (Ahmed, Greenleaf, and Sacks, 2014, 266).

The third feature of modern Bangladesh's garment industry is the systematic marginalization of worker interests. Both dominant parties, the Awami League (AL) and the Bangladesh National Party (BNP) do not rely on garment workers to form their respective coalitions, although, instead draw from an array of labor aristocrats who depend on party structures to maintain power. Therefore, traditional labor unions in the Bangladeshi garment sector, instead of resisting this settlement, feed into this system. Rahman and Langford (2014) argue that since the early 1990s, both the AL and BNP have prioritized the rapid expansion of the RMG export sector, and both are more than willing to sideline worker interests and issues to integrate into global production. Thus, the labor unions affiliated with either parties primarily serve the interests of their respective parties, ultimately serving to reinforce status quo disenfranchisement of garment workers within political life and broader society (Rahman and Langford 2014).

Trade unions in Bangladesh are incapable of, through traditional means, compelling the state or their employers to substantively act to uphold labor rights in the country. Neither party seeks the support of garment workers, condemning their interests and issues to the background. With no functional representation, garment workers, and workers at large in Bangladeshi society, have to organize outside the scope of national electoral politics in order to access power. In their study, Ahmed, Greenleaf, and Sacks (2014)'s interview with an industry expert affirms this glaring reality, stating, "the way the government relates with RMG owners and entrepreneurs and the way it deals with labor is completely in a discriminatory way...RMG...is their 'boy,' the most-favored sector" (Ahmed, Greenleaf, and Sacks 2014, 266).

Despite completely ignoring the voices of garment workers, political figures have sometimes indulged in beautifying their rhetoric on the subject. Now former Prime Minister Sheikh Hasina, for instance, had called the garment worker minimum wage “insufficient” and “inhuman” in 2010, characterizing garment wages as “peanuts” that makes life in Dhaka unlivable (Ahmed, Greenleaf, and Sacks, 2014, 267). Despite a catalog of ostensibly favorable labor law to workers, Hasina’s government was wholly incapable of using that body of law to systematically uplift garment workers. With little political incentive for enforcement given labor’s (nonexistent) position in political coalitions and significant incentive to maintain a business-friendly environment, changes in any of these industry features have yet to materialize. The ineffectiveness of trade unions and public servants to protect workers both combine to further empower foreign capital interests.

More recently, however, worker-led social movements have challenged the decades-long status quo in the garment industry and Bangladeshi society. The most prominent example being the minimum wage strikes in 2023, where workers and their allies mobilized for a living wage around the country. There is no doubt that this incredible demonstration of worker power laid the organizing groundwork for the popular toppling of Hasina’s government in 2024. However, for the purposes of this study, the scope of this analysis will focus on the political settlement of Bangladesh before this event, as previously outlined.

Bangladesh’s garment industry offers an empirical site for examining the mechanisms proposed in both GVC Hegemony and Democratic Upgrading theory. Bangladesh’s industrial trajectory, from state-led centralism to export-oriented neoliberalism, has created conditions where both liberal institutions and private capital interests govern the outcomes of workers. The post-MFA period underscores the extent to which international market dynamics impact workers,



as the industry's growth has largely been on the basis of cheap labor at scale. Therefore, tending to align with the mechanisms of GVC Hegemony, as GVCs create downward pressures on worker outcomes to perpetuate access to markets. Here, the limits of Democratic Upgrading are seen, as traditional labor representation has effectively been co-opted by patron-client politics, and political institutions have little interest in interventions to aid garment workers. As will be discussed later, gains for workers have not come through institutional channels, but rather through worker-led mobilization outside more formal, electoral political processes. The following section will outline the construction of the garment industry in Vietnam, and the role of its political institutions in its development.

#### **4.4. Garment Industry Development in Vietnam**

Stricken by a century of French colonial rule and decades of destructive wars, the damage left on Vietnamese society by foreign incursions significantly hampered the prospects of Vietnamese industrial development post-unification. Initially seeking development through economic centralism and collectivization, both then-contemporary and historical setbacks dampened potential economic growth. These included the obvious economic toll of the recent deaths of 2-3 million citizens and two-thirds of villages flattened from decades of U.S. aerial bombardments, but also severe damage to Vietnamese agriculture due to degraded soil quality, for example. Vietnam was subject to pressures and consequences of food shortages, inflation, and Western sanctions, all amplified by the international retreat of their most important provider of aid at the time, the Soviet Union (Marslev 2019, 92). As such, the government reconfigured toward a market socialist oriented development strategy via the introduction of the *Đổi Mới* reforms in 1986, which in retrospect, mark its ascension into the garment industry (Hai 1992).

Translated as ‘restoration’ or ‘renovation’ in Vietnamese, *Đổi Mới* had two distinct features according to Herr, Schweisshelm, and Truong (2016). First, contrary to Bangladesh’s market reforms of the mid-late 1970s, there was political consensus to *not* combine market liberalization with political liberalization. Second, that economic reform would be implemented through top-down, localized development projects. This meant that Vietnam still maintained substantial state involvement in developmental industries, like garments and textiles, largely accomplished through state-owned enterprises (SOEs), and further, maintained a disciplined economic vision as *Đổi Mới* became the party line (Herr, Schweisshelm, and Truong 2016, 1). Since the implementation of the reforms, Vietnam has undergone significant economic expansion with its real GDP growing at an average rate of 7.4% from 1991 to 2009, with an industry growth rate of 29% from 1991 to 2000 (Ram and Kalidasan 2024, 102; Sadique, Das, and Prasad 2018, 3).

Gereffi and Frederick (2010) outline how Vietnam has fit into the expanding garment sector over time. Because the MFA trade restrictions “contributed to the international fragmentation of the apparel supply chain,” Vietnam was ideally positioned as a low-wage country to jumpstart capital accumulation through low-skill, export-oriented garment production. As countries like China and South Korea filled their shares under the quota system, regional capital owners sought to subcontract their production in countries like Vietnam through the 1990s (Gereffi and Frederick 2010, 3). Combined with the favorability towards least-developed exporters in the Generalized System of Preferences program (GSP) for EU-15 imports (member states of the European Union prior to 2004 enlargement), Vietnam’s industry emerged as a low-wage exporter via this international context (Gereffi and Frederick 2010, 5).

Goto (2023) illustrates that Japanese lead firms explicitly cited rising wage levels in the dominant garment-producing countries at the time—e.g. Korea and Taiwan—as core drivers of industry relocation towards countries like Vietnam (Goto 2023, 348). Once again, the geographic mobility of the industry on the basis of wage differentials is paramount to shifting industry dynamics. As demonstrated from the U.S. market during the 20th century to the East Asian market in the late 20th century, garment industry modularity has become a core feature of the industry since its inception. When the protective quotas of the MFA were phased-out, many of the productive trends favoring low-cost supplier countries like Vietnam were effectively supercharged. Similar to post-2005 Bangladesh, Vietnam was able to increase their export market shares in the following years, primarily at the expense of near-shored markets (relative to the mass consumer base in the U.S/E.U.) in Central America (Gereffi and Frederick 2010, 9).

Even under perfect international conditions, the growth of an industry like Vietnamese garments was not a benign, independent process—Vietnamese domestic policy played an integral role. Sadique, Das, and Prasad (2018) attribute the success of the industry to the government’s ability to manage “successful macroeconomic stabilisation policies, realistic exchange regime policy, open policy towards foreign direct investment and [allow] exporters to operate on the basis of an incentives regime which was similar to (though imperfectly) international prices” (Sadique, Das, and Prasad 2018, 4). Vietnam’s governmental policy has been integral to the development of the industry, as they maintained a commitment to economic liberalization in the spirit of *Đổi Mới*, as demonstrated by the subsequent reforms in Table 5. SOEs, for instance, took a significant role in garment production with Vinatex founded in 1995, tasked with coordinating and integrating all state-owned textile and garment endeavors (Marslev 2019, 93).

*Table 5: Notable *Đổi Mới* Reforms*

Law	Key Points Overview
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<b>Foreign Investment Law (1987)</b>	<ul style="list-style-type: none"> <li>- Guaranteed investor rights: setting up business, recruiting and employing labor, transferring abroad incomes, export and import ability;</li> <li>- Ensured private assets are not requisitioned or expropriated by administrative measures, and are not nationalized;</li> <li>- Released the tax regime and the main incentives in incentive sectors and incentive regions;</li> <li>- Regulated foreign exchange, determines the functions of the agencies in the state management of foreign investment.</li> </ul>
<b>Amendment to Foreign Investment Law (1990)</b>	<ul style="list-style-type: none"> <li>- Allowed private enterprise to cooperate with foreign investors.</li> </ul>
<b>Amendment to Foreign Investment Law (1992)</b>	<ul style="list-style-type: none"> <li>- Provided foreign investors with more rights and incentives;</li> <li>- Constructed infrastructure facilities;</li> <li>- Homogenized tax regime between joint-venture enterprise and enterprise with foreign owned capital.</li> </ul>
<b>Amendment to Foreign Investment Law (1996)</b>	<ul style="list-style-type: none"> <li>- More rights and incentives to investors, e.g. right to assign the contributed capital with some restrictions;</li> <li>- This law still retains a number of limitations, for instance the principle of unanimous decision in the board of management, priority to purchasing equipment, machinery, materials, and means of transport in Vietnam.</li> </ul>
<b>Amendment to Foreign Investment Law (2000)</b>	<ul style="list-style-type: none"> <li>- Accepted the right of foreign investors to merger and acquire companies and branches;</li> <li>- Affirmed the right to transfer the form of investment.</li> </ul>
<b>Law on Investment (2006)</b>	<ul style="list-style-type: none"> <li>- This law was prepared to meet requirements of the accession to the WTO, especially the rule of non-discrimination.</li> <li>- The uniform investment law, replacing all former laws on domestic and foreign investment, outlines the current policy stance toward FDI.</li> </ul>

Source. Adapted from N. Nguyen (2006), pp. 2-4.

With the principal objective of the *Đổi Mới* reforms to accelerate capital accumulation and development through integration in the global economy with a market socialist orientation, state policy has taken a different approach to economic liberalization relative to peers like Bangladesh. At first, Vietnam's industry was initially dominated by SOEs, however as policies like those outlined in Table 5 were implemented, their ownership share has dwindled to 8.4% in 2011 (Sadique, Das, and Prasad 2018, 4). However, these numbers are misleading as the state

still holds significant portions of shares in reformed SOEs. In fact, if measured by export value, domestic enterprises account for almost a quarter of total value, with foreign majority enterprises around three quarters (Marslev 2019, 94). Do (2021) describes the strategic importance of garment and textiles to the country, writing: “[the industry] always receives special attention and great incentives and support from government fees” (Do 2021, 11).

This special attention is distinct from the public-private rent-seeking relationships previously discussed in Bangladesh. Rather, the Vietnamese government, likely a result of its market socialist orientation, seems more cognizant of garment integration’s temporality, and therefore, more prepared in its developmental policy to facilitate industrial upgrading (Mahbub, Shetu, and Jahan 2022). This claim is substantiated by the constellation of industrial programs undertaken by the Vietnamese government that have diversified its economy to a much greater extent than Bangladesh. For the garment industry, these policies have included long-term industrial planning through SOEs, limiting economic disruption of independent labor unions (the stark implications of which on workers will be discussed later), and supporting localization efforts of input industries like fabrics and dyes (Do 2021).

However, while the effectiveness of Vietnam’s approach to garments is impressive, its current situation complicates the situation. The present construction of the garment industry in Vietnam is centered around the Cut-Make-Trim model (CMT), which has mixed implications for the future of the industry. The CMT process typically involves receiving specifications from a customer and executing the cutting and sewing in accordance with their design. Additionally, all the fabric and materials are typically sourced by the buyer, with suppliers’ responsibilities solely being labor power (Gereffi and Frederick, 12). Considered the ‘easiest’ export method, in the process of garment commodification—branding, design, procurement, cutting and trimming,

distribution and marketing—the CMT stage is largely considered the lowest valued-added. Correspondingly, while the processes preceding and succeeding CMT are often located in high and/or middle income countries, the intensive labor needed for CMT itself selects for production in lower income countries (Goto 2023, 347). The social relationships this system produces only feeds into the inter-supplier competition so prevalent in the industry, where buyers seek suppliers on the basis of the lowest bidder, driving down wages and conditions.

Frederick (2017), Goto (2023), and Herr, Schweissheim, and Truong (2016), have all argued that as a result of CMT-dominance, rising wages, and relatively low labor productivity, the industry in Vietnam is at a crossroads. Herr, Schweissheim, and Truong (2016) goes as far to say that “the ‘liberalisation effect’ of *Đổi Mới* is exhausted” and instead the industry requires a revitalization of market forces and comprehensive, state-guided industrial policy together to navigate the future of the industry (Herr, Schweissheim, and Truong 2016, 1). It is in this social and political context that the following study of Vietnamese garment workers is embedded within.

Vietnam’s garment industry has emerged through a state facilitated approach to economic liberalization, distinguishing itself politically from the patron-client model in Bangladesh. The *Đổi Mới* reforms, through a marriage between state enterprise and private capital, has created a unique environment where the garment industry is deeply integrated in the global economy, while more interventionist state dominates the political settlement of the country. This creates a unique political environment contrary to Bangladesh, as different political institutions have to navigate worker relationships under similar international market constraints. Through a more autocratic model of export-led development, Vietnam is positioned as a prime subject in contrast to Bangladesh to examine the validity of both Democratic Upgrading and GVC Hegemony

theories. The following two sections begin the qualitative analyses of worker outcomes in Bangladesh and Vietnam, respectively, examining how each state's political institutions interact with the pressures of GVC trade to shape wages, working conditions, and broader external consequences for workers.

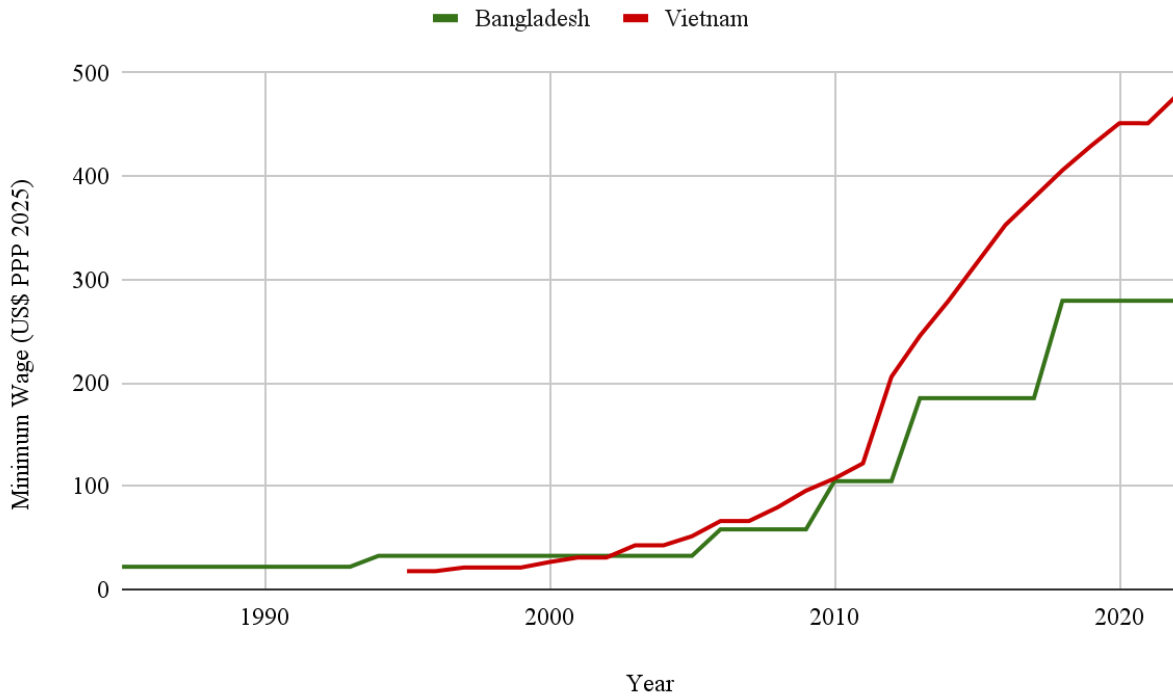
## **4.5. Garment Workers' Outcomes in Bangladesh**

### *4.5.1. Wages*

Minimum wages are an adequate (though upwardly biased) proxy for garment worker wages in Bangladesh. It is industry standard that the vast majority of garment workers' make the garment minimum wage—a different and often lowest minimum wage compared to all other domestic sectors (M. Hasan 2019). Rampant labor law violations regarding compensation practices, contracts, and more makes it common for garment workers to struggle to meet even the minimum standard (M. Hasan 2019, 57–58).

A core feature of the garment industry in Bangladesh is that wages are recommended to the government to pass by a Minimum Wage Board (MWB), an arm of the Ministry of Labor. This structure is theoretically accountable to the general public through electoral politics, as whichever coalition gains power may appoint ideologically aligned bureaucrats to such positions in the MWB. Since 2005, this board has only reviewed minimum wages roughly once every five years, meaning that garment workers' real wages fall each year due to inflation, as shown in Figure 3. Judd, Wakamo, and Kuruvilla (2024) have accurately described that this system consistently “produces extreme tension between workers, employers and government,” and results in often fatal confrontations between the state, the private sector, and garment workers (Judd, Wakamo, and Kuruvilla 2024, 2).

Figure 3: Minimum Wages in the Garment Industry



Source. Data from T.H. Pham and N. Nguyen, n.d., under “What Is Minimum Wage?”; D. Nguyen, T.T. Pham, and T. Nguyen, 2017; Dhaka Tribune, 2019.

Note. All values are converted from local currency to US\$ PPP using 01/2025 prices. Numbers are different from discussed numbers due to PPP calculation year. Vietnam sets minimum wages by region, the lowest region wage was selected.

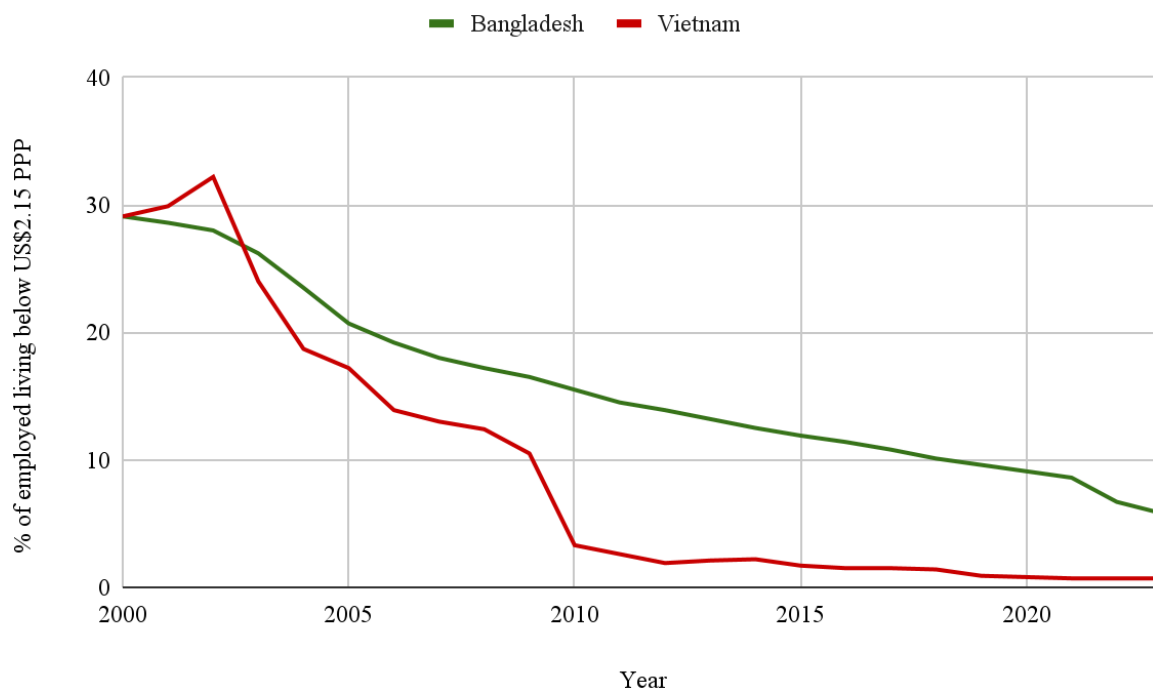
Post the phaseout of the MFA in 2005 to the present, Bangladeshi garment workers have seen a significant wage jump in both nominal and real terms. Saxena (2014) theorizes this is in part a result of the shifting domestic coalition between the state, the private sector, international buyers, and workers with regards to garment production, allowing labor to assume a more active role (albeit still very limited) in renegotiating their productive conditions. In 2004, the MFA Forum brought together international brands, public institutions, labor groups, non-governmental organizations (NGOs) and industry leaders to collaborate on building a post-MFA industry. This was the first example of a shift in the role of workers as labor leaders were finally allowed into



the formerly exclusive dialogue between the industry and government that largely dominated garment industrial policy the decades prior.

The result of the MFA Forum for Bangladesh was the first minimum wage review in ten years (Saxena 2014, 112–115). However, it's important to note that trade unions and labor groups were not satisfied with this process as significant issues still plaguing garment workers like gender-based violence, long working hours, and still, insufficient wages, were largely unaddressed. Nevertheless, Saxena (2014) posits this event as an integral part of understanding the modern industry in Bangladesh, and how workers have organized to slowly reform the conditions of their work.

*Figure 4: Working Poverty Rate*



Source. ILO. 2024. “Worker Poverty Rate, ILOSTAT, ILO Modeled Estimates, Employed Persons 15+.” ILOEST.

In conjunction with slowly rising wages, extreme poverty in Bangladesh has steadily decreased, as shown in Figure 4. The measure of ‘extreme poverty’ is set by the World Bank

(WB) at \$2.15 per day using purchasing power parity (PPP) of 2017 prices. Contextualizing this measure is necessary to understand its limitations in this discussion on Bangladeshi worker wages. As will be discussed later, the reality of many garment workers, irrespective of country, is that a general maintenance of impoverished conditions is de facto required to remain competitive in the global industry. As such, even while workers may not face extreme poverty, conclusions beyond ‘extreme working poverty is decreasing’ must be tempered in relation to Bangladesh’s performance in Figure 4.

Most recently, garment worker unions and allies mobilized an unprecedented living wage campaign in 2023. One result with respect to wages was a wage hike from BDT 8,000 (US\$67) to BDT 12,500 (US\$ 105) per month, half of garment unions’ demand of BDT 25,000 (US\$210). For context, according to the Asia Floor Wage Alliance (AFWA), a Global South-led labor alliance, Bangladesh’s living wage is calculated to be BDT ~53,000 (US\$437) as of 2022 (AFWA 2023, 34). IndustriAll, a multi-industry global union federation, offered an important perspective on the wage gains from the protests, writing that the combination of high inflation, failure to meet union wage demands, mass arrests, and criminal charges against workers only results in continued hardship and suffering for Bangladeshi garment workers (IndustriAll 2023).

To further contextualize the wages of Bangladeshi garment workers, extensive survey data in 2023 probed the effects of low wages on their livelihoods and well-being. 81% of surveyed workers reported that they regularly run out of money at the end of each month. To supplement themselves, 82% of workers regularly take loans and/or borrow from friends, relatives or neighbors to maintain a living. The consequence of routine loans is that nearly 70% of workers report having an effectively perpetual debt burden, roughly 70,000 BDT per indebted worker on average (M. Islam and Dey 2023, 15). The human cost of meager wages in

Bangladesh is extreme—marginal gains in wages have not been effective in alleviating the overwhelming financial burden many garment workers are forced to shoulder.

#### *4.5.2. Employment and Job Security*

The question of employment opportunities and job security remains at the heart of garment worker outcomes for a few distinct reasons. First, given the consistent growth of the garment industry in Bangladesh, the prospects for garment employment since the 1980s remain open for those who seek it; the gross number of factories, and by extension employees, expanded rapidly over the following decades, as shown in Table 6. Dannecker (2002) illustrates in great detail who these new workers were, and the heterogeneity of push and pull factors for migrants seeking garment work. Ultimately, the turn towards neoliberal-style development (i.e. privatization, export-orientation, and labor flexibilization) created a constant hum of displacement, laying the groundwork for urban migration as people “left their villages due to increasing landlessness and poverty” (Dannecker 2002, 47–48).

*Table 6: Growth of Bangladeshi Garment Factories and Employment*

<b>Year</b>	<b>No. of Garment Factories</b>	<b>No. of Employees (000)</b>
<b>1983-84</b>	134	40
<b>1990-91</b>	834	402
<b>2000-01</b>	3480	1800
<b>2010-11</b>	5150	3600

Source. Adapted from Saxena (2014), p. 84

The social relations of garment employment have shifted within the industry over time. At first, Dannecker (2002) describes, many employed women absorbed the projected ideas that docility and femininity were integral to garment work, and accepted the first job and wage that was offered to them. But as time progressed, garment workers learned to individually bargain

with their bosses for better wages, and later, began to build their own, female-centered labor organizations to do so collectively (Dannecker 2002, 95). This process can also be observed in the careers of individual garment workers as well, as they often enter the workforce as young women, and over time grow into more conscious, and sometimes militant workers. In fact, growing consciousness of self as a worker is observed to be a tool garment workers use to improve wages. Due to the relative openness of the garment labor market, more experienced workers improve their wages by leaving for a different factory, and individually negotiating their wage with new management, rather than accept the first offer they receive.

The effects of gender discrimination in garment factories reverberate throughout all aspects of employment outcomes. As shown in Table 7, there is evidence showing a significant amount of pregnant women have lost jobs solely due to their pregnancy, just one of the many ways women are systematically excluded from certain labor protections. Enforcement of labor law or international buyers' code of conduct remains inconsistent at best (M. Islam and Dey 2023).

*Table 7: Maternity Protection in Bangladesh*

<b>Statuses</b>	<b>Responses</b>	
	<b>Yes</b>	<b>No</b>
<b>Maternity Leave</b>	91.9	8.1
<b>Wage during maternity</b>	91.9	8.1
<b>Wage cut</b>	54.1	45.9
<b>Leave cut</b>	27.1	72.9
<b>Offset leave</b>	11.8	88.2
<b>Job loss</b>	6.0	94.0
<b>Discrimination in leave</b>	44.4	55.6

Source. Adapted from M. Islam and Dey (2023), p. 28

Job security is a rare commodity in garment work, a consequence of the industry's mobility and the incentives that it produces. It is common practice in Bangladesh (and most garment producing nations) to issue temporary contracts on timescales of weeks or even days to workers—if any are issued at all—as outlined in Table 8. Further, employers often can break these contracts with little to no consequences from workers or government institutions.

*Table 8: Status of Job Security in Bangladesh*

<b>Worker Response</b>	<b>Total (%)</b>
<b>Appointment Letter?</b>	
Yes	76.6
No	23.4
<b>Do you know what is in the appointment letter?</b>	
Read/Know	59.3
Don't Read/Know	40.7
<b>Service book (legal document for recording employees)</b>	
Yes	39.2
No	60.8

Source. Adapted from M. Islam and Dey (2023), p. 22

The manufactured precarity that garment workers are forced to endure is a direct consequence of the industry's mobile structure. Maintaining fluid workforces permits factory owners to adjust production costs at will as business fluctuates. Yet further, it serves to concentrate power with international buyers, in accordance with Gereffi (2001)'s theory of buyer-driven commodity chains. Buyers, in the form of multinational brands, are given license to pick and choose the suppliers they order from, and by proxy, essentially assume the position as absentee arbiters of employment. The consequences of such a concentration of power are felt

most acutely by garment workers, whose prospects for secure employment are effectively tethered to the international market.

The consequences of industry mobility can explain why almost 50% of workers reported they don't want to continue garment work, and would leave for another job if prompted; 99% of workers cited low wages for this desire (M. Islam and Dey 2023). Union organizers, in particular, are acutely vulnerable to this precarity. While trade unions maintain a mixed image among garment workers for reasons discussed later in this section, union organizers often face harassment, beatings, and even are killed. It is not uncommon for employers to ally with local politicians, goons, and the police to intimidate union organizers (IndustriAll 2023). Furthermore, abrupt terminations of union organizers' employment and blacklisting of workers' names are common practices. The even stricter restrictions placed on Export Processing Zones (EPZs) create a more dangerous environment for workers. An organizer from Bangladesh recounted their experience organizing in an EPZ—where unions are illegal—with IndustriAll:

When I was working in one of the factories in the EPZ, I tried to organize workers. Protesting or striking is not allowed and there are no unions. They have workers welfare committees for which I contested once. But the Bangladesh Export Processing Zone Authority (BEPZA) did not want me on the committee and instead got their person in the committee. Then the pressure tactics to force me to resign from work started. Even the smallest mistake would result in shouting; my leaves would not be granted; and going to the washroom more than once would be questioned. The factory eventually shut down its operations, but we protested and won all the legal benefits awarded following factory closure. This entire time local goons threatened to kill me. I was even interrogated by National Security Intelligence for trying to organize in the EPZ. (IndustriAll 2023).

Beyond the growing role of labor in dialogue in the industry, there is little evidence to suggest that Bangladeshi political coalitions or industrial policy has been better at mediating perverse market incentives than peer competitors with regards to these outcomes. In fact, Bangladesh's almost unhealthy dependence on garment exports has positioned the country to be both acutely susceptible to international market shifts, yet conversely, a potential hub for internationally-induced, industry-wide reform. However, as later sections demonstrate, such

reforms are typically reactions to the consequences of precarious employment. The Accord on Fire and Building Safety, for instance, a successful binding agreement that improved building safety, was not a project of liberal benevolence, but a result of a global reaction to the death of 1,134 garment workers at Rana Plaza, when a garment factory collapsed on itself on April 24th, 2013.

#### 4.5.3. *Working Conditions*

Beyond meager wages and precarious job security, the actual conditions of garment work in Bangladesh remain poor. Garment workers, on average, work nearly 11 hours per day, including roughly 3.48 hours of overtime. 1 in 6 workers reported they work more than 5 hours of overtime per day, with 41% reporting they often work a full month without a single rest day (M. Islam and Dey 2023, 18). It is often characterized in some analyses of the industry that workers have the *opportunity* to work overtime and make more money should they choose, however, as a consequence of meager wages, this overtime is de facto compelled.

During these 11 hours, garment workers report to be consistently harassed by their managers, almost always men, in all forms. Sexual harassment and assault are even systematized in some factories, practices of ‘body checks’ are common to ensure workers are not stealing from the factory. This entails predominantly male supervisors physically ‘checking’ the bodies of their female workforce for contraband, in an especially perverse example of the widespread gender violence in garment production (Dannecker 2002, 89). Even among male and female garment workers ostensibly of the same skill and employment status, certain types of factory work are also segregated by gender, with men dominating the roles socially considered to have more value with correspondingly better wages, e.g. wrapping or quality check (Dannecker 2002, 87–88).

*Table 9: Worker Abuses*

Abuses	Status	Intensity
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	<b>Yes</b>	<b>No</b>	<b>Always</b>	<b>Often</b>	<b>Seldom</b>
<b>Physical</b>	30.4	69.9	4.3	83.5	12.2
<b>Verbal</b>	79.0	21.0	24.1	72.0	3.9
<b>Sexual</b>	30.0	70.0	5.8	54.0	40.1

Source. M. Islam and Dey (2023), p. 25

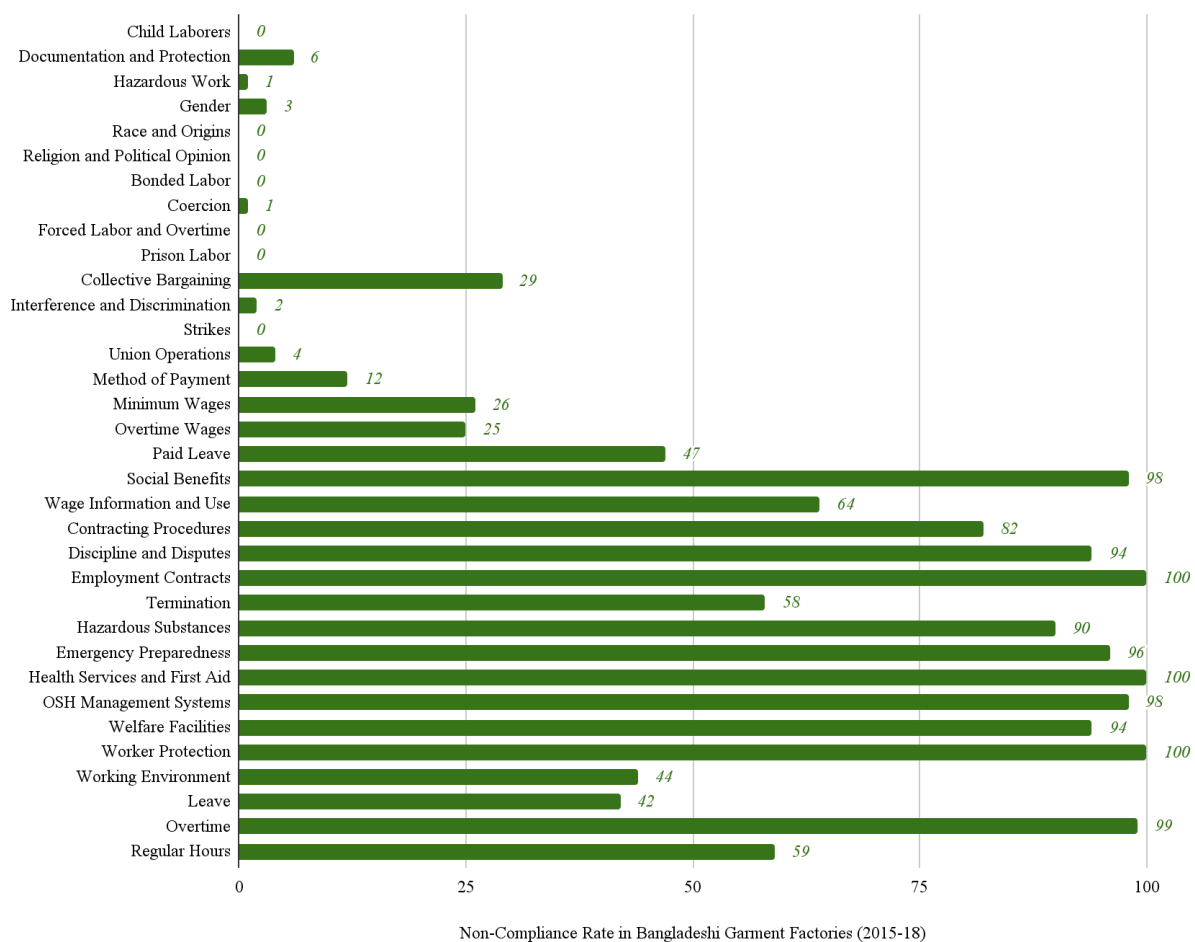
Occupational safety and health (OSH) remains a real problem in factories, however, there has been significant progress. As mentioned earlier, the Rana Plaza collapse triggered an unprecedented international response to the glaring systemic failures of the Bangladeshi government to properly audit and enforce labor and building regulations. A horrifying part of the story of Rana Plaza was that visible cracks were seen in the building the day prior, prompting the other businesses housed in the structure to close. However, these warnings were ignored by garment management and they forced workers to return to the factory the following day, only hours into the workday, the building collapsed (Tricontinental 2023). The tragedy of Rana Plaza can only be understood in the context of the incentives produced by the global garment industry.

Overwhelming pressures from international buyers to fill orders quickly and cheaply position factory owners to turn to strategies like *just-in-time* production practices and individual worker productivity quotas, all with the subsequent effect of intensifying working conditions. It is precisely these pressures, combined with the absence of public oversight, that caused factory owners to compel workers to enter Rana Plaza that day. Since the collapse, catastrophes of comparable magnitude have been avoided due to the Bangladesh Accords on Fire and Building Safety, signed by international brands only after public fallout over the death of a thousand garment workers at Rana Plaza. Yet, even with the Accord, significant problems persist; 1 of 4 workers deem the factory “unsafe” in some way, either relating to improper hygiene practices, COVID-19 protections, or other concerns (M. Islam and Dey 2023, 28–29).



Using data from the Better Work program of the ILO, Figure 5 outlines the non-compliance rates from a sample of audits of garment factories. The overwhelming trend of non-compliance falls under subcategories of OSH, contract enforcement, compensation, and working time. Here, the often invisible struggles workers face can be seen: 100% of factories audited from 2015 to 2018 failed in categories of Worker Protection, Health Services and First Aid, and Employment Contracts; above the 90% percentile were categories like social benefits, discipline and disputes, hazardous substances, emergency preparedness, OSH management systems, welfare facilities, and overtime (M. Islam and Dey 2023, 36).

*Figure 5: Garment Factory Non-Compliance Rates (2015-18)*



Source. *Better Work Bangladesh: Garment Industry 1st Compliance Synthesis Report*. 2019. Geneva: ILO., p. 36

Factory audits, while an important tool, often tell a limited narrative about work in garment factories. In BILS's 2023 report, they found 38% of workers deemed audits ineffective at improving conditions. In an interview with the researchers, one worker stated that, "in audit, [garment workers] have to give biased information as told by the employers" (M. Islam and Dey 2023, 32). While audits are able to communicate certain trends via consistent data collection over time, the reality remains that the asymmetrical power dynamics within factories disempower audits, as a way of publicizing violations, to change reported outcomes. Such change, as demonstrated by decades of struggle, has always come from workers themselves.

Furthermore, trade unions in Bangladesh's garment sector have historically been patriarchal, viewing female garment workers as uneducated and incapable of being organized. This has caused an inability of Bangladeshi labor to consolidate its power, necessitating the creation of alternative, female-led worker organizations. Furthermore, the normalization of private-state violence against worker organizing remains a significant deterrent for more worker engagement. Two thirds of workers reported job insecurity as the main reason for non-involvement in a trade union. Other answers of note include: 28% cited fear of threats and torture, 20% cited fear of policy harassment, 10% cited fear of harassment by employer-hired goons, and 15% cited fear they would be transferred to different production unit (M. Islam and Dey 2023, 31).

Bangladeshi garment workers' immediate workplace outcomes are characterized by meager wages, long working hours, manufactured job insecurity, and mildly improving, yet still poor, working conditions. All of these outcomes have to some extent improved over the past three decades, largely from vocal workers' movements outside the traditional scope of electoral

politics. Regardless, such outcomes still holistically remain inadequate for garment workers, and improvements have yet to substantively challenge the dominant gendered economic system, where women are systematically disempowered and dehumanized for the benefit of almost exclusively male supervisors and owners.

#### *4.5.4. Ecological Implications*

An often overlooked component to discussions on worker outcomes, environmental consequences of rapid industrialization have negatively impacted the citizens and workers of Bangladesh alike. The garment industry in particular has a few features that make it prone to pollution. First, the processes of dyeing and washing contribute to a significant amount of microplastic pollution as remnants of synthetic fabrics are passed from wastewater into surrounding ecosystems. Hadique et al. (2022) estimates that 35% of total microplastic pollution in Bangladesh stems from textile and garment factories. While treatment plants attempt to filter these pollutants out with an average rate of efficacy around 62%.

Sakamoto et al. (2019) found that heavy metals were being released from textile factories, and that legally required waste treatment processes have “not been effective in reducing environmental noncompliance” (Sakamoto et al. 2019). The combination of low willingness of companies to comply with environmental standards with inadequate public monitoring and enforcement, incentivizes garment firms to either ignore standards or do the bare minimum in waste processing. In fact, according to Shahriar Hossain, secretary-general of the Bangladeshi NGO Environmental and Social Development Organization, less than 1% of garment and textile factories use or maintain their own waste treatment plants. Factory owners, he claims, will often leave them idle and only run them during inspection (Sakib 2023).

The ecological consequences of industrial pollution threaten ecosystems as contaminants are released into the surrounding areas of industrial centers. Majed and A. Islam (2022) specifically cite textiles processes as reasons for increasing waste loads in and around Dhaka's waterbeds (Majed and A. Islam 2022). The combination of microplastic accumulation, heavy metal discharge, and other industrially produced contaminants are widely understood to disrupt ecological systems, with often reverberating implications on everything from the quality of food chains, to animal health, to water potability, and more. The extent of such disruptions is an ongoing research question, but for the purposes of this study, these environmental implications pose significant risks to worker communities and the broader country.

Despite being a historically water-plentiful country, lying on the Ganges delta, Bangladesh is now facing a water-usability crisis. The International Finance Group estimates that roughly 300 metric tonnes of wastewater are produced per tonne of fabric. This water is then funneled into the four rivers surrounding Dhaka, now deemed to be in "ecologically critical" condition as a result of industrial pollution (NRDC 2012). This has prompted residents to turn to finite groundwater sources (World Bank Group 2017). The Bangladesh Country Environmental Analysis (CEA) found that 272,000 premature deaths and 5.6 billion days of illness annually are a consequence of poor air quality, unsafe water, sanitation issues and hygiene (World Bank, 2024). The reality remains that as a consequence of rapid industrialization and urbanization, in large part fueled by international demand for cheap garments, Bangladeshi ecology is offered as collateral for development. By extension, the health of citizens and workers alike are included in that collateral in the pursuit and maintenance of an export-oriented economy.

#### *4.5.5. Social Implications*

As previously discussed in Chapter 1, garment work creates highly contradictory sets of outcomes that workers must navigate. With workers as its engine, the Bangladeshi economy has transformed through rapid industrialization, and as a result, social relations in the country have correspondingly shifted. It is impossible to discuss the social role or well-being of garment workers in domestic society without intersecting the discussion with the role of women. Over the lifespan of the garment industry in Bangladesh, garment work has been both the catalyst and the bane of elevating women within Bangladeshi society, being sites of exploitation, harassment, and operationalized patriarchy, while necessitating the creation of women-led spaces to organize and renegotiate their social positioning. In order to fully grasp the gendered impact of Bangladesh's economic shifts, it is necessary to center female workers' lived experiences, to understand them as active participants who interpret, navigate, and resist their own conditions within the home, workplace, and society at large, rather than passive victims or beneficiaries of employment.

Despite dominating the mass base of export workers in Bangladesh, women workers are consistently shut out with respect to wages or representation in all spheres of public-facing life. The industry's deeply paternalistic culture is exemplified by the language of factory owners who claim women should be "thankful" for employment, and that they are doing a service to "empower" women (Dannecker 2002, 14). Such perceptions are vast distortions of the social consequences of garment work. The claim that garment work has 'empowered' women is not a direct relationship of exchange, but rather solely a result of women themselves organizing to resist the dominant social relations that their factories reproduce. Without active garment workers agitating and organizing, garment factories and employers would have no issue maintaining status quo gender roles that otherwise serve their productive interests, i.e. keeping

women workers in roles deemed low-value or low-skill, with virtually no opportunity for promotion (Siddiqi 2016). In other words, garment work itself is not the explanatory factor for female social gains, rather, garment workers themselves, via taking agency within their factories, are the catalysts for their own social progress. While garment factories and employment serve as backdrops for this process, they cannot be considered sole reasons for social progress.

The subsequent result of overwhelming female garment employment is the feminization of labor in Bangladesh. It's important to note that certain types of labor have always been *feminized*, e.g. the entire sphere of domestic work. These types of work have never been formally considered to be productive labor, in the sense that it contributes to GDP, capital accumulation, or has intrinsic value beyond sustaining the household as the core unit of productive society. Nevertheless, the feminization of labor has subsequently created a corresponding feminization of poverty, where women garment workers are condemned to the low-skill, low-value, and low-wage positions with little, if any, opportunities for upward mobility (Dannecker 2002, 17). This results in a systematic 'deskilling' of certain workers on the basis of gender. Male-dominated roles are perceived as skillful, while women's are simply their 'natural' abilities. It's clear that gender, not skill nor education, defines a woman's place in the factory, and when women perform a job, regardless of its skill, the job is degraded to the status of feminine, rather than the reverse (Dannecker 2002, 109–111). Furthermore, the large contingency of young women employed in garment factories intersects feminization with a surge in juvenile labor, who are less experienced, less likely to agitate, and more likely to conform to a "culturally embedded deference to male authority" (Siddiqi 2016, 69).

The social implications of the processes outlined above are vast, but most acutely relevant to how garment work has transformed gender relations in Bangladesh, is how garment

work has affected the role of *purdah*. *Purdah*, meaning ‘curtain’ in Bangla, is a set of conventions that regulate the social and physical space of women in Bangladeshi society; men operate in the public and economic spheres, while women operate in the familial and interpersonal spheres (Amin 2002; Kholsa 2009). While discussing *purdah* in this context, it is important to resist orientalist framings characterizing it as a system of pure repression or imposed social regression on the basis of tradition or theology (Siddiqi 2009). The prescribed dualism of *purdah* between male and female spaces and roles “only exists in theory.” Dannecker (2002) writes, “the power of *purdah* is the power of a myth...as a symbolic expression of relations between male and female, with simultaneous ideological and material dimensions” (Dannecker 2002, 19).

The fluid nature of gendered social relations is emphasized by conceptualizing *purdah* as an ongoing social process within which both women and men operate, struggle, *and* conform. While it remains a key aspect of women’s lives, reinforcing gender asymmetries across many aspects of society, it is also the site of negotiation where women assert agency in navigating their positionality within broader society. This foundational perspective restores humanity both to those engaged in *purdah* as a daily reality of current sociocultural relations, and those—many women garment workers, for instance—organizing to redefine the role of women in society.

With the feminization of labor and poverty and the evolving role of *purdah* laying the backdrop to understanding social implications of the expanding garment industry, it is necessary to explore how these social relationships have developed over time, and how such extra-workplace outcomes contribute to the contradictory nature of broader socioeconomic outcomes of Bangladeshi garment workers. First, garment workers almost unanimously consider employment in the garment sector preferable to previous urban employment opportunities in

domestic services, as before the industry's growth, female urban migration for wage labor largely came in this form (Dannecker 2002, 17, 91; Kholsa 2009).

Once employed in garment work, workers are exposed to a unique environment where for the first time in modern history, women are able to exist somewhat independently in a female dominated space of economic weight. The consequences of this were (and continue to be) redefined household frameworks, for instance, as women earn a wage they have a greater say in the economics of family affairs (Dannecker 2002, 174; Naved et al. 2018). Employment also permits women leaving home, delaying marriage, pursuing higher education in some cases, all of which challenge the existing social norms in the country, slowly restructuring the position of women (Kabeer 1991). Lastly, independently earning wages, meager as they are, helps erode the material basis for patriarchy, challenging assumptions of gender roles (Kholsa 2009). Simply by taking and performing a job in the garment industry, women are engaging in, consciously or not, an implicit act of resistance to existing social and gender structures in Bangladeshi society.

Despite the agitative role garment workers have historically taken, their social gains are systemically capped by the international market, and by proxy the Bangladeshi state, as fears of offshoring or FDI decreases justify the continuation of sub-subsistence conditions. In an extensive survey conducted by the Bangladesh Institute of Labor Studies (BILS), 100% of workers reported their wages are unable to buy the month's worth of nutritious food. One woman worker when asked about nutrition said: "I cannot remember if I ate beef at all in the last year. It is too costly" (M. Islam and Dey 2023, 17). 1 in 3 garment workers regularly miss meals or eat inadequate meals consistently, 1 in 5 workers live in unstructured houses with mud floors, tin walls, and tin roofs. On average, three people live in one room 2.8 by 3.6 meters in size, and



82% of workers reported they could not afford treatment for illnesses the year prior (M. Islam and Dey 2023, 17–20).

These are the human costs to garment work, and the material basis that contextualizes why garment work has served as a critical juncture for social change. The reality is, workers simply cannot survive in such conditions, and out of historical necessity, they organize to elevate their social positioning across all intersections. While these efforts have been somewhat successful, the necessity to maintain competitive markets (i.e. low labor costs) ultimately caps the amount of material gains workers can make, coming at the cost of the worker, their families, and communities. The sprawling social effects of dismal conditions continue to plague Bangladeshi human development, leaving little doubt for why 97% of workers reported they do not want their children to work in the garment industry (M. Islam and Dey 2023, 18). For these reasons, while garment workers have taken an empowering role in social progress, it cannot be said that garment work is inherently *empowering* nor inherently *progressive* in its effects on the broader community. Instead, understanding the role of workers' collective action helps contextualize the marginal gains of workers over the past three decades.

#### 4.5.6. *Worker Countermovements*

Accompanying the implicit role that garment labor plays in social transformation, Bangladeshi garment workers also often take a very explicit role in resistance to patriarchal capitalist social relations. Over time, this resistance has progressed from the individual level, to the collective, to nationwide. First, Dannecker (2002) documents how workers individually utilize female stereotypes held by male managers to improve conditions. For example, crying when yelled at, behaving deviantly, or more generally playing into traditional male supervisor conceptions of *the emotional female*, was a strategy workers used to their benefit in the factories

(Dannecker 2002, 203–208). This resistance was sometimes translated into collective action. Pre-MFA phaseout, much of this action took the form of work stoppages, or factory-centered actions to receive late wages, or similar grievances (Dannecker 2002, 212–213). During this period, however, trade unions in Bangladesh largely did not support these actions. The entrenched unions were (and continue to be) deeply patriarchal and effectively captured by existing political parties, despite both parties' disinterest in genuine labor issues. This relationship meant many trade union officials were often members of the political elite, and viewed the emergent mass of female garment workers as unorganizable (Dannecker 2002, 222).

As a result, women garment workers relied on nontraditional forms of worker organization to mobilize. Sites of worker solidarity emerged out of communal worker living quarters, worker centers, and NGOs, which combined to create education initiatives, community centers, and generally become hubs of working class culture and organizing (Quayyum 2017, 843–844). Building to the summer of 2006, the “reservoirs of discontent” overflowed and workers from roughly 4000 factories engaged in an escalating series of demonstrations. The state responded with full force, colluding with employers, local thugs, and even paramilitary groups to crush the uprisings, resulting in mass arrests and the killing of one worker by the police (Siddiqi 2016, 72). Further worker mobilizations over the next month forced the state to compel employer organizations to negotiate with striking workers, resulting in a slew of reforms including, wage increases, maternity leave, dropped charges against protesting workers, issuing of appointment letters, and more.

However, without proper enforcement mechanisms, many factories simply ignored implementing such reforms, knowing the government would be ambivalent (Siddiqi 2016, 74). Predictably, workers organized and resisted again in 2010, following the same model of mass

mobilization and visibility, ultimately winning another wage revision. (Dey and Basak 2017, 174). These actions, however, have not led to labor action consolidation or the full reformation of dominant patriarchal unions. The state's "schizophrenic" labor policy has intentionally de-institutionalized and disempowered unions through anti-worker strike and grievance laws and intense EPZ restrictions, and more (ITUC 2009; Rahim and S. Islam 2019). Combined with the sheer amount of unions (causing financial strain, inability to consolidate efforts and resources), inter-union rivalry, mistrust, leadership quarrels, and internal classism, volatility in the Bangladeshi labor movement has become the norm (Rahman and Langford 2012, 101).

Confronting the non-representation in existing trade unions, women garment workers sought to create their own organizing spaces, capable of representing their interests, most notably with the Bangladesh Independent Garment Workers Union Federation (BIGWUF), a female-worker-led union federation organized in 1994. In its constitution, BIGWUF carves out the majority of its positions for women—a policy the government legally challenged—and has been at the forefront of more radical work to improve worker outcomes. However, despite this change, the new demographic of union organizers recognize the precarious position they are in via international markets, and as a result, the international movements needed for genuine change. In an interview with the *Dhaka Tribune* in 2016, prominent labor leader Kalpona Atker discusses how it took two of the most devastating, preventable disasters before international movement, and even then it's not enough:

These disasters [Tazreen and Rana Plaza] also led to the biggest compensation from foreign buyers, which was also an achievement. However, on a national level there is still no change in our laws regarding compensation...After Rana Plaza, 300+ unions have been registered, but this is more a rush to appease international pressure than anything else. We have not yet been able to create a healthy environment for unions, where workers have proper bargaining rights. (Tasneem 2016).

The post-Rana Plaza era has catapulted unions into their present dilemma. The international scale of tragedy propelled the state and international brands to initiate a series of reforms, including new pay scales, amendments to labor law, and important agreements like the Accords on Fire and Safety. While immediate, necessary gains were made, gains on social mechanisms capable of producing change—i.e. freedom of association, inclusion of garment worker interests—have been “negligible” and remain “institutionally weak” (Rahim and S. Islam 2019, 440–441). This has condemned any positive social transformations to be, at their core, reactionary to the international sphere, and by extension, is further evidence of the inability of the Bangladeshi state to take an active role in institutionalizing worker progress.

Most recently, workers in Bangladesh embarked on a living wage campaign, organizing mass rallies and workplace demonstrations to demand a wage raise to roughly \$208 per month (Webb 2024). The state response was replicated, factory owners filed criminal charges to over 40,000 workers, 99% of them unnamed, with possibilities of long prison sentences (Amnesty International 2024). Around 4,000 workers were fired for participating in demonstrations, and four workers were extrajudicially killed by police or local mercenaries (Webb 2024). The mass outburst of violence can only be understood in the context of persistent, invisible violence shouldered by workers on a daily basis, and the inability to improve their material and immaterial conditions through typical collective bargaining processes. As conditions and wages functionally stagnate, with little institutional prospects for change, workers in Bangladesh are burdened with the decision to put themselves in danger in worker protests, or continue to live endangered lives as a function of precarious, unsafe, and unrewarding garment work. It is by the Bangladeshi state’s inability to protect workers from even the worst forms of garment work, that this cycle has continued for decades.

#### *4.5.7. Summary of Bangladesh Case Findings*

The experience of Bangladeshi garment workers illustrate how Bangladesh's political institutions have failed to substantively mediate the structural pressures of GVC trade, ultimately pinning workers between state negligence and the whims of international markets. Despite periodic wage increases, wages remain below subsistence levels and adjustments to pay are almost always reactions to worker mobilizations, rather than proactive institutional processes. Poor working conditions, persistent safety violations, excessive hours, and gender-based violence continues to plague workers in the industry. Similarly, state policy has consistently prioritized maintaining competitive advantage in the garment sector over improving worker conditions. The Rana Plaza collapse exemplifies the systemic failure of both the state and international brands to enforce existing labor law and code of conduct. The ineffectiveness of trade unions compounds these issues, as state-backed unions remain entrenched in political patronage networks, undermining genuine worker organizing. Consequently, attempts by workers to demand change, legalistically or through direct action, is consistently met with repression and state-sanctioned violence. Combined with the persistent and reverberating negative consequences of the industry's ecological pollution, Bangladesh institutions seem to be fundamentally unable to actively mediate positive WSEOs.

Bangladesh's garment sector presents a critical test for Democratic Upgrading theory. While marginal gains have been made in the country, they have fallen outside of the prescribed mechanisms in the theory. Instead, they rely on extra-electoral mobilizations that thrust worker issues into the political settlement temporarily, leading to reactionary government reforms that largely refuse to institutionalize substantive worker upgrading. These results suggest that GVC trade exerts overwhelming pressure that Bangladesh's political institutions struggle to resist, due

to economic dependence on export-led development. The following case study in Vietnam will provide an important comparative perspective to Bangladesh's shortcomings, exploring whether nondemocratic, illiberal political institutions are able to mediate worker outcomes, or if they succumb to the same international pressures.

#### **4.6. Garment Workers' Socioeconomic Outcomes in Vietnam**

##### *4.6.1. Wages*

Similarly to Bangladesh, the low-wage nature of garment work positions the vast majority of garment workers in the industry to subsist on the set minimum wage, enabling the measure to be an adequate proxy for this section (AFWA 2023). However, the minimum wage system in Vietnam's garment industry differs from that of Bangladesh in a few distinct ways. First, since 2013, the country's minimum wage is in effect set by the state's National Wage Council (NWC), a body with equal representation of employers, bureaucrats from the Vietnamese Communist Party (CPV), and labor confederation leaders—although independent unions in Vietnam are outlawed, an issue discussed more in following sections (D. Nguyen, T.T. Pham, and T. Nguyen 2017, 5). This council has consistently sought to update the country's minimum wage almost yearly, avoiding the more detrimental qualities of Bangladesh's system: the devaluing effects of a stagnant minimum wage, and the subsequent social consequences of low, unmoving wages over a prolonged period of time.

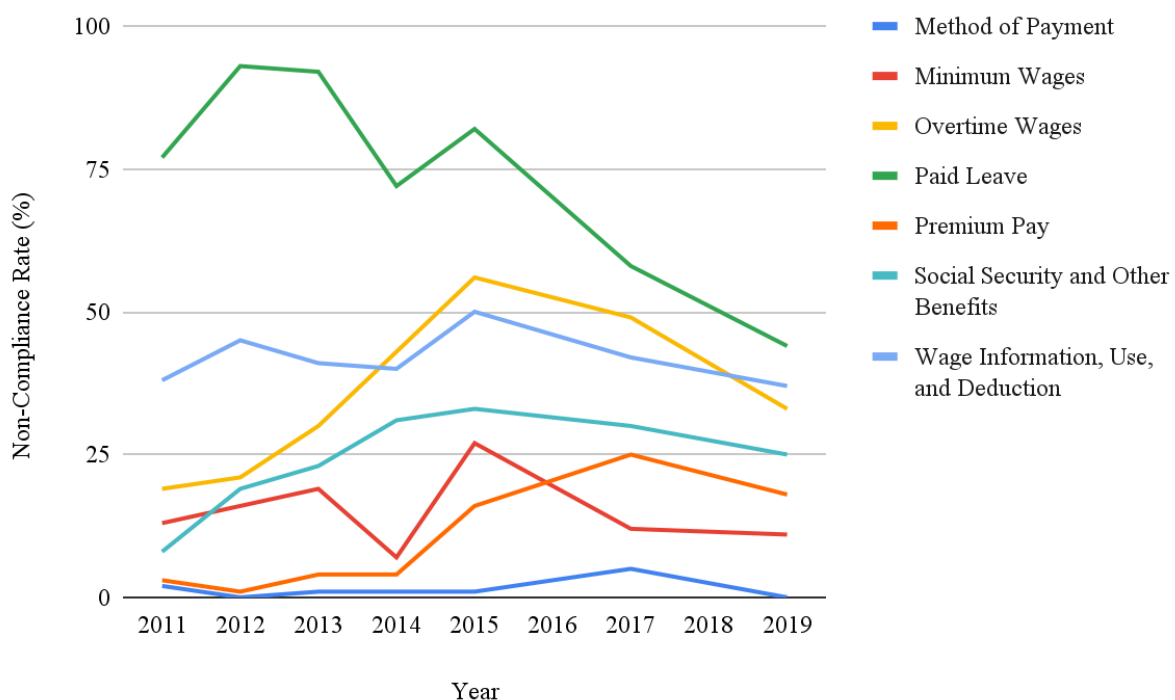
Vietnam's wage system stems from the country's own wage crisis, and the subsequent worker response. Marslev (2019) writes how historically, garment workers had effectively been socially downgrading, as infrequent wage increases shrunk real wages by 26% from 1992 to 2005. However, a series of worker strikes between 2006-2012 forced the government to reform its wage system, establishing the NWC, and triggering years of "institutionalized social

upgrading” (Marslev 2019, 186). Further, Vietnam agreed in its accession to the WTO in 2007 to gradually align its segmented minimum wage policy to one that aligned wages for domestic and foreign firms. Now, Vietnam maintains minimum wage regional heterogeneity, with the highest wages in hubs like Ho Chi Minh City and Hanoi, and with sector distinctions only on the basis of government employees and workers in enterprise, public or private (D. Nguyen, T.T. Pham, and T. Nguyen 2017, 4).

As previously shown in Figure 3, Vietnam now generally mandates higher wages for garment workers relative to Bangladesh. Although set higher, Vietnamese garment workers remain in precarious situations as their wages still do not meet even modest thresholds of living wage standards. For example, 2022’s minimum wage of ~US\$200 (4.68 million VND for Region I) is only 62% of what would constitute a living wage according to the Global Living Wage Coalition (FLA Vietnam 2024, 5). The AFWA, the only Global South-led organization cited in the FLA’s report, calculates the living wage in Vietnam to be closer to US\$400 (~9.45 million VND), putting modest estimations in perspective of fair wage standards. The same series of FLA reports found that Bangladeshi workers made around 51% of the GLWC’s living wage standard for 2022 (FLA Bangladesh 2024, 1–2). This disparity is replicated across a range of sources, for instance, the Industry Wage Gap Metric finds wages in Vietnam satisfied 36% of living wage standards, while wages in Bangladesh satisfy just 26% (WageIndicator 2023). Additionally, Figure 4 outlining extreme working poverty rate over time, shows Vietnam outpacing Bangladesh again. The consistent disparities between Vietnamese and Bangladeshi wages, while not massive, are significant in building understanding of the relative well-being of garment workers between the two countries.

Despite the differences outlined above, Vietnamese wages have many similarities structurally to those in Bangladesh and other major garment producing countries. Both countries experienced a significant boost to wages post the phaseout of the MFA in 2005, and the subsequent increased market share both countries have enjoyed. More foundationally, and despite Vietnam's more intentional industrial relations policy, workers still remain at the behest of international market forces. A consistent theme in literature discussing rising wages in Vietnam's garment industry is that they have outpaced relative productivity (D. Nguyen, T.T. Pham, and T. Nguyen 2017, 7; Frederick 2017; Nhung and Thuy 2018; Do 2021).

*Figure 6: Non-Compliance in Compensation*



Source. Compilation of Better Work Annual Compliance Reports (2011-2019).

Experts have warned that without significant improvements in labor productivity, that the sector will falter in Vietnam. These developments are a supreme example that labor arbitrage remains at the core of the global garment industry. While garment wages remain below living wage



standards, wages are still deemed concerningly high for future investment prospects, once again demonstrating that industry mobility is an asset to international buyers seeking the lowest input prices. Since 2011, while a loose trend of compliance has emerged with regards to compensation violations, Figure 6 illustrates that systematic violations still plague garment workers in Vietnam.

The consequences of this on workers' wages are phenomena like functionally compelled overtime and debt-bondage, as wages do not satisfy basic necessities, and perverse incentives on factory owners to not comply with existing payment regulations (FLA 2019, 7). As is the case for all garment producing countries, Vietnam lacks the proper incentives to protect workers' rights and protect fair wages as a function of their position in the global industry (S. Nguyen 2024). Overall, wages in Vietnam can be described as comparatively better than those in Bangladesh, while holistically remaining subject to the interests of the global garment industry, as demonstrated by the prevalence of sub-subsistence wages and problematic compensation practices.

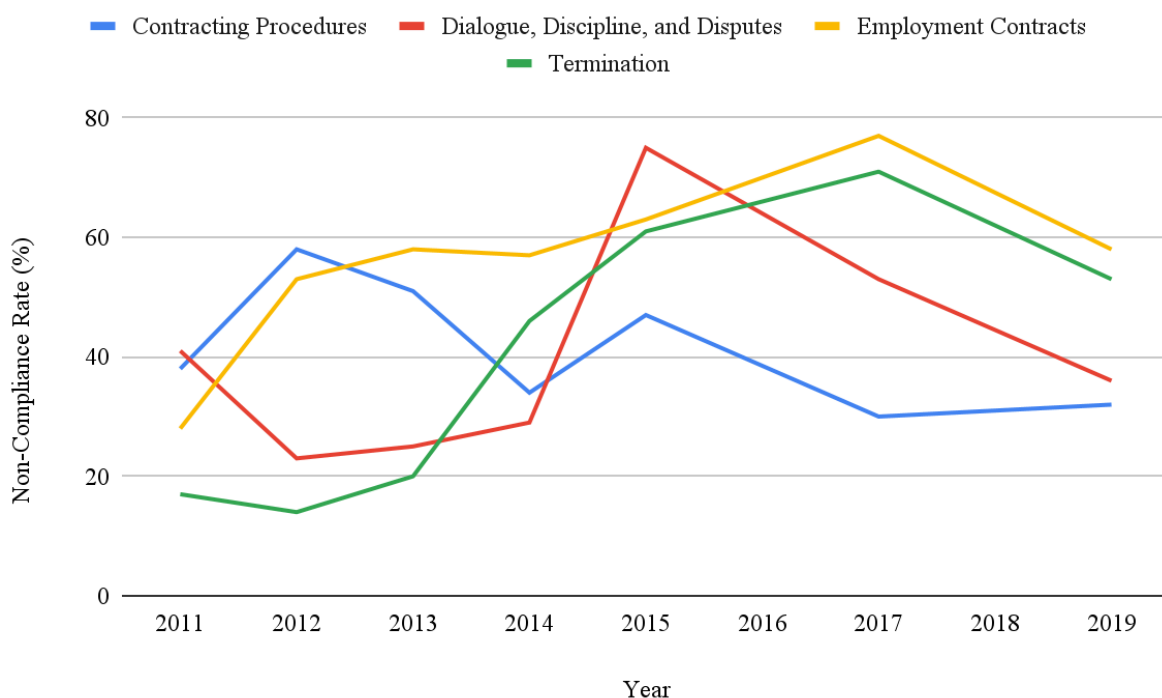
#### *4.6.2. Employment and Job Security*

With respect to employment opportunities, Vietnam's position differs from Bangladesh in a few distinct ways. Vietnam has been a favored location for FDI in both garments and textiles since the country's market reforms. From 2000 to 2017, the scope of the industry expanded significantly as the number of firms grew from 579 to 6961 and the number of workers grew from 232,000 to 1.47 million, now totalling to around 2.5 million in 2025 (Marslev 2019, 91; Phan and Le 2025, 9). Over this period job security operated similarly to Bangladesh, with a growing industry, workers could find employment without significant obstacles.

More recently, however, due to improving conditions and the corresponding rise in production costs, this settlement is somewhat in jeopardy. Increasing layoffs and furloughs have

been somewhat consistent since the aftermath of the pandemic's supply shocks. From January to June of 2023, for example, 70,000 workers lost their jobs as inflation-affected inputs like energy affected production costs (TextileToday 2023). Further, the US Forced Labor Prevention Act (UFLPA) has posed problems for Vietnamese garment exports as many products are alleged to be using forced labor through cotton inputs from China's Xinjiang region. This has caused brands like Nike, Gap, and Adidas to shift some orders out of the country, the effect of which was the loss of 280,000 garment jobs from January 2022 to June 2023 (TextileToday 2023). The result of these losses may be the beginning of a potential shift in Vietnamese employment opportunities and job security.

*Figure 7: Non-Compliance in Labor Relations*



Source. Compilation of Better Work Annual Compliance Reports (2011-2019).

The employment system itself, as it pertains to the social relations that govern worker-employer dynamics and the incentive structures informing that relationship, is not

entirely different from Bangladesh—as demonstrated by international buyer mobility of Nike & co. above. The downstream effects of which have been the systematic violations by employers of contracts and general labor relations standards (S. Nguyen 2024). These patterned violations cannot be said to be trending towards compliance, as shown in Figure 7, and thus, still define the experiences of workers in the industry.

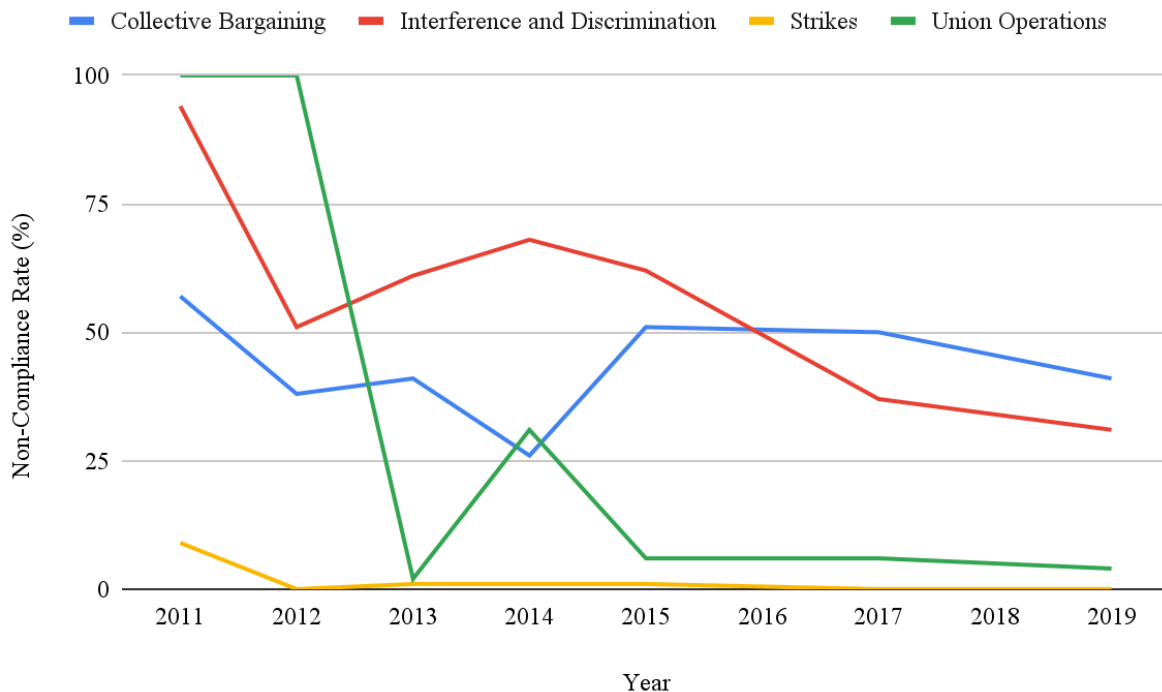
Garment workers, despite a decade of significant wage gains, do not experience similar levels of upgrading in regards to employment standards. There exists a largely constant (if not marginally increasing) hum of employer violations of contract procedures, discipline and termination processes and collective bargaining agreements. The experiences of workers on the factory floor and the uncertainty of future industry prospects contribute to a broader understanding of garment worker outcomes in Vietnam.

#### *4.6.3. Working Conditions*

Garment work in Vietnam, like in Bangladesh and other garment producing regions, is subject to intense international pressures that trickle down into every aspect of workers' employment. The prevalence of labor violations like harassment, gender violence, discrimination, compelled overtime, unsafe factories, and other issues are ultimately a consequence of this globalized system. However, as Vietnam's industry has matured, some aspects of working conditions have improved. Such changes were not out of choice, as is a common theme, but rather a result of workers organizing to make their issues unavoidable in the existing political context (Tran, Bair, and Werner 2017). For example, what Marslev (2019) deems the “transitional phase” of garment workers' social trajectory, was a period from 2006-2012 where workers mobilized unprecedented collective action after decades of stagnant wages and poor conditions (Marslev 2019, 186). One consequence of this period was improved

mediation between workers and the grassroots unions and organizations that grew out of necessity to organize around worker issues. Figure 8 demonstrates this important shift:

*Figure 8: Non-Compliance in Freedom of Association*



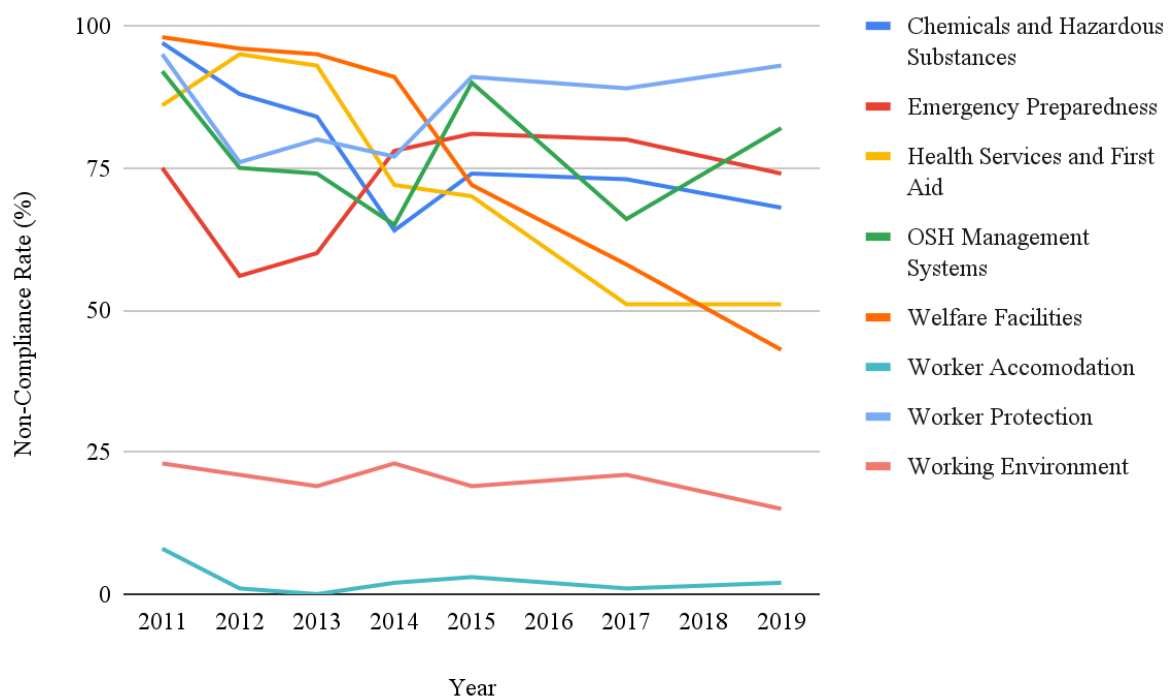
Source. Compilation of Better Work Annual Compliance Reports (2011-2019).

Vietnam's political system long forbade the existence of independent worker unions. However recently in 2021, independent worker representative organizations were legalized. The move drew praise from many of the international community as steps towards liberalization and official worker representation (Cox and Queux 2021). Others have cautioned this move, Buckley (2021) contextualizes the reform in conjunction with Vietnam's deepening integration into neoliberal capital flows—the same system that largely gutted the independent worker unions of Bretton Woods era labor relations. Further, he describes the reform as a sleight-of-hand that adopts the aesthetics of western labor politics to undermine the historic power of underground networks and wildcat strikes in Vietnam, which have had a long tradition of triggering significant

change in the sector. From 2021 to 2023 zero independent organizations were registered in Vietnam, affirming Buckley (2021)’s argument that the reform was largely a function of capital interests, as workers were largely ambivalent to the demand in the first place (Cox and Queux 2021; Buckley 2021). The implications of this reform will be seen as workers themselves engage in new prospects for organizing.

Nonetheless, while worker actions have institutionalized certain gains, other aspects of garment working conditions remain deeply problematic. Factory safety continues to be an issue, where workers are exposed to harmful chemicals, poor sanitation, and fail to provide adequate rest or meal breaks (FLA 2019, 6–10).

*Figure 9: Non-Compliance in Occupational Safety and Health*

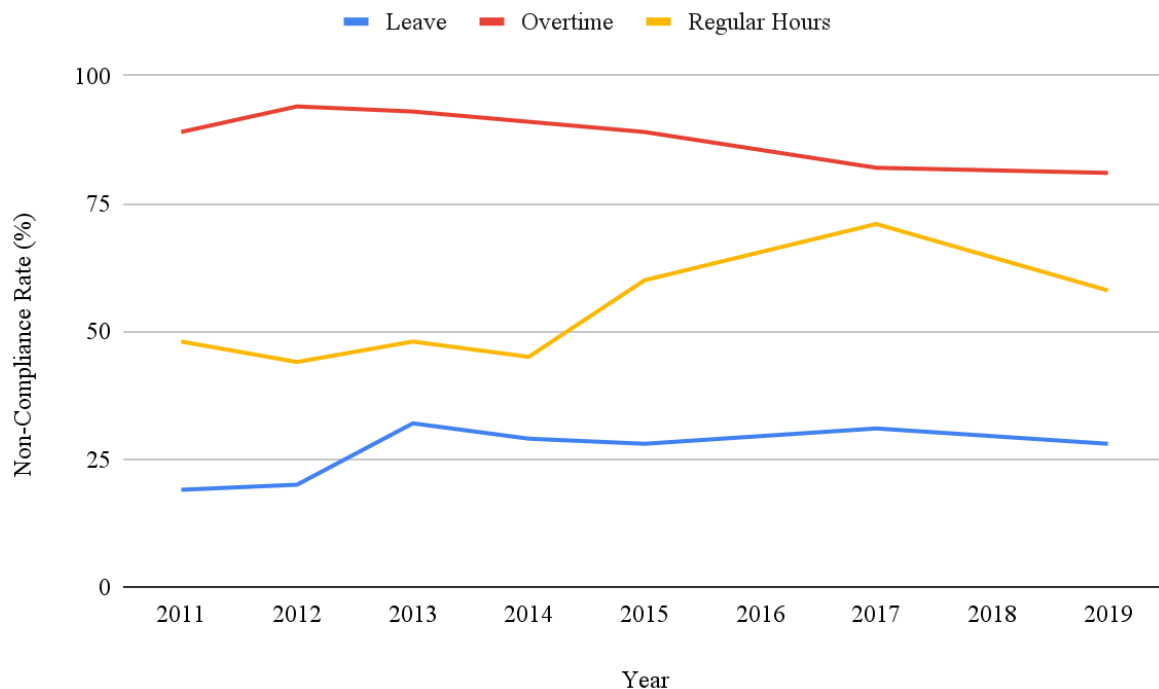


Source. Compilation of Better Work Annual Compliance Reports (2011-2019).

Likewise, the area of working hours is riddled with issues. Beyond examples like compelled overtime and long working days, workers also report issues with overtime pay accuracy, denial

of sick leave, and more culminating in a general malaise of unenforced violations of labor law. Underpinning the entire system is the dominant factory culture of fear, where workers who speak out are threatened with retribution from management (Sreedharan and Kapoor 2018, 4–5). The FLA’s 2019 report on Vietnamese wages indicated that “Vietnamese workers are almost twice as likely to be denied a rest day, four times as likely to be denied a meal or rest break, and work overtime at a rate of seven percent greater than the global average” (FLA 2019, 9–10).

*Figure 10: Non-Compliance in Working Time*



Source. Compilation of Better Work Annual Compliance Reports (2011-2019).

While significant improvements in working conditions have been seen, it is clear that the incentives of the global garment industry continue to manifest in workers’ lives through an array of harmful labor practices, despite more capable industrial policy from the Vietnamese state.

#### *4.6.4. Ecological Implications*

Vietnam's rapid development has not been without environmental complications. The most pollutive attributes in garment production, according to the ILO, are the weaving, dyeing and finishing processes, as is largely consistent across garment producing countries (ILO 2022, 6). Even before the post-MFA production boom in Vietnam, the build-up of heavy metals in highly polluted wastewater was already documented to lead to adverse health effects on the public, as pollution transmits through the food chain (L. Nguyen 2003, 1). During this period, an estimated 24-30 million metric tonnes of wastewater was discharged annually, with only 10% treatment rate (L. Nguyen 2003, 6). The People's Council, the legislative branch of Vietnam, sought to curb industrial pollution by regulating that all production facilities introduce waste treatment processes by 2000 (L. Nguyen 2003, 11). However, the record of initiatives like these is mixed. Annual wastewater discharge has grown to 70 million metric tonnes in 2021, and with a relatively better 45% treatment rate, this means total volume of garment and textile wastewater discharge is still effectively increasing (Le et al. 2021, 171). Lan and Minh (2023) conducted an analysis of the industry's environmental efficiency from 2012 to 2018, they reached four relevant conclusions. First, they calculate a decrease of 23.3% in environmental efficiency, meaning resource use and pollution has grown more wasteful over time. They then find that large scale firms tend to be most efficient, and that factors like employee income and FDI presence have a positive impact on efficiency. Lastly, they conclude that government policies to curb CO<sub>2</sub> emission from textiles and garments remain weak (Lan and Minh, 739). Presently, industrial wastewater and emissions produced at factories in and around Ho Chi Minh City, an industrial hub, "seriously violate standards" regulating carbon monoxide and wastewater effluents by a scale of up to 63 (Le et al. 2021, 170). Coupling industrialization and urbanization, Vietnam's

largely coal-dependent energy supply has resulted in one of the fastest growing greenhouse gas emissions (GHG) in the world, quadrupling its per capita emissions from 2000 to 2015 (Better Work 2023).

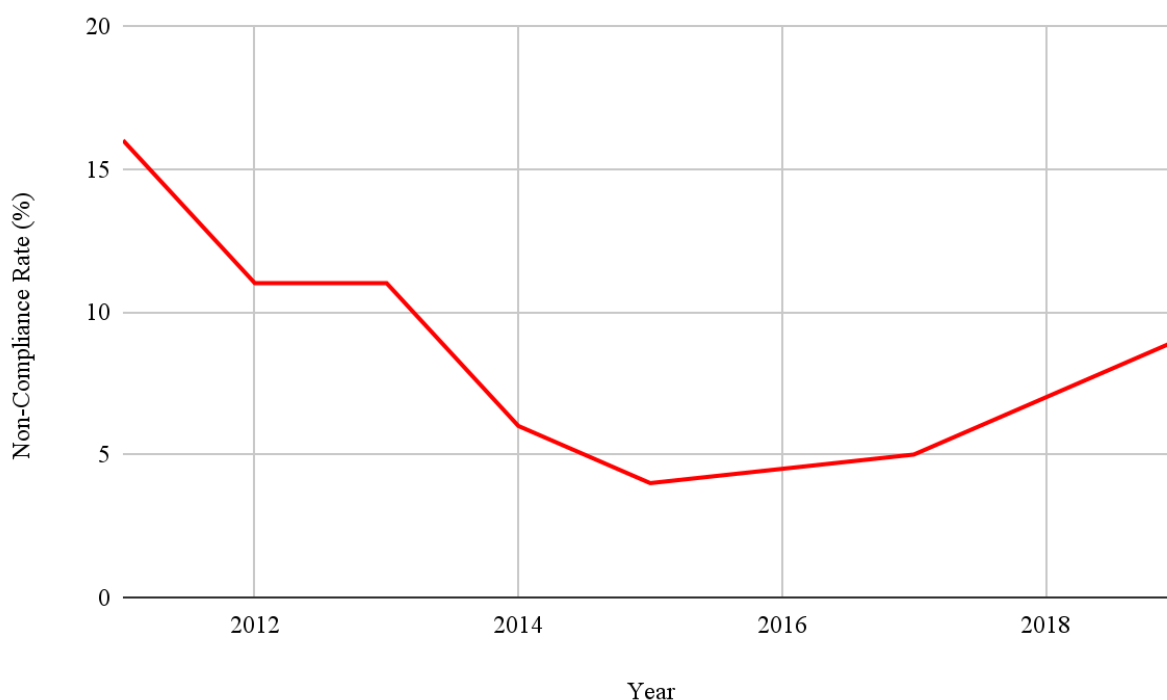
With water and chemical intensive processes being integral to the current industry, conclusions from studies above have all stressed that environmental reforms demand system-level changes to the entire garment GVC. The government, in conjunction with industry leaders, has planned to reduce energy and water consumption by 15% and 20% respectively by the end of 2023 (Better Work 2023). Synergized with both new environmental protection laws, which include stricter audits for energy use, and limited corporate social responsibility initiatives, the efforts to ‘greenify’ Vietnam’s seem to be in full swing. Complicating this project is Vietnam’s decreasing competition position in the global market. With declining orders leading to a 17.7% drop in exports in the first quarter of 2023, garment factories have to navigate both financial strain and sustainability measures—an often mutually exclusive task (Better Work 2023). Multi-stakeholder efforts from the ILO, international brands, and the government have sought to aid Vietnam in this process, but progress is still limited. The most recent strategic development goals from the Vietnamese government demonstrate the constraint between competitiveness and environmental sustainability. Its *vision to 2035* outlines a renewed commitment to garment exports as a driving force of the economy through aggressive industrial policies supporting localization efforts for raw materials and industry maturation to higher value production, all while emphasizing development must be linked to ecological and public health. Whether the two can be achieved simultaneously is yet to be seen, however, both garment workers’ health, and the national industry itself, remain contingent on its success.



#### 4.6.5. Social Implications

Vietnam garment workers, like those of Bangladesh, are overwhelmingly women. As discussed previously, this phenomenon has emerged broadly across country contexts, with some notable differences, as a result of some combination of historically socialized *femininity* of garment work, perceived docility of women workers, gendered justification for lower wages, and other reasons culminating in a socialized preference for women garment workers (Dannecker 2002). While there exist important sociocultural differences between Vietnam and Bangladesh's ideations of gender norms and roles, for the purposes of this study, the broad social implications of female garment employment become largely similar.

Figure 11: Non-compliance in Gender Discrimination



Source. Compilation of Better Work Annual Compliance Reports (2011-2019).

Just as the identity of *workers* has become the critical juncture for mobilizing for worker-led social change, the identity of *female workers* creates a gendered aspect to the struggle for

economic and social justice taken on by many workers in the industry. Despite clear gains made during a period of labor militancy, Figure 11 demonstrates the persistence of gender discrimination in garment work.

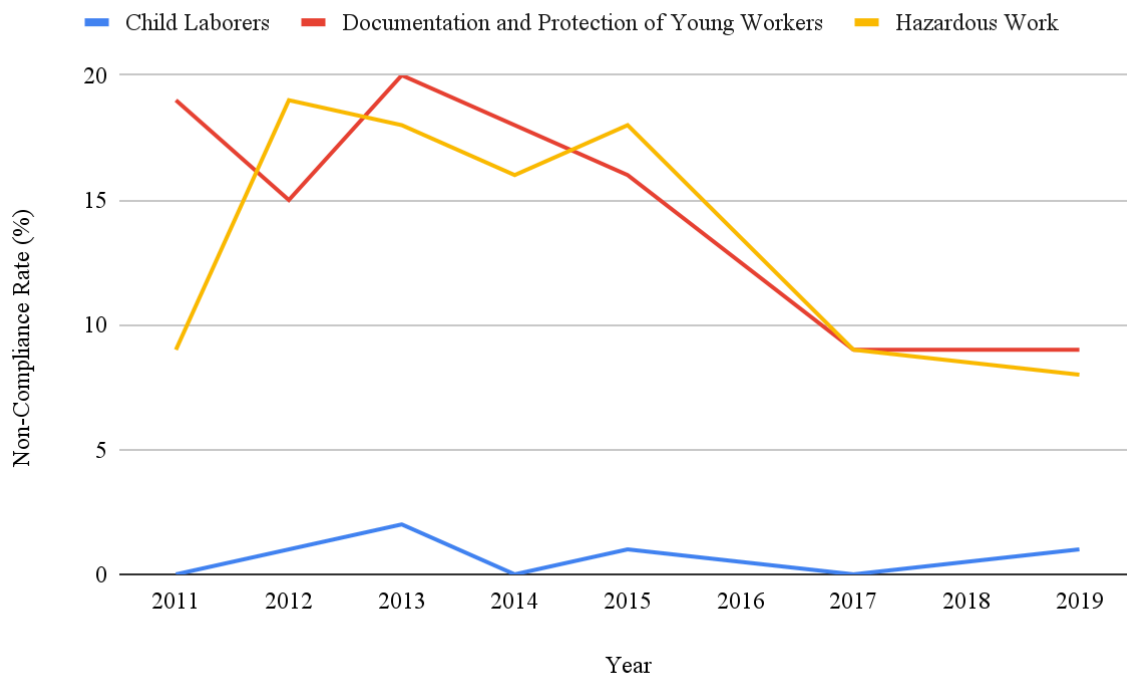
Tran (2008) discusses the social implications of garment work as it pertains to how labor commodification has resulted in the construction of the controlled, disciplined, and flexible female worker. Most acutely, this process affects migrant workers, largely from poorer provinces, who come to the industrial centers to work in low-wage, low-skill sectors. Through factory control, international buyer pressure, and subsequent disciplinary practices, employers have created a system where workers are wholly subservient to capital interests (Tran 2008). Further, the dual expectations of the socialized *nurturer* domestic role and the *productive worker* economic role has led to the emergence of the ideal of a “superhuman” female garment worker, as they balance the seemingly impossible task of domestic and formal labor (Tran 2008, 60). The Vietnam General Confederation of Labor (VGCL, Vietnam’s state labor union apparatus) pre-2005 has been complicit, if not active, in perpetuating these harmful dynamics. However, like Bangladesh, new female dominant spaces have created an opportunity for resistance to this settlement. Tran (2008) orients Vietnamese worker actions as resistance to commodification, and therefore, a resistance to the consequences of the *feminization of labor*, as detailed previously.

Beyond the social positioning of women workers themselves, the downstream effect of low wages, long hours, and bad conditions extends into the homes of the millions of garment workers. UNICEF, a UN agency concerned with the well-being of children in developing countries, conducted a study on the effects of the apparel sector on children in Vietnam in 2016. This chosen period falls within the previously discussed era of institutionalized upgrading in the sector, when worker actions triggered large increases to wages and, to a lesser extent, improved

workplace outcomes. However this report, among others to be discussed later, complicates the extent to which material upgrading has translated into the social spheres of workers.

As a result of hours during the working day, there is a lack of affordable childcare in Vietnam, forcing workers to rely on family or community support (UNICEF 2023, 2–3). There is a significant gap for maternity protections, including everything from opportunities for breastfeeding at work to poor nutrition to poor health and sanitation practices (UNICEF 2023, 3–4). While the prevalence of child labor in the formal sector (those under 15 years of age) has largely been phased out, the industry’s reliance on adolescent labor remains concerning. Despite many international buyers imposing strict, zero-tolerance practices for any hirings under 18, the result of this practice has been pushing the issue of child labor into the informal sector through widespread subcontracting. Figure 12 demonstrates the persistent, yet slow improvement on the issue of adolescent/child labor:

*Figure 12: Non-Compliance in Child Labor*



Source. Compilation of Better Work Annual Compliance Reports (2011-2019).

An ILO survey in 2014 estimated there to be over 40,000 child laborers in the sector (UNICEF 2023, 5). The need to earn a wage to support the family causes many young women to seek garment work, causing a cascade of social complications as they grow severed from interpersonal family life and are more prone to drop out of school. Further, 15-20% of older garment workers send their children to live with relatives in rural areas, deeply affecting child development as their parent(s) lack the time and money capacity to raise them (UNICEF 2023, 5). Living conditions in industrialized areas are also poor, migrant garment workers (either inter or intra national) often live in small (12 to 16 m<sup>2</sup>), rented rooms with 4-5 other individuals, on average. For the privilege of such spaces, workers often spend up to 50% of their monthly wages on rent and utilities.

Besides the obvious hardships of this living environment, the lack of rest days and long work hours acutely affect worker health and quality of life, and is the primary reason many workers send children away to family in the countryside (UNICEF 2023, 6). Lastly, limited access to basic services like healthcare, education, and sanitation remain significant problems for workers and their families (UNICEF 2023, 6–7). The social consequences of the feminization of labor, poor wages and long hours on the social conditions of workers and their families are pervasive, the solutions to which would require a structural reorientation of the industry and its key actors.

#### *4.6.6. Worker Countermovements*

In the face of structural pressures on worker outcomes and the social consequences they produce, it is important to center the agency of garment workers as they organize and resist existing social relations driving their outcomes. The primary mechanism for these shifts lies in worker actions, however, the landscape of trade unions in Vietnam has necessitated a unique

approach to worker organizing. As previously mentioned, formal garment worker unions are centralized in the VGCL, a monopoly union with a dual purpose of formally representing workers interests, while also being an arm of the Vietnamese Communist Party (CPV). This leads to a dualism of allegiances that defines the dilemma of trade unions in politically socialist systems, where they are tasked with navigating the often contradictory interests of both workers and the state (Marslev 2019, 97).

After a series of labor relation reforms in the spirit of *Doi Moi* during the 1990s, workers won the right to form grassroots unions (although they still must affiliate with the VGCL), improved dispute settlements, and most controversially, the right to strike (Marslev 2019, 97). The arena of labor politics and representation is the first instance in which to observe how the features of the Vietnamese state have better translated worker outcomes. Many still justifiably criticize the VGCL for largely being absorbed as an instrument of the Party, and abandoning rank-and-file representational functions. That being said, the VGCL is not entirely monolithic, and has been shown to adapt to changing conditions of worker actions in the market system. Tran (2007b) finds that as a function of its pro-labor public face through its press and local unions, the VGCL does respond to workers' collective action, even if it means criticizing the state itself. However, it must be emphasized that the catalyst in this process is workers themselves, as they retain agency in organizing and agitating the existing system (Tran 2007a, 2007b).

It is in this context that garment workers have had to navigate organizing and agitating for improved conditions and labor rights. The specific character of worker actions were almost exclusively outside the formal boundaries of the VGCL, and even grassroots unions, as they were bound to some extent to the line of the VGCL. Since 1995, official unions have not led even one of the 6,500 worker strikes in Vietnam. Instead, wildcat strikes—informal,

unauthorized worker actions—have become the most effective method for mobilizing workers (Marslev 2019, 187). Out of necessity, quasi ‘underground’ unions have organized to orchestrate worker actions, some of which have amassed to involve thousands of workers. Distinctly from Bangladesh, these protests are virtually always peaceful and often confined to the workplace (Marslev 2019, 187).

Marslev (2019) divides the trajectory of social upgrading in Vietnam into three distinct periods. First, from inception to 2005, was a phase of ‘social downgrading,’ characterized by real wage decreases and relatively low worker activity. During this phase, the combination of imposed capitalist social relations and authoritarian labor management regimes were stark departures from the status quo of state-owned enterprise before the reforms. This led to important worker activity around issues like wages, factory conditions, forced overtime, and more, however, workers were largely unable to prevent real wage decreases over a decade until 2005 (Marslev 2019, 188).

The second period, from 2006 to 2012, was a ‘transitional phase,’ where unprecedented worker action prompted significant wage increases. Prefaced by significant inflation in basic goods like food and consumer items, workers undertook a wave of wildcat strikes at the end of 2005 demanding better conditions and fair pay. Tran, Bair, and Werner (2017) describe how tens of thousands of workers staged a 10-day strike in foreign-owned garment factories. The historic action compelled the Prime Minister to issue a decree mandating a 40% increase in minimum wages across foreign-owned factories. Workers in domestic factories, seeing fellow workers win massive gains, organized a second wave of strikes in domestic factories with similar effect (Tran, Bair, and Werner 2017, 402).

All of these actions were worker-led, and not integrated with the operations of the VGCL. However, the VGCL's media apparatus covered the actions in great detail, and criticized industry leaders and state actors perpetuating meager wages and poor conditions (Tran, Bair, and Werner 2017, 402). The just-in-time nature of garment production gave wildcat strikes an incredible amount of power, even as relatively short-lived, peaceful actions. Workers mass struck again in 2007, winning annual inflation adjustments, and again in 2011, reaching the most number of strikes in a single year to date at 978 (Tran, Bair, and Werner 2017, 406).

The third period, from 2012 to 2019, has been referred to as “institutionalized social upgrading,” where past worker actions won the systematization of incremental material gains, despite cooling worker activity (Marslev 2019, 186). The role of the state in this settlement was crucial, in fact, many of the reformists within the VCP saw the weak representational function of the VGCL as the core issue the state must actively work to solve. The new labor code in 2012 established compulsory ‘social dialogue’ between workers and management, and allowed democratic representation alongside union structures (Marslev 2019, 190–191). These initiatives resulted in significant wage increases and improved worker status in the factory, importantly, without the necessity for perpetual worker mobilization, as strikes stabilized to a level a quarter of their peak in 2011.

The recent history of worker-led mobilizations triggering significant changes to the industry is evidence of the strength of workers in the worker-state dialectic, even in one-party states. This affirms Tran (2007a, 2007b)’s argument that labor organizing and action remains the core mechanism to altering worker outcomes (Tran 2007a, 2007b). In Vietnam, the pre-2005 industrial settlement necessitated workers independently organize to improve conditions and outcomes. In response, the role of the state seemed to work actively to meet these demands in

some way. The Vietnamese government has even been documented pressuring international brands to demand improvements in its suppliers (Marslev 2019, 199). In stark contrast with Bangladesh, where the state, in cooperation with capital interests, engaged in mass repression of worker movements, arresting, charging, and even killing protesting workers. This divergence in state response within the dialectic suggests that state political configuration may determine, first, willingness to engage with worker interests, and second, how that engagement is translated into worker outcomes.

#### *4.6.7. Summary of Vietnam Case Findings*

The case of Vietnam's garment industry presents a contrasting image to that of Bangladesh. While both countries' sectors operate under similar globalized dynamics, Vietnam's state-led industrial policies and more controlled labor relations have enabled relatively more structured, proactive—even if still highly constrained—pathways for improving worker outcomes. The previous analysis has shown garment workers in Vietnam are comparatively better paid, as a result of an institutionalized annual wage review system and thereby avoiding the severe devaluing effects and emergent tensions of decreasing real wages. However, the domestic still endures persistent violations in the realms of compensation, conditions, and safety. Likewise, the ecological consequences of garment-induced industrial pollution in Vietnam have not seemed to be curtailed in meaningful ways. These two caveats suggest that despite better institutional mechanisms, the core logic of GVC-driven industry practices remains a significant part of worker outcomes in the country.

Simultaneously, garment workers in Vietnam have found ways to navigate their existing political settlements to organize and act collectively to resist dominant factory conditions. With strategies like wildcat strikes that force state concessions, Vietnamese workers have historically



either circumvented the state-run union apparatus entirely or compelled it into supporting the demands of autonomous worker actions. Distinct from Bangladesh, where worker actions are often violently suppressed, Vietnam's government has proven it incorporates labor demands into labor policy mechanisms, albeit selectively and in ways that maintain political control. Regardless of intentions of self-preservation or genuine worker concern, it is clear Vietnam's political institutions acted markedly different to Bangladesh's, assuming a more mediating role rather than largely repressive.

While the industry faces rising labor costs, the long-term sustainability of this settlement grows uncertain. Despite Vietnam's political institutions acting as better mediators between international capital and GVC workers, they fundamentally remain at the behest of the global garment industry's mobility. As such, Vietnamese garment workers seem to be at a crossroads of either transitioning to higher value export industries like electronics inputs, or bearing the brunt of slow geographic transitions in the garment industry production.

## CHAPTER FIVE: FINDINGS AND CONCLUSION

The results of this study demonstrate that GVC trade and regime type alone do not determine WSEOs. Rather, the ways in which states are equipped to mediate GVC pressures—state capacity, elite-government relations, and labor mobilization—shape whether increases in GVC trade can lead to either improved or degraded outcomes for workers in export-oriented industries. This conclusion is substantiated through the previous case study, which demonstrates that Vietnam has been better able to mediate outcomes for workers in its export-oriented garment industry relative to Bangladesh. Table 10 presents a summary of findings comparing important deviations in outcomes within each component of WSEOs between Bangladesh and Vietnam.

*Table 10: Summary of Case Study Findings*

<b>WSEOs Component</b>	<b>Bangladesh</b>	<b>Vietnam</b>
<b>Wages</b>	<ul style="list-style-type: none"> <li>- Low real wages, well below living wage estimates;</li> <li>- Infrequent minimum wage increases offset by inflation;</li> <li>- Minimum wage increases often won after violent periods of protests and state repression.</li> </ul>	<ul style="list-style-type: none"> <li>- Relatively higher real wages, still below living wage estimates;</li> <li>- More structured, periodic minimum wage increases;</li> <li>- System avoids violent protest confrontations like in Bangladesh.</li> </ul>
<b>Employment and Security</b>	<ul style="list-style-type: none"> <li>- High worker turnover via short-term, insecure contracts;</li> <li>- Subcontracted, informal sector reinforces precarity.</li> </ul>	<ul style="list-style-type: none"> <li>- Relatively better security, more formal employment system;</li> <li>- Higher share of workers with official contracts and labor benefits.</li> </ul>
<b>Working Conditions</b>	<ul style="list-style-type: none"> <li>- Widespread safety violations;</li> <li>- Minimal, but growing, state enforcement;</li> <li>- High rates of factory non-compliance with international standards;</li> <li>- Excessive, effectively compelled overtime.</li> </ul>	<ul style="list-style-type: none"> <li>- Relatively better factory safety compliance;</li> <li>- More state involvement in standards setting and enforcement;</li> <li>- High rates of factory non-compliance with international standards;</li> <li>- Excessive, effectively compelled overtime.</li> </ul>

<b>Ecological Implications</b>	<ul style="list-style-type: none"> <li>- Significant textile industrial pollution</li> <li>- Weak environmental regulations, poor enforcement capacity;</li> <li>- Living conditions lead to health hazards near industrial zones.</li> </ul>	<ul style="list-style-type: none"> <li>- Significant textile industrial pollution;</li> <li>- Moderate environmental regulations, better enforcement capacity;</li> <li>- Living conditions lead to health hazards near industrial zones.</li> </ul>
<b>Social Implications</b>	<ul style="list-style-type: none"> <li>- Gendered exploitation of majority-female workforce;</li> <li>- Urban precarity due to mass migration;</li> <li>- Weak social safety nets force familial or community networks of subsistence.</li> </ul>	<ul style="list-style-type: none"> <li>- Gendered exploitation of majority-female workforce;</li> <li>- Urban precarity persists but better material outcomes somewhat offset.</li> </ul>
<b>Worker Counter-movements</b>	<ul style="list-style-type: none"> <li>- Unionization is difficult due to entrenched, patriarchal unions, and little state support;</li> <li>- Worker protests often met with violence from state-capital alliance;</li> <li>- Most improvements come from worker resistance rather than institutional reform.</li> </ul>	<ul style="list-style-type: none"> <li>- Reliance on wildcat strikes / actions to force state concessions;</li> <li>- State union (VGCL) can act in workers' benefit through worker agitation;</li> <li>- State proved more receptive to demands, institutionalized marginal gains.</li> </ul>

To emphasize the key distinctions summarized in Table 10, Vietnam generally offers higher, more stable wages, along with relatively better job security due to greater state capacity and willingness to implement industrial policy and enforce standards. Importantly, neither country's wages in the garment sector constitute living wages, affirming the analysis that GVC pressure for low wages reigns supreme. Similarly with working conditions, while both countries exhibited high factory non-compliance rates, poor safety standards, and employer resistance to reforms, Bangladesh yielded relatively worse performance across these considerations. Both countries also continue to experience significant industrial pollution, in the form of microplastic and effluent discharge contaminating water supplies and ecosystems. Lastly, worker counter-movements have taken different forms in each country. Vietnamese garment workers have undertaken wildcat strikes and actions when the state union / labor relations apparatus is ambivalent on their demands. This ad hoc worker resistance is often spatially confined to the factory, allowing the state to intervene to, when disruptive enough, uplift worker issues and

ultimately institutionalize marginal gains. Conversely, worker countermovements in Bangladesh, through a combination of entrenched unionism and employer-state collusion, are characteristically more confrontational as the state consistently refuses to turn worker issues into substantive policy reform. Thus, leading to more intense worker resistance and less institutionalization of marginal gains in Bangladesh. These differences illustrate how state capacity, elite coalitions, and labor resistance shape the trajectory of WSEOs under the conditions of deep GVC integration.

Returning to the potential theoretical implications of Table 3, Table 3.1 affirms both theories are falsified. However, while Democratic Upgrading is unsupported, the underlying framework of GVC Hegemony remains very relevant to understanding how GVCs impose pressures on states around the world.

*Table 3.1: Theoretical Implications*

<b>Result</b>	<b>Implication on Democratic Upgrading Theory</b>	<b>Implication on GVC Hegemony Theory</b>
2. WSEOs have <i>improved faster</i> in Vietnam than in Bangladesh.	<i>Falsify.</i> Vietnam's more authoritative institutions were able to better mediate outcomes for garment workers.	<i>Falsify.</i> Vietnam's institutional structure was able to better improve WSEOs in spite of international pressures relative to peer countries.

The notable deviations in WSEOs in Vietnam and Bangladesh came in two forms. First, in immediate workplace outcomes, Vietnamese workers on aggregate enjoyed relatively better material outcomes than peer workers in Bangladesh. Second, while the external implications of GVC production were largely the same, i.e. social transformations and ecological degradation, Vietnam's political institutions took a relatively much more active role in institutionalizing worker concerns and issues into policy. In this way, Vietnam was able to, in a very limited sense, begin to re-embed its GVC-integrated markets, in the language of Polanyi's *double movement*.

This is not to say that Bangladesh's countermovements were less prevalent, in fact, the systemic unwillingness to address garment workers issues provoked the countermovement to grow more intense, as workers further resisted fictitious commodification by the hands of international capital with the consent of their political representatives. Due to the globalized nature of GVC production, such intensifications only reaped marginal gains, as the Bangladeshi state remained disempowered (and disinterested) to act against international capital interests, often offering marginal gains and doubling down on employer-state collusion. Therefore, while initial external outcomes were effectively similar, Vietnam's political institutions over time emerged as better capable to mediate GVC trade and its implications on Vietnamese society.

The chosen case study was limited by a number of factors. First, due to the multi-dimensional nature of political orientations of institutions, testing both proposed theories with Bangladesh and Vietnam posed some issues. First, Bangladesh is a flawed example of democracy. Second, there is a great variety in conceptions of 'autocratic' institutions. For example, Vietnam's market socialist orientation undoubtedly differentiates its policy from a country like Saudi Arabia, for instance, despite both being considered 'nondemocratic.' These are just some of the limitations in this study. Future research should select different case studies in different globalized industries to further explore how political institutions and GVC trade shape worker outcomes.

### **5.1. Revisiting GVC Hegemony**

GVC Hegemony hypothesized that workers' socioeconomic outcomes (WSEOs) worsen as GVC trade increases, regardless of political institution type. The GVC Hegemony framework accurately describes several structural phenomena that degraded WSEOs across both case studies. First, globalized wage arbitrage in the garment industry operationalizes pressures to keep

wages below fair living standards. Second, industry mobility and labor flexibility pressure factory owners to perpetuate precarious employment strategies, firing workers at will, issuing short-term contracts, and utilizing practices to maintain a fluid labor force more generally, which ultimately hurt workers' outcomes. Third, industry standards in just-in-time production reinforce structural incentives for exploitative conditions, including harassment, safety violations, and compelled overtime. Fourth, pollutive consequences of industrialization disproportionately affect worker communities, through exposure within the factory to harmful chemicals, as well as external consequences of industrial pollution in poor water and air quality in their communities. These findings suggest that GVC trade generates downward pressures on worker outcomes across political contexts. GVC Hegemony becomes particularly useful in explaining the international capital mobility and labor arbitrage, both of which limit the ability of single states to facilitate genuine worker upgrading without sacrificing competitiveness and market share.

That being said, the results of the case study challenge some aspects of the logic of the GVC Hegemony framework. First, wages in Vietnam were shown to consistently outpace those in Bangladesh, suggesting that political institutions can partially buffer against the worst effects of GVC downward pressures. Second, GVC Hegemony diminishes the role of worker agency. Both cases demonstrated that sustained worker countermovements forced state reform, which via differences in political settlements, were institutionalized to vastly different extents. This challenges the deterministic framework that GVC Hegemony predicts increased GVC trade will always degrade workers' outcomes. Lastly, such worker mobilizations demonstrated that different forms of state intervention matter. Vietnam's state-led industrial policy has facilitated institutionalized upgrading within the constraints of dependence on GVC integration. Whereas Bangladesh' clientelistic political settlement has been unable to take a proactive role in labor

upgrading. With both its limitations and advantages in mind, GVC Hegemony remains useful for understanding overarching structural constraints imposed by GVCs, but fails to account for the importance of institutional variation in state responses as well as the power and necessity of worker countermovements.

## **5.2. Revisiting Democratic Upgrading**

Democratic Upgrading hypothesized that WSEOs improve as GVC trade increases in democracies, and degrade as GVC trade increases in nondemocracies. The former case study elucidates significant complications with the framework of Democratic Upgrading in a few key ways. First, Bangladesh's comparatively more democratic institutions ultimately failed to protect workers in any systematic or institutionalized way, as both existing political coalitions largely ignored rank-and-file worker issues, and excluded them from former political representation. Second, the case of Vietnam demonstrated that state-led industrial policy and more illiberal political structures were better equipped to institutionalize relatively better worker upgrading. Lastly, garment workers in both countries ultimately relied on extra-institutional mobilization through worker actions to secure material gains, rather than formal democratic processes like electoralism. These findings challenge the Democratic Upgrading's assertion that democratic institutions inherently lead to better worker outcomes. Instead, the case study suggests that regime types of democracy or nondemocracy appear to be less important than the way in which political and economic power is distributed within the state itself.

The most pressing issue with Democratic Upgrading is its assumption that democracies, via structural features, inherently prioritize worker protections. As shown in the case study, global economic pressures and elite coalitions often end up suppressing labor interests, across political contexts. This phenomenon is demonstrated through the coordination between the

Bangladeshi state and domestic private capital to repress worker-led movements, despite ostensibly having more liberal institutions. Conversely, Vietnam's authoritative institutions were, at times, more responsive to worker demands, particularly when labor unrest threatened national cohesion or dominant political rhetoric. Lastly, formally democratic structures designed with workers in mind, like minimum wage boards, have limited impact when rank-and-file workers are systematically disenfranchised from political influence and ostracized to the fringes of civic life. Rather than a strict democracy-autocracy dichotomy, a more nuanced approach to theories that complicate GVC Hegemony can be built on a country's extent of labor self-representation, elite political dominance, and state intervention in GVC trade.

### **5.3. Study Implications**

After revisiting the validity of each theoretical model, four core implications from this study are clear. First, GVC integration and trade alone do not inherently lead to better outcomes. As demonstrated by Vietnam, state mediation is necessary to channel GVC trade into improving WSEOs, without risking industry relocation. Instead, factors like state capacity, elite coalitions in civic life, and labor mobilizations are integral to understanding the mediating role of states in GVCs. This implication challenges market-driven narratives that portray trade liberalization as intrinsically beneficial to all members of a given society.

Second, democratic institutions alone do not automatically ensure improved worker outcomes. The more liberal democratic orientation of Bangladesh's political system was rendered ineffective with regards to worker representation as entrenched interests from elite-government relationships largely governed labor policy, and subsequently, state capacity to enforce regulation or mediate worker-industry dialogue was effectively nonexistent. In this sense, political and economic power distributions within a given state—not regime type on its



face—are better considerations to integrate into models attempting to understand how political institutions shape WSEOs.

Third, political institutions are able to mediate certain aspects of worker precarity, but within the implicit confines imposed by GVC competition. Vietnam's case demonstrates the relative success of institutionalizing better outcomes for GVC workers, yet the reality that workers still face systematic labor violations and sub-living wages, reveals that state-driven initiatives are structurally limited by global market forces. This affirms the analyses of GVCs as extractive institutions, requiring extra-market intervention through the state, international institutions, or workers themselves, to induce substantive change for the benefit of labor.

Lastly, the study raises concerns about the long-term sustainability of GVC-led development. With GVC productive interests driving production towards less developed countries, the garment industry self-selects host markets with likely weaker state capacity, more prone to elite patrimonialism, and underdeveloped worker organizations. While countries like Bangladesh remain seemingly perpetually dependent on garment exports, even relatively successful cases like Vietnam now face competitive challenges that will dictate the lives of millions of garment workers. The common worker outcomes in the global garment industry like subsistence wages, long hours, poor conditions, ecological degradation, and more thus seem to be intrinsic parts of the industry's international construction. With industries like garments marketed as a primordial rung in the ladder of economic development, development strategies that necessitate full alignment with GVC interests have elicited, at best, highly contradictory socioeconomic outcomes for working people.

#### **5.4. Towards a More Comprehensive Model**

As opposed to the models presented in this study, GVC Hegemony and Democratic Upgrading, the results of the case study demonstrate the need for a more dynamic framework, capable of reconciling the role institutions play in moderating GVC trade incentives, recognizing the agency of workers in their struggle for just conditions, and contextualizing the importance of state capacity and configuration in state mediation. Future inquiry into the political economy of labor in GVCs should consider three factors: state capacity, elite coalitions, and labor resistance. Incorporating these considerations into a dynamic model will better predict how GVC trade and political contexts interact to shape worker outcomes.

First, as the case study demonstrated, formal regime type distinctions of democracy/autocracy are not useful distinctions unless coupled with separate considerations like state capacity. Conducting audits, enforcing standards, and providing a medium of dialogue between labor and capital are integral features of institutions in positively shaping WSEOs. In the case of Bangladesh's garment industry, its more liberal democratic institutions were unwilling to actively mediate worker-industry relationships as a result of elite capture and disregard for rank-and-file labor interests. Lack of regulatory oversight and economic dependence on foreign buyers prevented the state from effectively intervening on behalf of worker interests, and instead intervened often to repress organized worker actions. Vietnam's state-directed industrial policies, conversely, enabled more structured dialogue between labor and capital, even if workers mobilized extra-institutionally to compel the state to do so initially. As such, considerations that construct state capacity including regulatory enforcement, industrial strategy, or administrative willingness, should be incorporated into models analyzing WSEOs.

Second, the presence and configuration of elite coalitions in host markets are supremely important considerations in how political institutions shape GVC WSEOs. Across political contexts, be they democracies and autocracies, certain constituencies may be more empowered to organize for their interests in national politics than others. In the Bangladesh case, industry and political elites were aligned in their preference towards maintaining low garment production costs, and thus low wages. This created political patronage networks where business-state collusion undermined worker countermovements through violent suppression and disenfranchisement of rank-and-file labor groups in national politics. In Vietnam, a more centralized governance structure allowed the state to shape business interests to public interests more effectively. Therefore, the state was more willing to intervene to institutionalize worker upgrading, without overly-disrupting FDI flows. Regardless of political context, building frameworks to analyze WSEOs should include considerations of the composition of ruling coalitions and the role of elites in state policy creation.

Third, understanding worker resistance to downward pressures on WSEOs in the framework of Polanyi's *double movement* historicizes and contextualizes labor responses to deep GVC integration. In both cases, extra-institutional worker mobilization has been the driving force towards improved wages, working conditions, social benefits, and more. Workers in both contexts were forced to build their own organizations to represent rank-and-file interests as a distinct bloc from, for example, the state-run union in Vietnam, and many patriarchal and co-opted trade unions in Bangladesh. Without mass organizing and mobilization towards just conditions in both contexts, improvements in WSEOs would have been significantly tempered as each political settlement was content with their status quo integration in the garment GVC. Vietnam's less powerful elite coalitions enabled the state to take an active role in worker-industry

mediation when it was compelled by workers' movements. Labor resistance is thus a key explanatory factor in determining WSEOs, particularly when state capacity is weak or elite coalitions are entrenched. Future research should incorporate considerations of state capacity, elite coalitions, and labor movements into future models seeking to explain how political institutions and GVC trade shape workers' outcomes in export-oriented industries.

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