

Forum: Human Rights Council

Issue: Combatting the exploitation of labor by international corporations in LEDCs

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Introduction

Globalization's exploitation stories have continued for decades, and it does not seem to be coming to an end. African children make GAP and H&M clothes sold at high prices while they are paid less than forty dollars a month. Children surrounded by warfare are commonly brainwashed by political powers into believing that becoming an unpaid child soldier is their one, true purpose in life.

Human trafficking, child soldiers, child labour, and domestic servitude are all common forms of labour exploitation. According to the International Labour Organization, 40.3 million people are victims of modern slavery globally, while 24.9 million people are affected by forced labour. Of these 40.3 million victims, 71 percent are women and girls. Additionally, Less Economically Developed Countries (LEDCs) make up the vast majority of this staggering number. Unfortunately, despite technological advances and improved living standards worldwide, the majority of the world remains affected by labor exploitations (specifically by international corporations) as a result from the enormous economic gap between the rich and the poor.

Often, international corporations such as Nike and the Coca-Cola company earn huge monopoly profits while their workers are paid with little minimum wage. Multinational firms are drawn to LEDCs with poor worker rights because the corporation will be able to employ workers at lower costs while producing more. In other words, compared to developed countries such as the United States, where there are strict employment policies and worker rights that needs to be followed, labour in LEDCs is generally a lot cheaper.

Definition of Key Terms

LEDC

An acronym that stands for "Less Economically Developed Country."

Exploitation of Labor

Resulting from severe power imbalances between workers and their respective managers, it is an unrighteous act of treating one's worker unfairly for one's own benefits and purposes. Taking advantage of

someone's urgent need to find a profession and not paying or paying them very little for their work to prosper is an example of labour exploitation.

International Corporations

A corporation is an organization, company, or group of people or companies that act as a single entity. Thus, international corporations, also commonly known as multinational or transnational corporations, are corporations that provides service or sales in one or more foreign countries.

Child Soldier

Soldiers under the age of 18 recruited by government forces and opposition forces and trained to be fighters, cooks, suicide bombers, etc.

Background

Causes of Labour Exploitation from International Corporations

Labour exploitation from international corporations is a result of numerous factors, with poor worker rights, intense competition and the economic gap between the rich and the poor being the three main causes. Additionally, the potential market size, labor quality, and the legal environment of LEDCs are also factors that international corporations take into consideration when selecting a location for foreign direct investment (FDI). Since LEDCs have concerningly low unemployment rates and don't require high payments, LEDCs appeal to foreign investors of international corporations. However, workers in LEDCs seldom receives the same treatment workers do in the corporation's host country.

Poor Worker Rights in LEDCs

Unlike developed countries, LEDCs have loose regulations and enforcement on fundamental worker rights. Thus, corporations tend to take advantage of this by paying their workers with minimum wage and providing them with horrible, sweat-shop like working conditions. Put simply, LEDCs are great locations for the expansion of an international corporation because it is easier to abuse worker rights in LEDCs and get away with it. For example, the Phillips-Van Huesen corporation, an American clothing brand that owns popular brands such as Calvin Klein and Tommy Hilfiger, was heavily criticized for closing a factory in Guatemala because the workers attempted to form a union to receive basic worker rights. The corporation closed the factory in order to destroy the rebelling union. Afterward, it continued to profit from lower wages by other sweatshop contractors in Guatemala.

Competition Between Corporations

A cycle of competition drives successful international corporations such as Nike and the Coca-Cola Company to surpass each other by maximizing profits. In order to maximize profits, corporations

frequently utilize extreme and inhumane measures. For example, Nike uses “cheap labour in South East Asia, where they can get away from the tighter enforcement and regulations of USA and Europe” (Shah). Moreover, some corporations have even been exposed for using child labor. Generally, more factories mean more production. Hence, corporations try to expand their economy by building more factories elsewhere to obtain cheaper labour. However, the long links of a supply chain are dotted with numerous contractors and subcontractors, where oversights fail and the chances for abuse increases.

Economic gap Between More Economically Developed Countries (MEDCs) and LEDCs

Without doubt, developed countries such as the United States are clearly much more economically advanced than LEDCs. Thus, paying foreign workers allocated in LEDCs less than what they would've received in the corporation's host country (a developed country) would not seem unfair for foreign workers. In fact, international corporations often pay wages that exceed the going rates of their foreign locations. For example, in a careful study conducted by economist Paul Glewwe, Glewwe discovers that the economic gap between developed countries and LEDCs is the unlying cause of international minimum wage and labour exploitation. The study uses Vietnamese household data and organizes them into the following categories: incomes of workers employed in international corporations, joint ventures, and local Vietnamese corporations. Surprisingly, the study showed that workers of international corporations generally make twice the salary of a worker employed at a local Vietnamese corporation. However, the wages received by the Vietnamese workers are also only a fraction of wages paid in the U.S. and other developed countries. An interesting point to consider is how Vietnam is so poor that perhaps it is better for a civilian to obtain such payment than engage in other more intensified labours.

Child Soldiers

Warfare still taunts the current world, with most of them situated in LEDCs as a result of their impoverished states and political instabilities. More than 120 million children living in LEDCs affected by conflict. Many of them face displacement, hunger, and exploitation by armed forces. Many are captured at young ages and brainwashed and molded by their recruiter to fit in their appointed militaristic use. Terrorist groups such as ISIL expands their corporation by trafficking and reaching out to children in foreign countries to become suicide bombers and fighters for their terrorist acts. In general, trafficked children are not only unpaid for their performances, they are also commonly maltreated by their elders. However, child soldiers are educated at a young age so that they are oblivious to the actualities of their situation.

Major Parties Involved

Nike

Production of Nike is being handled by the subcontractors. Subcontract factories are placed over 45 countries and the number of them is over 700. More than half of the labors working at Nike subcontracted plants

work more than 60 hours a week, while more than 10 percent of the factories punished the workers who refused to work (HERI). More than a quarter of subcontracted plants in Southwest Asia have been subjected to "physical and verbal abuse," such as preventing them from going to the bathroom or drinking water while working. The wage paid to the child labors is exorbitant: 1.6 dollar was paid to Vietnamese girls for eight hours of work.

Fast Fashion Industry: GAP, H&M

Pressure to meet fast fashion deadlines is leading to women workers --working in subcontract factories supplying Gap and H&M-- being sexually and physically abused. More than 540 workers at factories that supply the two retailers have described incidents of threats and abuse. Workers in H&M supplier factory were beaten as punishment for not meeting production quotas.

Nestlé

Nestlé has been using cocoa harvested and produced by child labor. More than 1800 children in the western part of Africa suffer from the work every day separated from their family (Newsdesk). They are exposed to the chemical herbicide and forced to work at risk with no protection. Nestlé has been aware **of the case but refused to react on it until it has been highlighted by several research and reports on 2001 ("Child Labour")**.

Indonesia

Palm oil is a major resource in Indonesia – more than 6 million of the palm oil farms are owned by MNCs or only managed to export ("Palm Oli"). A lot of MNCs produce various products (e.g. margarine, shampoo, lipstick) from palm oil here. The problem is that workers at palm oil farms often suffer from serious human right violations. The Corporate Human Rights Network, created in 2016 by several non-profit institutions, including Appeal of the Public Interest Center and the International Solidarity for Democracy, visited many countries including Indonesia to survey the working environment there. As a result, they pointed out widespread human right violations: child labor, lack of safety equipment, low wages, use of banned chemical products, infringement of the indigenous people's right of residence.

Democratic Republic of Congo

Democratic Republic of Congo is blessed with enormous natural wealth, including vast deposits of precious minerals such as diamonds, gold, and tantalum. However, from 1999 to 2002, the Kabila regime "transferred ownership of at least \$5 billion of assets from the state-mining sector to private companies under its

control... with no compensation or benefit for the State treasury." The multinational companies hold enormous economic and political power in post-independence African countries.

Events

Dhaka garment factory collapse: 24 April 2013

Rana Plaza was a building placed in the Dhaka, capital of Bangladesh. The eight-story building, which had an unauthorized construction of the four-story shopping mall, housed production plants of MNCs such as Zara and Mango. To prior the day, a crack was found on the wall of the building, but the owner and manager forced the female workers to go to work. The building was poorly managed and there was only one narrow path to get out of the building. Therefore, there was hardly any possibility of escape or to react. The factory collapse ended up with a death toll of 1136. This tragic event urged more than 200 MNCs to constitute Bangladesh Fire and Building Safety Convention with local labors union. 85% of 2022 factories improved and took charge of safety issues based on the safety standards of the convention. However, the subcontractor factories voice the difficulties to satisfy the standard and say that the convention ignores the cost of safety.

Legislation/attempts

- Basic Conditions of Employment Act (BCEA) makes it a criminal offence to employ a child under 15 years of age or under the minimum school-leaving age. Children aged 15 to 18 may not be employed to do work inappropriate for their age or work that places them at risk. This also builds the foundation to regulate hours of work and the wage paid to the labours. BCEA has been emplaced in 1997 for the right to fair labour practices.
- Many international corporations have been strongly publicly criticized for their use of sweat shop-like working conditions in its factories in LEDCs. For example, in May 1998, "a panel of experts on international law condemned the violation of worker rights in the garments and sportswear industries such as Nike and Adidas" (Shah). Although this act promoted better working conditions for factories in LEDCs, it did not do much in increasing wages.
- The issues have been addressed several times through World Congress of Education International (WCEI) and UN throughout the years (e.g. 14 October 1996 A/51/492, The 6th WCEI meeting in Cape Town, South Africa). The resolutions called upon Governments to "take legislative, administrative, social and educational measures to ensure the protection of children from economic exploitation." The resolutions mention the standards of minimum age, which "should be no less than the age for completing compulsory schooling and in no event less than the age of 15."

- The idea of a "global minimum wage" based on a proportion of the median wage or average income of each country and that of a "living wage" were mentioned as soon as the International Labour Organization (ILO) was created. But since then, these drafts have considered to be inapplicable on a global scale.

Possible Solutions

- As been previously mentioned, chances for abuse are increased in LEDCs because of looser regulations and enforcements of basic worker rights. Additionally, chain suppliers in impoverished nations rarely gets checked for its working conditions and worker wage. Therefore, it is apparent that there needs to be more monitoring and stabilized security for workers in LEDC factories controlled by international corporations. Specifically, authorities from member states could hold periodic investigations and checkups into each stage of factories production lines. Periodic investigations will not only ensure the improvement of working conditions, but it will also ensure the that the working conditions will not worsen from its current state.
- The huge economic gap between developed countries and LEDCs is a cause of a low international minimum wage. International corporations employ foreign workers in LEDCs thinking that they naturally don't need much to survive and that they should be grateful for their job since unemployment rates are often high. However, employed workers often don't have much to argue since there are no particular rules specifying an appropriate international wage. Thus, it would be both helpful and effective if member states specified their basic payment requirements when local civilians are employed by a foreign corporation. This way, enforcements and regulations would become stricter. This will set off a good foundation for a healthy workspace in which all workers can benefit from. This solution could be backed up with the periodic investigations mentioned in the first solution to ensure that the renewed regulations are being followed by international corporations.
- Normally, workers allow their basic rights to be abused in their workspace because they are oblivious to what their basic rights are. Most LEDCs are extremely lacking in their educational institutions, and most employed workers are never taught about human rights and less, worker rights. Likewise, child soldiers are also brainwashed to become oblivious about the actualities of their reality. Thus, one way of helping workers realize that they deserve basic worker rights and should form unions to protect it is by raising public awareness through all kinds of media (such as posters, podcasts, etc.) By promoting the worker's awareness of their basic rights and how it might be abused by the employer, they'll more likely be able to stand up for themselves. Unfortunately, this solution comes with its own consequences as well. A range of things may happen if a worker stands up for themselves. Firstly, the factory may close down. Secondly, the rebels may experience even worse treatment.

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