Just compensation? The price of death and injury after the Rana Plaza garment factory collapse


This version is available from Sussex Research Online: http://sro.sussex.ac.uk/id/eprint/80053/

This document is made available in accordance with publisher policies and may differ from the published version or from the version of record. If you wish to cite this item you are advised to consult the publisher’s version. Please see the URL above for details on accessing the published version.

Copyright and reuse:
Sussex Research Online is a digital repository of the research output of the University.

Copyright and all moral rights to the version of the paper presented here belong to the individual author(s) and/or other copyright owners. To the extent reasonable and practicable, the material made available in SRO has been checked for eligibility before being made available.

Copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational, or not-for-profit purposes without prior permission or charge, provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

http://sro.sussex.ac.uk
Just Compensation?:
The Price of Death and Injury after the Rana Plaza Garment Factory Collapse

Rebecca Prentice
University of Sussex

Abstract: The 2013 collapse of the Rana Plaza factory building in Dhaka, Bangladesh was the most deadly disaster in garment manufacturing history, with at least 1,134 people killed and hundreds injured. In 2015, injured workers and the families of those killed received compensation from global apparel brands through a $30 million voluntary initiative known as the Rana Plaza Arrangement. Overseen by the International Labour Organization (ILO), the Rana Plaza Arrangement awarded payments to survivors using a pricing formula developed by a diverse team of ‘stakeholders’ that included labour groups, multinational apparel companies, representatives of the Bangladesh government and local employers, and ILO actuaries. This article draws from anthropological scholarship on the ‘just price’ to explore how a formula for pricing death and injury became both the means and form of a fragile political settlement in the wake of a shocking and widely publicised industrial disaster. By unpacking the complicated ‘ethics of a formula’ (Ballestero 2015), I demonstrate how the project of creating a just price involves not two sets of values (ethical and financial) but rather multiple, competing values. This article argues for recognition of the persistence and power of these competing values, showing how they variously strengthen and undermine the claim that justice was served by the Rana Plaza Arrangement. This analysis reveals the deficiencies of counterposing ‘morality’ and ‘economy’ in the study of price by reflecting upon all elements of price as situated within political economy and history.

Keywords: garment industry, compensation, just price, formula, Rana Plaza, labour rights

Introduction

On April 24, 2013 the Rana Plaza building in the Savar industrial district of Dhaka collapsed, killing more than a thousand people and trapping and injuring hundreds more. The eight-storey structure housed five garment factories that produced clothing for global brands such as Primark, Benetton, Walmart, The Children’s Place, and Joe Fresh. Cracks had appeared on the walls of the building the day before, and the premises were evacuated. Awaiting the advice of structural engineers who surveyed the site, the banks and retail spaces on Rana Plaza’s lower levels remained shut, but the garment factories reopened the next day. With pressing deadlines for foreign buyers, workers were threatened with the loss of up to a month’s pay if they did not return to work despite their fears of entering a cracked building.¹

¹ Another factor that put pressure on the Rana Plaza workers to return to work was that April 24, 2013 happened to be the third day of a national strike called by the opposition to the ruling political party. As a leader in the ruling party’s youth wing, the owner of Rana Plaza, Sohel
When a routine power outage at 8:45 a.m. stimulated the building’s emergency generators, the collapse of a column on the seventh floor is believed to have set off a chain reaction that brought the entire building to the ground within seconds (Motlagh 2014: 66, Foxvog et al. 2013: 19). Investigations later determined that the building was constructed with sub-standard materials and had not been properly inspected (Siddiqui and Uddin 2016: 693).

As the most-deadly single disaster in garment manufacturing history, the Rana Plaza collapse created public outcry and a storm of protest in Bangladesh and around the world. Under pressure from labour rights advocates, the industry launched an agenda of regulatory reform focused primarily on factory buildings (Bair et al. 2017). Unprecedented for a disaster of its kind, within three years of the incident, injured workers and the families of those killed in Rana Plaza were paid $30 million in compensation by global apparel companies that source from Bangladesh. This compensation was not awarded by a court, but was reached instead through a collective, voluntary agreement brokered by the International Labour Organization (ILO) that involved labour groups, multinational apparel companies, and representatives of the Bangladesh government and factory employers. The ‘Rana Plaza Arrangement,’ as the agreement came to be known, created a method and process for assessing individuals’ losses in the Rana Plaza collapse (injury, disability, or death of a family member), and calculating and distributing payments that met international standards of workers’ compensation laid out in ILO’s Employment Injury Benefits Convention No. 121 (1964/1980). Multinational apparel companies funded the scheme by making voluntary donations into a trust fund administered by the ILO specifically for that purpose. The compensation payments were deposited into individual accounts which claimants could access with newly-issued bank cards; as part of the agreement medical costs were also covered.

There is no simple method or ready institution for awarding compensation to victims of industrial disasters in global garment supply chains. Although Bangladesh law requires local employers to compensate injured workers or the families of those killed, this only pertains to a small number of registered workers, the amounts fall well below international standards for workers’ compensation, and the rules are widely unenforced. Among the 25 major garment factory fires and collapses in Bangladesh between 1990 and 2012 that cumulatively caused the deaths of more than 870 workers, local employers rarely paid any compensation (Maher 2012, Miller 2012: 40). In the few instances where transnational labour groups successfully pressured global apparel companies to provide financial relief—for example after the 2005 collapse of the Spectrum sweater factory in Bangladesh, in which 64 workers lost their lives and 80 were injured in a factory that produced clothing for the Spanish firm Inditex among other companies—the settlements were negotiated ad hoc between labour groups and the global brands, usually over many years of protracted campaigning to keep a public spotlight on the struggle for compensation (Miller 2012). In several instances, including Rana Plaza, survivors have raised lawsuits against local employers and global brands, but such cases can take years with no certainty of success (Sumon et al. 2017). In this context, the speed and comprehensiveness of the Rana Plaza compensation was extraordinary.

Rana, would have wanted to show that ‘his’ factories were not participating in the strike (Motlagh 2014: 64; Ashraf 2017: 270).
As a negotiated agreement coordinated by the ILO, the Rana Plaza Arrangement required alignment of the diverse and conflicting interests of its creators, which included labour groups (NGOs and trade unions), multinational companies, the Bangladesh government, and local employers. These representatives, who developed and administered the compensation agreement in a multi-stakeholder body called the Rana Plaza Coordination Committee (RPCC), carried with them different intentions and motivations, most especially the labour groups that pressed for compensation and the multinational companies that funded the scheme. The compromise reached from these diverse positions was crystallised in the ‘Rana Plaza formula,’ designed by the RPCC in consultation with ILO actuaries to calculate the price of the cash award for each individual claimant. The formula establishes a single approach to compensation with variables that account for different levels of injury, disablement, or numbers of bereaved dependants.

My focus on the formula as a technical space in which a political settlement takes the form of a calculative device draws inspiration from Andrea Ballestero’s (2015) conceptualisation of a pricing formula as a site where ethical values are made ‘concrete’ as calculable commitments. In her ethnography of Costa Rican water regulators, Ballestero describes how because Costa Rica recognises a human right to water, the formula determining its price must accommodate the moral imperative of this right as well as the financial needs of the water utilities. Ballestero introduces a concept of ‘calculation grammar’ for theorising the principles, relations, assumptions, and practices that combine in a grammar-like fashion to lay out the possibilities of what the formula can be. Contributing to wider anthropological scholarship concerned with the social production of just prices, Ballestero’s work shows that although a pricing formula appears apolitical and value-neutral because of its technicality, it is composed of both financial and ethical values that can be unearthed through ethnographic analysis.

This article unpacks the ‘calculation grammar’ of the Rana Plaza Arrangement to examine the ethical principles, actuarial practices, epistemological assumptions, and social relations involved in the making of the compensation formula. Recognising that the formula is ‘an active artefact of thick moral histories and numerical capabilities’ (Ballestero 2015: 265), I investigate those histories, paying attention to both the actors who created the compensation agreement and the components of the formula itself. I argue three things. First, that the Rana Plaza formula was both the means and form of a fragile political settlement in the wake of a shocking and widely publicised industrial disaster. Rendered into mathematical terms, the compensation agreement appears objective and universal rather than a historically-situated product of negotiation and unequal power. Second, that actuarial practices for valuing life and injury created a technical space in which the Rana Plaza Arrangement could claim to be ‘just’ because it was based on the universal standards of international labour rights. These calculative practices incorporated some values and rights into the formula while omitting others, processes of exclusion that always threatened to undermine the Arrangement’s claim to being just. Third, that an analysis of the formula’s ‘calculation grammar’ helps us understand the limited possibilities for labour voice and labour power in the ethical governance of global supply chains. Calculative practices are shown to possess their own histories, ideologies, institutional commitments, and professional norms, which shaped the compensation agreement to exclude consideration of the underlying political economy of labour.
My contribution to debates on the just price is in recognising the deficiencies of counterposing ‘morality’ and ‘economy’ in the study of price by reflecting upon all elements of price as situated within political economy and history. The example of the Rana Plaza Arrangement shows how the project of creating a just price involves not two sets of values (ethical and financial) but rather multiple, competing values that vie for inclusion in the formula. This article argues for recognition of the persistence and power of these competing values, showing how they variously strengthen and undermine the claim that justice was served by the Rana Plaza Arrangement. By providing insight into how pricing practices have been used to achieve specific outcomes, we can learn through what mechanisms different possibilities have been foreclosed.

The next section sets out my approach by bringing together anthropologies of labour and recent scholarship on pricing, calculation, and the ethics of the formula. I then provide a short history of the Arrangement. Building from this account, I explore participants’ recollections of their negotiations in the RPCC to show how although their interests in providing compensation originated in different motives and assumptions, these interests became aligned in the creation of a technical space in which just compensation was based on the putatively objective standards of international labour rights. Focusing on the rejection of labour groups’ demands to compensate ‘pain and suffering,’ I show how calculative practices did not simply convert a political settlement into technical terms, but instead were implicated in the making of the settlement itself. Finally, by looking at the paradox of ‘just’ compensation being constructed from an unjust wage, I show that although the formula appears to be technical and objective, its moral histories persist, causing contradictions in the endeavour to create just compensation amidst unjust employment practices. I conclude with a discussion of how this analysis helps us understand the ways in which limitations on labour voice and labour power are structurally constituted and reproduced.

The Price of Labour and the Labour of Price

In a 2015 article, ‘The Ethics of a Formula,’ Andrea Ballestero introduces the concept of a ‘calculation grammar’ to analyse the social processes involved in the making of a just price. Ballestero’s ethnography of Costa Rican water regulators explains how a government agency, the Autoridad Reguladora de los Servicios Públicos (ARESEP), is tasked each year with creating a formula for calculating the cost of water to consumers. Costa Rica recognises a human right to water, and so when municipal and provincial utilities want to raise prices, ARESEP’s role is to adjust the pricing formula to balance the costs of providing water, the utilities’ desire for financial surplus, and a ‘humanitarian’ ethic of water accessibility. The formula actualizes the human right to water by achieving an affordable price.

The ethical and financial imperatives contained within ARESEP’s formula are harmonised by what Ballestero calls a ‘calculation grammar’: ‘the contests, preoccupations, numeric artifacts, and improvisational practices that undergird the process of turning social relations and ontological assumptions into quantified expressions’ (Ballestero 2015: 266). Ballestero shows that the formula’s semblance as technical and value-free is challenged by ethnographic inquiry into the histories, practices, assumptions, and social relations that are contained within the formula. Like the Costa Rican water regulators, creators of the Rana Plaza Arrangement used a calculative device to enact ethical values—to recognise injury and loss of life—that
can be examined through ethnographic inquiry. Such a project encounters technicality as emergent from and reflective of its social and political context. Calculative practices are understood to be constitutive and not just reflective of reality, which opens space to explore the wider politics and discursive formations (such as ideas of ‘rights’ or ‘justice’) that calculations enact (cf. Adams 2016, Callon 2006, Li 2007, Miller 2001). Ballestero’s work contributes to anthropological debates on the ‘just price’ (see Thompson 1991 [1971], De Neve et al. 2008, Muehlebach 2017, Orlando and Luetchford this volume). As Karl Polanyi describes in *The Great Transformation*, market economies seek to disembed exchange relations from their social moorings but always encounter resistance, which he refers to as the ‘double movement’ of market expansion and socially protective responses (Polanyi 2014 [1944]: 130-32, 141-45). Discussing the emergence of a waged labour market in nineteenth century England, Polanyi shows how new ideas about labour as a commodity were met with a protective counter-movement to assert the ‘right to live’ by providing income support amidst rising food prices. Ballestero’s ethnography of water accessibility provides a contemporary example of such a counter-movement, where ethical ideals pertaining to the right to water (and life itself) are introduced into the pricing formula. In a different but related way, the growing ‘fair trade’ movement seeks to integrate ethical ideals into the price of commodities like tea and coffee (cf. De Neve et al. 2008, Orlando and Luetchford this volume).

While Ballestero emphasises the co-existence of two elements in a price—‘financial’ and ‘ethical’—Jane Guyer (2009: 204) argues for a thoroughly ‘composite’ approach that excavates the histories, negotiations, and social relations that go into, say, the price of petrol at the pump. In analysing a price’s constituent elements, Guyer says, ethnographers must pay special attention to components that are hard to identify because purposely hidden. For example, whereas today’s airlines provide consumers with an itemised receipt breaking down taxes, fees, and surcharges within the price of a ticket, other elements of the price are not listed. As Guyer explains it, practices of risk management that include insurance purchasing, futures trading, and other financial innovations factor into the prices of petrol and airline tickets alike, but never appear on the receipt. The task of the anthropologist, then, is to unearth concealed elements of price by digging beneath what is immediately apparent.

If there is an analogue to Guyer’s hidden pricing in the anthropology of labour, it is in debates over the nature of the wage. Marxian scholars contend, workers produce value in the form of commodities that are sold at a price higher than the wage bill and other production costs combined. Whether calculated hourly or by-the-piece, wages conceal a relationship of exploitation by compensating only part of labour-power while appearing to compensate all of it (Marx 2001 [1906]: 41-53, Firth 1979: 35-40, Burawoy 1979). In contrast to an anthropological analysis of prices that seeks to unearth concealed costs, an analysis of wages must look for the *labour* that is not counted. Feminist scholars have pressed this issue with regards to ‘reproductive labour,’ defined as activities undertaken largely in the home and mostly by women, to reproduce workers daily through tasks like feeding, caring, and cleaning, and generationally through the bearing and socialising of children. Sylvia Federici (2012: 92) describes how capitalism requires unpaid domestic labour to keep wages low; the more that reproductive activities can be devalued, the greater the subsidy to capital by cutting the cost of the wage bill.

With the emergence of a global assembly line, the role of reproductive labour in subsidising capital has taken on more extreme forms, particularly in the garment
industry (Neveling 2015, Mezzadri 2016). Supply chains operate across a worldwide terrain by seeking out, exploiting, and reproducing niches of ‘difference’ in which women in the global South are favoured as workers because of their vulnerability to racist and gendered tactics for devaluing their labour (Tsing 2009). When workers are not paid enough to nourish themselves and their dependants, they become ‘consumed’ by the work they do. These dynamics are captured by Melissa Wright's (2006) concept of ‘disposable women’; she points out the irony that female workers on the global assembly line generate immense wealth by being treated as lacking in value.

In the wake of the Rana Plaza disaster, scholars and activists found themselves reaching for this language of disposability to capture the brutality of the ‘global sweatshop regime’ (Mezzadri 2016). Writing about the collapse, Lamia Karim (2014) describes its tragic predictability in terms of the ‘disposable bodies’ of workers who cannot claim or enact labour rights. In Bangladesh the state is committed to the fast expansion of the garment sector, which generates 80 percent of the country’s export earnings, and a remarkably high number of politicians privately profit from the garment-producing enterprises of their families (ILRF 2016: 11, Ahmed et al. 2014). Bangladeshi labour is offered on terms that appeal to global capital, while workers are asked to make sacrifices for the sake of the nation’s development (Siddiqi 2017: 62). As Aihwa Ong (2006) has described for neoliberal globalisation more generally, narratives of ‘exceptionality’ are mobilised to make palatable the low wages and poor labour standards that have become Bangladesh’s competitive advantage, by portraying them as necessary but temporary conditions. Ong (2006: 19) suggests that in such circumstances workers may discover a need to ‘look beyond the state’ for recognition of their rights, by appealing to the ‘social responsibility’ of multinational corporations or to the activism of transnational NGOs.

A voluntary initiative to pay ‘rights-based’ compensation to garment workers in this neoliberal landscape of labour devaluation invites us to reflect on the changing status of labour rights in global supply chains. In this article, I consider the role of calculative practices in constituting labour rights through the construction of a just price for occupational death and injury. Critical scholarship on calculative practices across the social sciences explores how disciplines like accounting influence the phenomena they seek to measure, such that they become ‘actively engaged in the constitution of the reality that they describe’ (Callon 2006: 318, cf. Miller 2001). Anthropologists have focused on the politics of calculative practices. As Tania Murray Li (2006) writes in the context of Indonesian development initiatives, expertise plays a critical role in carving up social reality into identifiable problems that can be solved with available tools. To ‘intervene,’ writes Li, a problem must first be ‘rendered technical’ so that it is amenable to expert solutions; to do their work, experts necessarily ‘exclude the structure of political-economic relations from their diagnoses and prescriptions’ (2006: 7). By leaving the status quo unquestioned and untouched, technical practices can appear apolitical and value-free while normalising existing configurations of power.

In the Rana Plaza formula, the relevant expertise was that of ILO actuaries whose normal work is developing the insurance systems that underpin social protection, such as workers’ compensation benefits. Emily Spieler (2006: 94) reminds us that putting value on life and injury in workers’ compensation systems takes place under the ‘guise of science’ but is more appropriately understood as residing in the realm of ‘normative decision-making.’ This means that how life and injury come to be valued by actuaries relies upon the bureaucratic and institutional contexts of their
work, as well as their professional norms and practices. Like all forms of insurance, workers’ compensation is ‘highly technical and moral in that it raises questions about legitimate entitlements and responsibilities, the boundaries of solidarity and the collectivization of risks’ (Bähre 2016: 142). My analysis of the Rana Plaza Arrangement brings together a political economy of labour and insights from the anthropology of the ‘just price’ to understand how some claims on behalf of workers become permissible while others do not.

This article draws from multi-sited research that began in March 2016 with individuals involved in creating the Rana Plaza Arrangement. I have conducted interviews with representatives of global apparel brands, labour rights advocates based in Bangladesh and within international networks, representatives of global labour unions, and officials at the International Labour Organization (ILO). This article focuses on the creation of the compensation formula—much of which took place at the ILO in Geneva between September and December 2013—and does not explore the implementation of the compensation agreement or the disbursement of funds. Almost all informants are based in Europe, with the exception of the Bangladesh-based members of the RPCC, who were interviewed over Skype. Contributing to an emerging anthropology of ‘meetings’ (cf. Sandler and Thedvall 2017) that balances ethnography’s traditional emphasis on real-time observation with informants’ ex post facto recollections of policy processes, I have interviewed the Arrangement’s creators informed by my analysis of all the documents I could gather pertaining to the compensation agreement, including meeting minutes, presentations, press releases, and notes. In portraying processes of internal negotiation and decision-making, I have tried to keep the individuals who participated in my research confidential, so that readers cannot readily identify them.

The Rana Plaza Collapse and Compensation

The Rana Plaza collapse led to the death of at least 1,134 people, almost all of whom were garment workers. Of the 2,438 survivors who escaped the wreckage, hundreds sustained life-changing injuries including loss of limbs, spinal cord damage, head trauma, kidney malfunction, and psychological trauma (Ahamad 2014). One of world’s the most-photographed industrial catastrophes, Rana Plaza was portrayed as a humanitarian disaster, with media images juxtaposing ‘broken pillars, sandwiched and trapped human bodies, body parts, blood, sandals, lunch boxes, workers’ ID cards and timecards, torn clothes, sewing machines…and colourful bolts of fabric scattered among the concrete slabs’ (Ashraf 2017: 252). The search and rescue efforts took three weeks, during which time images of dead, mutilated, and suffering bodies were widely broadcast, adding weight to a representation of the Rana Plaza workers as victims of a humanitarian crisis (cf. Ticktin 2014).

From the day of the Rana Plaza collapse, workers, bereaved families, and labour rights advocates—both in Bangladesh and internationally—have demanded three things: accountability from those responsible, compensation for injured workers and the families of those killed, and prevention of future disasters of its kind. Campaign groups like the Clean Clothes Campaign (CCC), a transnational labour rights network based in Amsterdam, targeted global apparel companies on social media and in protests outside their shops with the accusation that they have not done enough to ensure the safety of their supplier factories. After a string of deadly fires and collapses that pre-dated Rana Plaza, labour groups insisted that the collapse was not an
unfortunate ‘accident,’ but was instead the predictable result of how global supply chains are organised for the benefit of corporations. In protests, marches, and human chains on the streets of Dhaka, Bangladeshi labour activists emphasised the mutual complicity of local employers and the government in maintaining dangerous working conditions. Activists, workers, and their allies sifted through the rubble for the clothing labels that would force brands to acknowledge a commercial relationship with Rana Plaza.

Companies meanwhile worked on their own responses. Primark, a ‘fast fashion’ brand headquartered in Ireland, quickly acknowledged being a large buyer of garments produced in Rana Plaza, stating in a press release that the company ‘accepts all its responsibilities in this disaster’ (BBC 2013). As one CCC activist remarked to me: ‘Primark labels were everywhere in the rubble.’ Primark committed early on to paying long-term compensation to victims, worked with a local NGO to register the names of all the Rana Plaza workers, and paid a lump sum of financial aid to each of the families (Foxvog et al. 2013: 24). Other brands, like Benetton, refused for many weeks to admit sourcing from Rana Plaza, even after its labels and other documents were discovered at the site (Prentice 2017).

In the weeks after the collapse, the Clean Clothes Campaign and the global union federation IndustriALL approached the ILO and asked the organisation to spearhead a systematic compensation effort. Bangladeshi NGOs and the government’s Prime Minister’s Relief and Welfare Fund were already distributing funds for burials and other necessities, while the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) paid some workers the wages that were owed to them (Foxvog et al. 2013: 22). With prior experience of factory disasters, labour activists knew that there was a limited time during which they could mobilise public attention to press the global brands for compensation. A unified and large-scale scheme for collecting and disbursing payments would ensure that financial assistance for the Rana Plaza victims was fairly distributed, rather than given only to those with the strongest voices or most visible injuries. The government and employers’ groups approached ILO personnel in Bangladesh to ask for help with this matter as well. Several companies that had sourced from Rana Plaza were by this time looking for a way to contribute aid to survivors, and had no obvious way to do so that guaranteed the funds would go directly to those affected.

The ILO, as an agency of the United Nations with a mandate to promote labour standards by giving equal representation to states, employers, and organised labour, was uniquely positioned to facilitate a compensation agreement. Labour groups believed that the ILO’s involvement would improve the likelihood of reaching a settlement that would be acceptable to the global apparel companies, from whom large financial contributions would be essential. Although the ILO had never before facilitated a compensation agreement, senior staff made a personal commitment to lend support for a quick and fair settlement for the Rana Plaza families.

The first meeting of what would become the Rana Plaza Coordination Committee (RPCC) was held on September 12, 2013 at the ILO’s headquarters in Geneva. Attendees included representatives of the garment industry (global apparel companies and national employers’ groups including BGMEA), government (Bangladesh’s Ministry of Labour and Employment), as well as trade unions and national and international labour rights NGOs (Bangladesh Institute of Labour Studies and the CCC). Twenty-nine companies whose brands were manufactured in Rana Plaza were invited to take part, but only nine attended, four of which served as the
corporate representatives: Primark (Ireland), Loblaw (Canada), Bonmarché (UK), and El Corte Inglés (Spain).

Between September 2013 and December 2014 at meetings in ILO offices in Geneva and Dhaka, with some participants taking part remotely, the RPCC members negotiated an agreement on the design of a compensation scheme. A Memorandum of Understanding (MoU) titled, ‘Practical Arrangement on Payments to the Victims of the Rana Plaza Accident and their Families and Dependents for their Losses,’ was written by senior counsel at the ILO in November 2013 to outline broad principles of the agreement. Signed by all members of the RPCC, the MoU stated that survivors (injured workers and bereaved families) would be compensated ‘in a transparent and equitable manner according to their losses’ using a ‘single approach’ that is ‘consistent with the standards’ of the ILO. The MoU entrusted the RPCC with overseeing the design and implementation of the Arrangement, such as adopting procedures for calculating and disbursing payments to survivors.

The signing of the MoU indicated that the individual members of the RPCC were by that time sufficiently confident in the progress of the negotiations under the ILO’s leadership, and that they would accept the ILO’s insistence that the final agreement must be ‘consistent with’ the standards laid out in the ILO Conventions. The relevant Convention is ILO’s Employment Injury Benefits Convention, No. 121 (1964/1980), which defines workers’ rights to replacement of lost wages and medical costs in the case of occupational injury or death. In most countries this right is instantiated in national laws that limit employers’ liability for occupational harms to workers (Miller 2012: 74). Bangladesh never ratified Convention No. 121, and its national laws on workers’ compensation fall below its standards.

The Rana Plaza Arrangement was drafted in December 2013 to be consistent with Convention No. 121. A worker permanently injured in Rana Plaza would be entitled to lifelong monthly payments of 60 percent their wage at the time of the collapse. A worker’s level of disability would be assessed by a medical team that was established at the Savar-based Centre for the Rehabilitation of the Paralysed for this purpose, and their ‘disability level percentage’ (DLP) would be factored in, so that individuals with greater disability received larger portion of their salary than those with less severe impairment (ILO 2015: 13-14). The formula therefore multiplied the 60 percent replacement rate (‘RPR’), by the ‘monthly earnings at date of accident’ (MEDA), by the DLP:

\[
RPR \times MEDA \times DLP = \text{MONTHLY PAYMENT}
\]

(ILO 2015: 13-14)

The dependants of deceased workers were also entitled to monthly payments (although children only until they reached the age of maturity), but the replacement rate (RPR) would vary, with 60 percent of wages, where the worker had three or more dependants, 55 percent for two dependants, and 50 percent if the worker had one dependant. Although the formula calculated a ‘monthly payment,’ Bangladesh lacked the administrative infrastructure to pay monthly pensions, so each award was converted into a lump sum.²

² Additional calculations accounted for interest, future inflation, and the life expectancy of each individual claimant based on actuarial models for Bangladesh. The rules for apportioning compensation among dependants were determined later, as part of the implementation phase (ILO 2015: 21-24).
Funding the compensation agreement relied on voluntary donations into the Rana Plaza Donors Trust Fund, established in January 2014 with the ILO as trustee. Although donors included private charities, individuals, and the Bangladesh government, the largest contributors were multinational companies who sourced from Bangladesh. Companies could contribute in whatever amount they wished, with the expectation that those that had sourced from Rana Plaza would contribute the most. ILO actuaries used reports of deaths and injuries to predict that $40 million would be needed to pay out all the expected claims, which was later revised to $30 million after medical assessments showed fewer incidents of permanent injury than predicted.

The elegance and simplicity of the pricing formula conceal the contentious negotiations involved in its making. The next section delves into those negotiations. Drawing from interviews with members of the RPCC and ILO actuaries, we see how the formula was shaped by actuarial expertise as both means and form of the negotiated settlement. Calculative practices do not simply convert the political settlement into technical terms, but instead are shown to shape the settlement itself by creating the capacity to recognise some values and not others. By focusing on the negotiations that took place between the first meeting in September 2013 and the draft formula in December 2013, I necessarily ignore a large part of the later work of the RPCC, involving the administration of claims (cf. ILO 2015). A claims office was set up in Savar and opened in March 2014. Six months later, most of the awards had been calculated and ‘notices of awards’ were presented to claimants. The first compensation awards were released in September 2014, and final payments were completed in October 2015. In total 5,109 claims were paid on behalf of 2,895 injured, deceased, or missing workers (Prentice 2018: 13).

Pricing Death and Injury after Rana Plaza

‘This wasn’t really a role we had played in response to such a disaster before,’ said one of the ILO officials to me at his office in Geneva. We were sitting at a table in the ILO headquarters, three-and-a-half years after the RPCC had assembled there to begin negotiations. ‘Senior leadership in the ILO said, do it. So from that point of view we began to coordinate, officially from here, for the first month or so to ensure that there was a strong direction and technical support from the ILO for developing a design for what became the Rana Plaza Arrangement.’ The official had worked for several years on the ILO’s Better Work initiative, which in Bangladesh offers practical assistance to factories, government, and multinational companies to improve labour standards. Although more than a year had elapsed since the final payments were made, he still marvelled at the success of the Rana Plaza compensation: ‘I was confident that we could reach an agreement [within the RPCC]; what I didn’t know is whether we’d be able to implement it [whether funds would materialise].’

It is not the normal activity of the ILO to carry out a mass claims process after an industrial disaster. The ILO’s mandate is to work with member states, employers, and organised labour to promote labour standards through the development and adoption of Conventions and Recommendations. In recent decades the ILO has extended its work beyond standard setting to become a technical assistance agency and a research institution (see Standing 2008 for a critique of these developments). On matters of occupational injury, illness, or death, the ILO assists member countries to set up permanent employment injury insurance schemes. In the words of one of the ILO actuaries, ‘[Our job] is to set up those systems at a national level, not to come into
a place where the systems don’t exist and create [a post facto compensation arrangement] after an industrial accident.’

The scale of death and injury in Rana Plaza provoked an uncommon response. The ILO’s Deputy Director, Gilbert Houngbo, led an emergency mission to Bangladesh, during which he declared that there would not have been such a high death toll had there been trade unions in the Rana Plaza factories. Houngbo told ILO staff to commit efforts to a quick and fair financial settlement for the workers and families. A compensation agreement also represented an opportunity to secure the support of the Bangladesh government and local employers for establishing a permanent employment injury insurance scheme. With this in mind, ILO actuaries saw the necessity of the Rana Plaza Arrangement modelling international ‘best practices.’

Convened as a group of industry ‘stakeholders,’ the RPCC brought together individuals representing conflicting interests, including global apparel brands and the labour rights groups that campaign against them. RPCC members recalled disagreements so numerous that as one labour activist commented to me, ‘We’ve had so many battles, I can’t remember them all anymore.’ Likewise, Bangladeshi members of the RPCC—drawn from the government, employers’ associations, trade unions, and labour rights NGOs—had in the past frequently found themselves on opposing sides of labour issues. Among the many fault lines in the RPCC, perhaps the most obvious was between the global apparel companies and what I call the ‘labour groups’: labour rights NGOs like the CCC and the Dhaka-based Bangladesh Institute of Labour Studies (BILS), as well as trade unions such as the global trade union IndustriALL.

The actuaries, as experts in employment insurance benefits, provided the RPCC with technical assistance. Actuaries, like the legal experts who also served in a ‘technical’ capacity, knew what variables had to be defined into order to make the Rana Plaza formula consistent with ILO standards. The formula was developed through a back-and-forth process between the internal negotiations and compromises of the RPCC (the political) and the work of actuaries and lawyers (the technical). In actuality, the process was fluid and traversed boundaries between ‘the political’ and ‘the technical.’ ILO guidance, as we will see, on more than one occasion lent support to the position of the global apparel companies over that of the labour groups. The subordinate status suggested by the phrase ‘technical assistance’ masks the fact that actuarial expertise is a ‘constitutive and formative,’ shaping reality rather than simply quantifying it (Miller 2001: 383).

Fundamental differences in motives and assumptions among the RPCC members played out in an early dispute over the size and purpose of the compensation agreement. Labour groups proposed a $74 million compensation scheme that would cover long-term loss of earnings, as well as payments for the pain and suffering of the injured workers and bereaved families. This plan, which was released to the public and reported in the press, proposed funding the compensation agreement with specific percentages to be contributed by global apparel companies (proportionate to their relationship with Rana Plaza), the Bangladesh government, and the employers’ association.

The labour groups called for payment for survivors’ pain and suffering not only because of the extreme effects of the building collapse on individuals and families. They also perceived the disaster to be the result of multiple institutional failures that needed acknowledgement. As one CCC activist explained to me:
The Rana Plaza disaster from our perspective was the combination of all the actors taking on none of their responsibility. So the government completely failed in its responsibility of protecting the rights of its citizens by ensuring that the factories are properly inspected. The employers failed to do their duty in the building they were operating from, and the brands failed to do their duty by not doing any kind of check of the factories. [The brands] didn’t have any kind of expertise at all, and were just employing social auditors who were going around [the building] saying, ‘That looks fine.’

Corporate members rejected ‘pain and suffering’ payments and prescribed contributions because their inclusion in the Arrangement, according to their legal advisers, might suggest a liability that could open them to lawsuits. The global apparel companies consistently portrayed themselves not as employers, but as ‘buyers’ of finished products. They represented Rana Plaza as a horrific disaster that the companies could not have foreseen and for which they were not to blame. They publicly acknowledged a humanitarian concern but not a legal duty of care for the workers. Many of the companies—and not just those with no relationship to Rana Plaza—later publicised their contributions to the Rana Plaza Donors Trust Fund as a charitable response to a humanitarian disaster.3

With millions of dollars needed from the apparel companies, the corporate members of the RPCC were in a strong position to influence the terms of the agreement. But their insistence that they should not have to donate in prescribed amounts was strengthened by ILO officials who maintained that the institution had no legal mandate to compel contributions. A compensation scheme brokered by the ILO would rely on voluntary donations of whatever size the donor considered appropriate. This development was a blow to the labour groups. As one labour activist involved in preparing the CCC’s original $74 million proposal explained it to me:

We failed in two ways: first, to designate numbers needing to be paid by brands, and two that it was a voluntary scheme. We wanted mandatory, but that was never going to be possible.

The corporate representatives on the RPCC knew that they would have to ‘sell’ the agreement not only to decision-makers within their own companies, but also to other global brands that they hoped would contribute. Presenting corporate contributions as charity or humanitarian aid could garner support from the other companies, and satisfy their legal advisors. The corporate members of the RPCC felt that the labour groups had little appreciation for their difficult role in negotiating the kind of agreement that other companies could get behind. As one corporate representative said:

---

3 In its official documentation, including its website and the original MoU, the Rana Plaza Arrangement is called a ‘practical arrangement’ and never ‘compensation.’ Corporate donors represent their donations as charitable contributions. ILO actuaries, however, use the term ‘compensation’ to describe the Arrangement their own documents and publications (see ILO 2015). Considerations of space prevent full discussion of these issues, but the use or non-use of the term ‘compensation’ indicates that different groups involved in creating the Arrangement saw its meaning and purposes differently.
Campaigners can be enormously frustrating. Sometimes you’ve won the war—so don’t keep fighting the battle! You’ve got a [compensation] mechanism and companies agreeing to do it, so you have to back off! Allow for the language [of charity] that will allow that company to contribute.

In the end, the corporations achieved the provisions that they had sought: apparel brands would be able to give voluntarily and even anonymously, in whatever amount they chose, and they could publicise having contributed without disclosing the amount. These stipulations may have smoothed the way for some corporate contributions, but they also contributed to a funding crisis because many apparel companies were not sufficiently motivated to contribute. As one of the trade unionists said to me,

When we made the Arrangement, the brands said that if you make [contributions] voluntary, money won’t be an issue. And so we said ‘sure,’ but at a given moment we were stuck in terms of fundraising, so we had to resort to multiple campaigning [against various brands].

It took months of intensive campaigning to fill the Rana Plaza Donors Trust Fund, including a year-long Pay Up! campaign that targeted Benetton (Prentice 2017). Fundraising difficulties eroded trust among the claimants in Bangladesh who were promised compensation that was slow to materialise.4

ILO’s Employment Injury Benefits Convention, No. 121 (1964/1980) is a narrow standard that defines rights to compensation for occupational death or injury, as well as the payment of related medical expenses. In a context of mutually-clashing agendas, the technicality of ILO Convention No. 121 became a useful framework for negotiations, offering an ‘objective’ and ‘universal’ standard that set perimeters for the formula. Members of the RPCC saw in Convention No. 121 the resolution of some of the competing ideas of justice that they had brought with them to the negotiating table. Because the compensation awards would be calculated based on international standards of workers’ compensation, labour groups often refer to the Rana Plaza Arrangement approvingly as ‘rights-based compensation,’ which importantly recognised the Rana Plaza workers as bearers of labour rights (Prentice 2018). Once the cost of paying all of these claims was calculated, campaigning against the companies did not stop until all the funds were raised. When in June 2015 the final amounts were pledged by an anonymous donor, the Clean Clothes Campaign website proclaimed the rare victory: ‘WE WON!! Rana Plaza workers get compensation.’

This negotiated settlement succeeded with the RPCC members because for every constraint that violated their particular hopes for the compensation agreement, there were other aspects that they could strongly support. For example, repeated calls from the labour groups for the inclusion of a variable representing ‘pain and suffering’ were disregarded by the ILO chair as not part of the ILO Convention No. 121 standard. However, the same institutional constraints that ensured the Arrangement would be a ‘voluntary’ agreement allowed that receiving an award did not affect claimants’ rights to pursue legal redress in Bangladesh or international courts. The quest for pain and suffering payments was therefore not relinquished, but would have to be pursued through the legal system (cf. Hossain 2017), as captured in the remarks of a Bangladeshi labour representative in the RPCC:

4 I am grateful to Mahmudul Sumon for this point, based on research with Rana Plaza survivors.
We never abandoned our demand for pain and suffering payment. We dropped that fight [in the RPCC] in order to get payments to the workers.

ILO Convention No. 121 offered technical language and approaches that promised fairness and comprehensiveness that appealed to all the RPCC members. The technical is therefore not the translation of the political, but is part of its resolution. But, as we will see, the technical space created by the Rana Plaza Arrangement, in which just compensation is based on the objective standards of international labour rights, must be understood as an exclusionary space in which some kinds of rights are allowed in but not others.

A Political Economy of Labour Rights

If the ‘objective’ standards of ILO Convention No. 121 helped the members of the RPCC align their diverse interests into a single agreement, it perhaps should not be surprising. The fundamental principle contained within ILO Convention No. 121 is a limited one: that occupational death or injury deserves compensation. This principle embodies one of the most basic historical compromises between labour and capital, that ‘standard employees would be treated decently and protected, in return for accepting the employers’ “right to manage” and their “right” to make and retain profits’ (Standing 2008: 365). The Rana Plaza Arrangement acknowledges harm and replaces lost income after an industrial disaster. In most national-level workers’ compensation laws this right can be exercised regardless of responsibility; workers have no need to prove that the injury was the employer’s fault (Prentice 2018: 7). The Rana Plaza Arrangement was therefore constructed from principles of compensation that do not create accountability: ILO Convention No. 121 focuses on the minimum needs of workers, not on the culpability of employers.

Like all conventions, ILO Convention No. 121 was originally created to be ratified by member countries and adopted into their national labour laws, as part of a broad-scale social protection strategy (ILO 2014: 46-53). But the Rana Plaza Arrangement plucks ILO Convention No. 121 from its place among the Conventions to serve as a template for compensation after a major industrial incident. Because Convention No. 121 was never intended to be mobilised in such a selective way, doing so creates several predicaments. Leaving behind other rights that are supposed to accompany it—such as unemployment benefits, disability benefits, and old age pensions—awarding compensation only for lost wages and medical care can appear scant. I heard it sardonically referred to by one labour activist as ‘the right not to be out of pocket.’

The negotiated settlement that was reached by the RPCC was in many ways a fragile and temporary one. The technical language of the Rana Plaza formula, based as it was on ILO standards, became the basis on which the compensation could be presented as rights-based and therefore ‘just.’ This technical formulation concealed the contentious politics behind the formula’s making, but could not hide its inherent paradoxes. For example, consistent with ILO Convention No. 121, the Rana Plaza formula used ‘monthly earnings on the date of the accident’ (MEDA) as one of the variables for calculating compensation. In an industry where it is widely recognised that workers receive unjustly low wages, calculating compensation payments in line
with wages threatened to add insult to injury, upending any sense of justice suggested by the phrase ‘rights-based compensation.’ As one trade unionist put it:

That’s what ‘rights-based’ compensation is, calculated on an objective basis…but at the same time it’s problematic because you are building a model on an existing injustice—namely the low wages and high wage inequality that is prevailing within a factory—and making that the basis for compensation.

Labour groups in the RPCC advocated calculating compensation based on a living wage standard that would be three or more times what the Rana Plaza workers were paid. But the ILO actuaries insisted that doing so could set what they called a ‘negative precedent’ or a ‘bad precedent.’ The actuaries explained their stance to me that a compensation agreement should not become a ‘lottery ticket’ for the injured workers and bereaved families; the compensation should replace income as Convention No. 121 intended. If the Rana Plaza formula was designed to pay more than that, it would invalidate the labour standards that made the agreement fair and therefore just, and run the ‘moral hazard’ of harming the chances that the Bangladesh government and local employers would one day lend support for a national workers’ compensation policy by making such a scheme appear too expensive. The actuaries, as experts in technical standards, saw themselves as protectors of those standards. As one actuary said to me:

The point is that these are the international standards; you don’t need to do other things to it [to make it just].

If technicality is the basis on which a compensation agreement is just—as objective, universal and ‘rights-based’—then for the ILO actuaries, every step away from those standards threatens to attenuate its claim to being just compensation. For the actuaries, the standard is the right is just compensation. If the ILO has a duty to raise awareness of workers’ rights to compensation, ‘just’ compensation is compensation that does not set a bad precedent; it is compensation that strengthens institutions to international standards.

When—after months of garment worker mobilisations and protests—the Bangladesh government doubled the monthly sectoral minimum wage to BDT 5,300 (£50) in December 2013 (Siddiqi 2017: 61), the RPCC decided to use this higher wage in the Rana Plaza formula. This fix, which amounted to a posthumous pay rise for many claimants, was made to ensure that that the original injury of poverty wages would not be replicated in the compensation. This compromise was acceptable to the actuaries who had rejected the labour groups’ proposal to calculate MEDA as a ‘living wage’ because the wage increase was sector-wide and universal; using the new minimum wage as MEDA would provide the Rana Plaza families with larger sums of compensation without violating ILO standards or setting a bad precedent. With their (failed) efforts to win payments for pain and suffering or wage rates calculated at the ‘living wage,’ the labour groups had called for recognition of the everyday exploitation of labour in a discussion of compensation rights. As a socially-protective response to the harsh realities of a global market (cf. Polanyi 2014 [1944]), these groups attempted to use the Arrangement to correct what they perceive to be the inherent injustice of the pre-collapse conditions of Rana Plaza workers.
Once completed, the formula hides its politics: the messy negotiations that went into its making. It is for this reason that, as Andrea Ballestero (2015) and Jane Guyer (2006) advocate, ethnographic analysis of a formula looks into the histories and convergences, narratives, norms, standards, and assumptions that orchestrate its calculation grammar. From their divergent points of view, the makers of the Rana Plaza Arrangement succeed because they discovered within the 'rights-based' technical standards enough of what they each found appealing. ILO’s Convention No. 121 was used as an international labour standard, an ‘objective’ rubric for determining compensation payments. Its technical form evokes a solidity and timelessness that seems to place it outside of history, but calculative practices are always shaped by historical antecedents and institutional commitments. These calculative practices not only enacted a number of exclusions in seeking consistency with the ILO Convention No. 121 standards, such as the rejection of a variable representing ‘pain and suffering.’ They also imagined as their subject a universal worker imbued with labour rights. ILO Convention No. 121 was designed as a limited right for workers addressed as having all sorts of other rights—to unemployment payments, to disability benefits, and to old age pensions.

Plucking a rights-based standard to use its technical calculations in a post facto compensation agreement is an artificial use of a Convention. For ILO officials, as well as for the many labour groups who cheer the Rana Plaza Arrangement, the use of ILO Convention No. 121 was a forward-thinking approach that might lay the foundations of a permanent, national employment injury insurance system in Bangladesh. For other labour rights advocates external to these processes, this uncommon use of a Convention was troubling because the Rana Plaza Arrangement captured much of the public debate around ‘compensation’ while only ‘compensating’ to the narrow standards of workers’ compensation, separated as it is from the quest for accountability. These competing interpretations point to the unsettled position of labour rights in global supply chains. The purpose of supply chains is to seek out and tap labour markets that have been already ‘cheapened’ by preventing the exercise of labour rights like freedom of association and collective bargaining (Muhammad 2015). Cutting across national borders, supply chains are at odds with the historical conception of labour rights as a state’s responsibility within its own territory. Neoliberal governance has ‘solved’ the transnational predicament of labour rights regulation and enforcement with the ‘self-regulation’ of multinational companies. Although factory disasters like Rana Plaza have exposed the inadequacies of voluntary codes of conduct for preventing injury and loss of life (De Neve and Prentice 2017), state institutions that could regulate often do not exist, or are not up to the task. In other words, if neoliberal globalisation creates circumstances for workers that can be categorised as ‘exceptional’ (Ong 2006) because they upend the normal regulatory expectations on capital, labour, and the state, the labour standards of ILO Convention No. 121 nonetheless address those workers as if their circumstances were more ordinary.

Conclusion

Creating the Rana Plaza formula involved unmistakably political and power-laden discussions in the RPCC, and the interventions of actuaries and lawyers as the ILO’s ‘technical’ staff. The formula was a site in which the conflicting interests and motivations of diverse representatives became aligned and made simple, elegant, and
productive. In examining calculative practices and their effects, I have focused only selectively on various elements of the Rana Plaza formula; a more comprehensive account of the Rana Plaza Arrangement can be found elsewhere (Prentice 2018). The narrow focus of this article highlights the role of calculative practices in achieving a consensus for a 'rights-based' compensation for the Rana Plaza workers and families. Technical standards drawn from ILO Convention No. 121 were not only used as a 'universal' and ‘objective’ framework for the formula itself, these standards also provided the justification for calling the compensation ‘rights-based’ and therefore just. Rather than perceiving the Rana Plaza formula as the technical translation of the negotiated settlement made in the RPCC, I show how the technical standards themselves became the settlement’s means and form.

Responding to anthropological calls for a ‘composite’ (Guyer 2009) approach to price that analyses ‘the formula’ as a site where ethical and financial values combine (Ballestero 2015), I have analysed this ‘rights-based’ compensation agreement to expose some of the ethical principles, epistemological assumptions, social relations, and professional practices involved in its making. I have shown that the Arrangement was constructed as a technical space for recognising labour rights, but also that it is an exclusionary space that replicates the voluntarist understanding of labour rights that prevails in global supply chains today. In a context of deregulated neoliberal capitalism, creating 'just' compensation through the application ILO Convention No. 121 creates many contradictions because the Rana Plaza workers themselves do not conform the imagined universal worker for whom such rights were constructed. Unlike Ballestero’s emphasis on the two components of a formula for calculating a just price (financial and ethical), my ethnography lingers on the various contests in which multiple ethical values jostled for inclusion. I show how ethical values that did not gain entry into the formula do not go away but instead persist at the margins, threatening to undermine the claim that a just price for death and injury was met.

My findings resonate with Tania Murray Li’s (2007) discussion of the role of expertise in development: by carving out spaces of technicality in order to work on solvable problems, broader considerations of political economy or systemic failures are necessarily left out of contention. In the Rana Plaza Arrangement, this means leaving out of frame a global system in which developing countries are incentivised to maintain low costs and poor labour conditions to attract multinational apparel companies (Muhammad 2015). Neoliberal, deregulated conditions represent not merely the site of the Rana Plaza compensation agreement, but are also very much the environment of its making. The creators of the Rana Plaza formula may have wanted compensation to be just, but never suggested that this compensation represented the entirety of justice for Rana Plaza’s victims. As a labour activist in the CCC wrote in an email to me after one of our conversations: ‘the Arrangement would not be the end of the road in terms of the overall fight for justice.’ Workers raised civil lawsuits; criminal proceedings against Sohel Rana and many others are still underway. An ILO official involved in the Arrangement put it this way: ‘Compensation is always going to be rough justice, not proper justice.’

Bibliography


