

Crouching Standards, Hidden Morals: A Choreographed National Rebuttal of Cosmopolitan Designs

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Abstract

This case describes a sequence of events which started from allegations by non-government organizations of violations in the production unit of a global brand, and moved to (acrimonious) denials by the supplier and multinational buyers, failed negotiations, court cases, and judgments that crossed national boundaries. In the end, these events drew politicians and diplomats unwillingly into its vortex. The study shows how corporate actors, working from within a particular national space, can mobilize financial and emotional resources to align regulatory apparatuses of the state in their defence. The case also shows how global actors can be left in a no man's land if they remain unaware of alliances being forged within national boundaries under a convenient smokescreen created by the confusion of roles and responsibilities to which they themselves may have contributed.

Keywords

Globalization, production networks, business ethics, human rights, nationalism, regulation.

Page 1 of 25

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Introduction

A labourer employed at a textile exporter's plant in India tore off a label from one of the pieces he was working on. He was following the advice of the local labour activist to whom he had earlier complained that he and other labourers were being abused at the factory. The complaints included beatings, verbal abuse, and inhumane working conditions. Following the tactics used by labour rights activists in the past, Indian activists realized the importance of identifying the Western brand for which the products were being manufactured. It was then quickly discovered that the brand being supplied by the manufacturer was a Dutch company. Given that Indian activists were part of a global network of labour rights activists, the conflict effortlessly shifted to the Netherlands and transformed itself into a global campaign through this network of international rights activists.

Finding a resolution, however, took longer than expected and was different from what the activists had anticipated. The global campaign that started was cut short abruptly as the company received unexpected and concerted protection from a range of national actors. Entry of these actors in the supplier's defence confused activists who were used to formulating their arguments in global terms and dealing predominantly with multinationals which had learned to acquiesce to their demands (Spar and La Mure, 2003). The ethnography that follows describes the processes through which state power manifests and reorients itself in more powerful ways – a significant trend in the case of emerging nations run by resource-rich states (India, China, Brazil, Ecuador, etc.) which are increasingly able to assert their own agenda on multinational actors. Efforts by NGO organizations and multinationals, whose actions are regulated by cosmopolitan principles, particularly when their criticisms from global standpoints are perceived as threats to sovereignty, can easily find their arguments nullified by the concerted activation of antithetical repertoires based on rooted nationalism.

Relevance of State

There is a long-held misconception in business and society that the state has vanished, or is vanishing, and that multinationals are set to take over its obligations in developing countries. The shrinking of the state, or its perceived inability to deliver basic services, is expected to 'shift some of the responsibility for protecting citizenship rights away from the government' (Matten and Crane, 2005: 171). Concepts such as corporate citizenship and political CSR, which conceptualize a political role of multinationals in this new moral terrain, are built on this premise of a weak state (Scherer and Palazzo, 2011; Scherer et al, 2009; Hsieh, 2009; Matten and Crane, 2005).

In this respect, it is quite surprising that business scholars cling to, and expand on, theories based on a premise which sociologists and political economists dealing with globalization have already dismissed as a myth. Rather, the evidence overwhelmingly points to a reoriented, but still

powerful, state (Cerny, 2009; Hay, 2005; Djelic and Quack, 2003; Hirst, 1997; Dicken, 1994). As Stopford and Strange (1991: 233) have noted:

However great the global reach of their operations, the national firm does, psychologically and sociologically, 'belong' to its home base. In the last resort, its directors will always heed the wishes and commands of the government which has issued their passports and those of their families.

Nothing much has changed, at least in this regard, in spite of globalization. Does it mean, then, that the nation-state has remained intact under globalization?

Scholars working at the interface of geography, economic sociology (in particular on the governance of cities), and law have observed a curious paradox in globalization which illuminates a nuanced view of the embedding of the global in the national (Sassen, 2000; Brenner, 2000; Harvey, 1989). Take, for example, the case of attempts by governments to attract mobile capital into their countries: this is often considered to be an instance of hapless national governments acquiescing to the needs of globally mobile capital. It is partially true that governments compete as they make flashy attempts to attract the mobile global flow of investments 'dominated overwhelmingly by entrepreneurial competition-oriented projects to enhance territorially specific competitive advantages' (Brenner, 2000). On the other hand, the fixity of territorial control 'brings to the fore the reality that many of the resources necessary for global economic activities are not hypermobile and are, indeed, deeply embedded in place, notably places such as global cities and export processing zones' (Sassen, 2000: 79). These include relatively fixed infrastructures such as harbours and airports essential for facilitating the smooth global flow of products, resources and people which are funded by tax-payers' money. The same paradox applies to the rooted nature of organs of the state such as courts, legislatures, and security apparatuses necessary for securing human rights and the significant influences wielded by territory, citizenship status, and legal protections stipulated in national constitutions (Russell, 2005; Sassen, 2003). For example, embassies, police stations, courts, environment protection agencies, and so on, wield considerable influence on the lives of all citizens (including wealthy businessmen, the poor, and the environment) and cannot be replaced by other institutions (Manning et al, 2011; Karnani, 2009).

Rather than being weakened, therefore, the state can be seen in many cases as reinvigorated, precisely because of its exclusive control over the means by which profits can be extracted from some locations and channelled towards globally distributed centres. This rootedness inevitably involves struggles for control among different interest groups and therefore transformations wrought by globalization 'should be regarded as a *spatially grounded* social process in which a wide range of different actors with quite different objectives and agendas interact through a *particular configuration* of interlocking spatial practices (Harvey, 1989: 5, emphases added). Those

who do control these channels, therefore, have the power to facilitate or restrict the flow of cosmopolitan ideas and values, like human rights, into their territory.¹ In inequitable contexts germane to developing countries, political manoeuvres to influence these institutions are vicious and unforgiving, since the needs of private capital and the state are usually not conducive to the well-being of the poor (cf. Randeria, 2003). Ensuring the security and well-being of the weak and voiceless alongside the quest for economic growth and profits, therefore, requires an analysis of who is controlling these national institutions and for whose benefit decisions are being made.

Globalized and distributed production has been studied by three strands of scholarship – global production networks (GPN), global commodity chains (GCC), and global value chains (GVCs) – each of which has engaged more fully than business and society scholars with the politics of production. Of these three, proponents of the GPN and GCC frameworks show a comparatively higher recognition of the significance of territorial space, and hence the role of the state, in spite of the global spread of production networks (Levy, 2008; Coe et al, 2008; Bair, 2005; Dicken, 2003; Henderson et al, 2002). They have noted the need to ‘resolve the basic tension between globalizing pressures on the one hand and localizing pressures on the other’ (Dicken, 2003: 235). Similarly, Bair (2010) observes how geo-political dynamics mediates gender and transnational production networks. This early stress on a territorial or embedded notion of production systems has encouraged GPN analyses to ‘incorporate all kinds of network configuration’, and ‘encompass all relevant sets of actors and relationships’ rather than to focus predominantly on those actors that add economic value to the products being manufactured (Coe et al. 2008: 272). Due to this pre-existing attention to politics and territory, Levy (2008: 947), for instance, is able to recast GPNs as the site of power struggles among ‘multiple actors in contested issue arenas’.

Although acknowledged in varying degrees, the attention to national actors even within the GPN/GCC frameworks continues to be insufficient, ‘making the globalization process seem less messy, contentious, or violent than it really is’ (Glassman, 2011: 154). Glassman (ibid., p. 158) notes that, barring a few exceptions, even GPN analyses have not focused on the ‘choreography of negotiations between the states and firms’. Similarly, Selwyn (2012) has underlined the need for the GCC approach engage more with theories of labour and capitalism. The ethnography that follows underlines these concerns by charting the increasing relevance of the state and the unique strategies firms in emerging markets employ to organize state support in their favour and thwart global activism.

¹ For instance, unless national laws that regulate mining are transformed to meet global standards, the displacement of communities, and extent of damage to the environment, may be severely compromised.

Methodology

The case that follows here connected various sites in the Netherlands and in India and can be described as ‘multilocal’ (Hannerz, 2003). I have used some features of the extended case method to present the case (Burawoy, 1998; Glaeser, 2005). An ontological corollary to the approach is the assumption of social life as processes created by a fixed set of people who are involved in a sequence of events for a substantial period of time (Mitchell, 1983). A context is constituted by an unsystematic and historically contingent ‘incredibly dense thicket of partially independent and partially interacting social processes’ (Glaeser, 2005: 16), all of which cannot be mapped and reasoned out. Further, we know that ‘culture is contested, temporal, and emergent’ and ‘representations and explanation by both insiders and outsiders – is implicated in this emergence’ (Clifford and Marcus, 1986: 19). The description and accompanying analysis offered here are therefore intertwined (Katz, 2002), and they are expected to generate allegorical images with different readers identifying themselves with one among the many ‘registers’ inherent in the description (Clifford, 1986).

The research was initiated at a time when, increasingly, India was being recast as an ‘emergent superpower’, and most developed countries were scrambling for attention within the various sections of Indian society – politics, industry, the arts, and so on. The Netherlands was no different in this respect; India was one of the target countries for trade expansion under the Dutch Trade Board, set up by the Ministry of Economic Affairs in 2006. National and regional bodies (such as those representing big cities and lesser-known regions in Europe) frequently organize delegations and make presentations to the Indian public and private sectors on the desirability of their city or region as a destination for Indian companies. I happened to be part of one such regional organization and was a member of three business delegations from the Netherlands to India (2005-2009). I also participated in regularly organized events (in the Netherlands and in India) for the purpose of enhancing trade between the two countries. This ethnographic location, together with the actors being studied, at the interstices where global and national spheres collide, provided me with an unusual position and view of some of the events that constitute this case study. Participant observation, though limited, forms part of the data collection and analysis.

The original actors in the case are Indian and Dutch labour activists, a Dutch fashion brand, and its Indian supplier. The string of events was activated when the activists – the Clean Clothes Campaign and India Committee of the Netherlands (ICN), and two NGOs based in India, CIVIDEP and GATWU – targeted a Dutch fashion brand (G-Star) on account of the denial of labour rights in the factories of its Indian supplier (Fibers and Fabrics India). In its later stages, the conflict pulled in various national organizations like the courts in India, embassies, and various ministries in India and the Netherlands, as well as global institutions like the National

Contact Point (NCP) of the Organization of Economic Development (OECD), the European Parliament, and a host of other global civil society actors.

I received a sequential and detailed description of the events from G-Star, FFI, and ICN; probably the legal nature of the case prompted actors to make meticulous timelines of the key events. These documents formed the skeleton of the description that follows. The sequential description was fleshed out with semi-formal conversations; I have spoken to 25 respondents connected to the case of which eleven individuals allowed the conversations to be recorded. Trends in public opinion were observed through newspaper clippings, websites and blogs (most of which are still available on the websites of the activists), and other information collected from the local court and institutions in India.

One of the key problems that I faced at the start of the data collection was the political nature of the conflict and the difficult resolution that had left all sections tired, bruised, and unwilling to open up. The legal nature of the conflict also meant that most actors remained steadfast to the publicly stated/expected position. Further, as I was reaching out, a resolution had been reached which involved an explicit agreement that none of the parties would make statements outside official channels. For this reason, conversations were kept informal and served only to confirm publicly stated positions, and to iron out the discrepancies in the sequence of events, if any. Some emotionally charged quotes that did escape were captured and used.

Nationals and cosmopolitans

The Backdrop: Glory of 'emerging India'

From the beginning of the 2000s, India joined China in being heralded by observers, politicians and industry leaders of all shades and persuasions as a rapidly emerging country. Although a poor country by any measurement, the rate at which the Indian economy was growing became an irresistible lure for global businesses convinced by the hopes of quicker returns impossible in mature economies. This is a pronounced transformation in the nature of the relationship between the two regions: in the early 1960s, for example, the shortfall in India's milk production was filled by aid from the Dutch dairy industry. Nowadays, though the poverty and deprivation continues, Indian politicians and industry leaders revel in the attention they command from global leaders, including the Dutch.

The financial service sector represents a major share of the Dutch economy, and the IT infrastructure that forms the basis of that sector is largely supported by the largest of Indian IT companies like TATA, Infosys, and Wipro, through their outsourcing operations. The Netherlands does not have a large manufacturing sector, and official policies focus on high-tech support in new fields such as biotechnology, aerospace, horticulture, and so on, where the Dutch believe they have an advantage. The nature of Indian manpower, it is argued, is better suited to cater to such industries which do

not require mass manufacturing (in which China is considered to hold an unassailable position, owing to its substantially better developed infrastructure). Further, importance attached in advanced democracies like the Netherlands to the issues of freedom and democracy has resulted in India's global image being cast in a much more favourable light, politically, than it is in China. As one of the businessmen in a delegation that I took part in said: 'it is nice to be in India. I can get to read European newspapers on the Internet, and see CNN. Last month I was in China for two weeks. I had no idea what was happening back home. The newsreader's lips in China do not sync because they purposely delay the voice to censor any unfavourable recording'.

Speeches in these delegations are strewn with phrases indicative of national pride – 'emerging superpower', 'the 21st century belongs to India', 'highly skilled and trained manpower' – as well as thinly veiled jibes at China in comments about India's 'vibrant democracy'. It is also common to hear speakers extolling India's "*soft power*" (yoga, spirituality, democracy, Bollywood) which the Indian state actively promotes through its embassies around the world. Trade and business relationships between Dutch and Indian companies, manifested in outsourcing and supply chain relationships and a shared celebration of democracy, has thus become the primary form of engagement between the two countries. However, this high-tech and self-indulgent revelry was cut short, if but temporarily, by an event that reminded everyone engaged in trade promotion between India and the Netherlands of the perennial problems of poverty and inequity in Indian society.

The case to follow was triggered in the year 2005 when the larger textile producers in Asia and major fashion brands of the world were excited by the lapse of the Multi-Fibre Agreement (MFA). The MFA had, for decades, distributed import quotas among producing countries in order to create an equitable access to lucrative markets in Europe and North America. China and India were some of the major quota-constrained countries (more production capacity than what was then being exported through the quota system) and were expected to benefit by a boost in exports (Bair, 2008; Abernathy, et al, 2006). Though not as glamorous as the IT industry, the textile industry has huge significance for developing country governments such as India, as it not only brings in foreign exchange but also employs a large number of the poorest and least skilled people in the population. For a related reason, such industries also receive most attention when it comes to social responsibility, and universal codes and standards, as workers who are desperate for work are also susceptible to exploitation. Ever since the early 90s, when the early revelations of the conditions in Nike's suppliers in Asia received global attention, the standard practice of activist organizations involved in improving labour conditions in producing nations has been to make explicit the relationship between end consumers, brands, and suppliers (see Spar and La Mure, 2003).

At another level, developed country governments are under constant pressure from trade unions and protectionist vote-banks as they respond to the increasing insecurity of its workers as jobs are moved to cheaper locations in Asia. Politicians of rich countries (particularly the United States) argue for the inclusion of labour standards as a quality criterion in global trade; in other words, for inclusion of the 'social clause' in the World Trade Organization (WTO) (Chan, 2003). As one would expect, developing nations, in which production occurs, and in spite of the competition among them, often gang up at international fora, where they are constantly at loggerheads with developed countries, and often beat down the latter's demand for better working conditions by making use of such generally disliked terms in free-market circles as the 'non-tariff trade barrier' (ibid.).

Observers have noted two other reasons for the firm stands that the Indian government assumes in global politics. Firstly, the history of import substitution policy had ingrained in Indian politicians and local institutions a mind-set that develops and protects local companies from global competition, or promotes them as global players (Tewari, 2006). Secondly, the near total indoctrination of political parties of all shades and hues in India², in favour of free trade and liberalization, and the firming up of linkages between politicians and business groups, are well documented. Since the 1970s, national governments and industrial elites have resisted demands for securing basic needs (of which the demand for labour rights is one), by maligning them as part of a Western strategy designed to maintain their traditional privileges gained unjustly through colonialism and inimical to economic growth in developing countries (Galtung, 2004, 1979). As noted also by Hensman (2000), 'anti-imperialist' arguments usually work as a cover for 'pro-domestic business' policies.

The Trigger

In mid-2005, workers of FFI had approached Indian activists with complaints that they were being abused by the factory supervisor, with implicit support from his management. The complaints included reports of beatings and verbal abuse. Following protocol, the activists realized the importance of identifying the brand for which the products were being manufactured. They therefore asked the workers to tear off a label from one of the clothes in the unit in which he was working. The moment it was discovered that the brand being supplied by the manufacturer was G-Star, a Dutch company, the issue spread like wildfire to the Netherlands.

In many respects, the Netherlands is unique in the sense that it has a high concentration of global activist groups and comparatively sophisticated political and public awareness of issues related to human rights violations.

² The political outfits on the left of the spectrum are probably exceptions, given their ideological opposition to economic globalization and the resulting casualization of workers.

The fact that it also provides the location for the International Court of Justice (ICJ) probably contributes to the high sensitivity of the general public. The Dutch activist groups at the forefront of this case were the Clean Clothes Campaign (CCC), headquartered in the Netherlands, and the India Committee of the Netherlands (ICN), run by a smaller group of activists interested in conditions of children in hazardous labour conditions and the former untouchables (*dalits*) in India. Both Indian and Dutch activists formed part of global human rights networks and have shared similar international fora in the past. This helped create a common front when fashioning a strategy to tackle this new issue.

Over the following few months, the Dutch activists collaborated with the local activists in India, who had started conducting further interviews with the workers. Once they were convinced that they had collected sufficient information from India, they requested a meeting with G-Star headquarters in Amsterdam. G-Star did not respond – at least, not soon enough for the activists. Around the same time, an article appeared in a Dutch newspaper *Trouw*, referring to the violations at one of G-Star’s suppliers. Immediately afterwards G-Star requested a meeting at its head-office. The spokesperson insisted to me that the appearance of the company’s name in the press had nothing to do with its change of stance towards the activists; those concerned were already preparing for the requested meeting and were not in any way pressurized by the media attention. The activists think that the latter may have contributed to their allegations being taken seriously. The Dutch media entered the debate in more significant ways, as we will see later, when some press articles and statements meant for local consumption became evidence against the activists in the legal battles to follow.

In any case, this first meeting between the Dutch activists and G-Star took place in early December 2005. Both parties recall the general mistrust that pervaded the atmosphere. G-Star’s spokesperson insists that they approached the activists under the impression that ‘these were people who could help us’ and presented the company’s social policies to the visiting activists. (The buyer did not have an official CSR policy; CSR matters were handled by the legal department, and the key contact person was a lawyer by training). The activists, however, felt that the management did not have an open attitude; their appraisal of the company’s attitude was ‘who are you to teach us how to run our business?’ The article that had appeared in the press was also discussed: the activists were adamant that the allegations were true, and G-Star equally adamant that they were not. Activists further demanded that G-Star should join the Fairwear Foundation, a ‘multi-stakeholder initiative’ (MSI) with which the activists were closely associated (MSIs were a fad during these years, with every industry feeling incomplete without one). G-Star was not uninterested, but did not want to be forced into anything (‘we told them not to push us’) because according to them, the accusations were false in the first place.

Although G-Star doubted the veracity of the allegations, it informed the owners of the factory (FFI) in India about them and requested that they be looked into. FFI is one of the largest companies in India, supplying to major retailers like Tommy Hilfiger, Ann Taylor, GAP and MEXX. Most of these brands have their own internal social audits of suppliers to ensure that there are no violations of internationally accepted standards. Considering the history of activist campaigns against large clothing/sports goods manufacturers over the past few decades, it might be assumed that the factory was selected only after meeting all the expected standards. Nevertheless, G-Star also asked the supplier to begin the certification of its processes according to Social Accountability 8000 (SA 8000), one of the most widely used social auditing mechanisms. The information that these steps were taken was conveyed by G-Star to the activists in the Netherlands.

However, these actions by G-Star and FFI did not satisfy the Dutch activists. Their main demand was that FFI should enter into a dialogue with the local activists who had first discovered the violations. Audits, they ridiculed in their publications, were just an insufficient 'quick fix'. Allowing the local activists open access to the factory and involvement in decision making, they believed, was a more effective way to address the alleged labour violations and to prevent future violations.

Indian activists, too, had approached FFI asking for a meeting to address the issue, but were rebuffed. FFI's position was that the allegations were false, and that they had internal measures to ensure that labour violations would not arise. More importantly, they found no need to engage because they were not trade unions in the conventional sense (i.e. with a membership that included its workers and officially registered). FFI and its supporters never failed to emphasize that under Indian law, the activists' claim to be the voice of workers were illegitimate. As the factory spokesperson suggested, 'if we had agreed to listen to these people, any passer-by in future can expect us to listen to his or her opinion on how to run the company.' The statements released by the Dutch activists on their websites and to the press constantly referred to the Indian activists, rather loosely, as 'trade unions', a sloppiness that would work against their favour in the later stages of the dispute.

Both local and Dutch activists also missed an opportunity to partner with rooted organizations which might share the ideological visions of the activists. However, to be fair, they may not have made much headway. In spite of the substantial overlap between the stated aims of global activism and trade unions, even the Centre for Indian Trade Unions (CITU), the trade union representing the Communist Party of India (Marxists), seemed suspicious of the intentions of the global activists. The head of the Karnataka chapter asked me about foreign NGOs in general: 'what stake do they have in the growth of Indian industry?'

However, realizing their lack of institutional standing, around March 2006, the Indian activists quickly made a move and registered themselves as

a trade union called GATWU. This change of status failed to impress the factory, since the person in charge of the newly formed union was closely associated with the activist leader of CIVIDEP, who in turn has had a long-standing reputation in Bangalore for highlighting workers' interests (see Choudhury, 2005). The new trade union was seen merely as an extension of CIVIDEP and hence as continuing along the antagonistic path followed by CIVIDEP.³ Even if this historical association with CIVIDEP was not the case, FFI would still have felt no *legal* compulsion to recognize GATWU unless workers in its factory officially became members.

Rather, the conflict was only becoming more confrontational, as the factory owners recognized the role of the Indian activists in the ratcheting up of international pressure by the Dutch activists on G-Star and its other important buyers. Throughout this early period, Indian activists were busy conducting further interviews with workers in the factory. The results were consolidated into an 'independent fact-finding report' and made available on the websites of the Dutch activists by spring 2006. The report claimed that the investigation exposed 'serious physical abuse and psychological intimidation'. FFI refuted the independence of the study, since the NGOs conducting the interviews were paid by the activists at the centre of the allegation. The lack of the report's independence, however, does not necessarily mean that the allegations were false. However, since the Dutch activists repeatedly drew on its independence as an indication of the veracity of their claims, this objection from the factory received a lot of support from powerful actors who were beginning to enter the arena. While the reports received much attention and credibility in the circles that the activists could influence, within the institutions that the factory was located, they were seen as just another effort by international organizations to tarnish the company's and the country's global image.

Intensity in the Netherlands was also building steadily and crossed the tipping point when Dutch activists called for a boycott of G-Star products in Europe. G-Star was now struggling to divert the increasing attention and damage inflicted by the campaign on its image. Another meeting took place in Amsterdam in June 2006, in which both the representative of FFI and the activists participated. In what seems like a step taken under pressure, FFI finally agreed to meet with the newly formed trade union to discuss working together in future. The parties also agreed that an independent person connected to the justice system should be asked to interview the workers in the presence of local activists. To reassure workers that there would be no resulting repercussions, it was agreed that the meeting would take place outside the factory premises, and that the people involved would remain anonymous.

However, any hopes G-Star had for a solution were short-lived. While a meeting between the FFI and Indian activists took place in the first week of

³ For the rest of this case study, I will continue to refer to CIVIDEP/GATWU as 'Indian activists'.

July 2006, when G-Star's representative met up with the Dutch activists to discuss the breakthrough in India, they realized that the minutes drafted by the two parties were not consistent.⁴ Nevertheless, G-Star tried to convince the activists that it was taking all necessary measures, and requested that allegations from activist websites be removed and the boycott called off. The activists, however, were in no mood for conciliatory gestures unless the newly formed trade union were given sufficient legitimacy by the factory. They consequently went ahead with more of their publicity campaigns. From this point on, the focus on violence at FFI was supplemented by a denial of workers' rights to form a trade union under the leadership of GATWU. Indeed, the recognition of a newly formed union by FFI would in future become the key demand of the activists; ascertaining whether the violations actually took place was no longer centre-stage. FFI continued to insist that it was not breaking any Indian law by maintaining the status quo. As we will see later, the tendency of Dutch activists to ignore the credence of the Indian legal system was to work against them in future.

As noted earlier, FFI was one of India's largest textile exporters and consequently enjoyed considerable political clout and protection locally. Realizing by now that that it had limited control over the international dialogue, the factory began to flex its muscles. FFI started with institutions where its cause would receive a better reception – the political community, public bureaucracy, and the justice system. These national institutions rose to the factory's defence with an appreciable readiness, and their combined onslaught was totally unexpected on the part of the activists. Like most global activists placed in cosmopolitan spheres, they were less prepared for, or able to garner sufficient support from, national institutions (even within a liberal polity like the Netherlands).

Choreography of national pride and xenophobia.

The first rude awakening that things were beginning to go terribly against the script written by the Dutch activists came in July 2006 when FFI filed a lawsuit against the Indian activists, accusing them of defamation by supplying false information to global activists. According to G-Star, the decision to resort to legal means was an independent decision which it clearly did not support. Rather, G-Star was trying to defuse the situation since it had more to lose from any escalation. From its perspective, FFI's legal move was unwelcome. However, G-Star's spokesperson told me in a measured tone that 'they have their independence to take any step that they think is good for their company', and that they also had 'the right to take any legal steps' they wished. Meanwhile, FFI's spokesperson told me that they *had* tried to find an amicable solution, but was repeatedly rebuffed by the

⁴ Given that I was not able to access either set of minutes, it is difficult to ascertain both what had transpired during the meetings, and what the inconsistencies were.

intransigence of the activists. It was only after being, 'pushed to the wall', that the company took the legal route.

Stupefied by and indignant at the factory's legal move, the Dutch activists began to make the first of a series of tactical mistakes, mostly due to their underestimation of the importance placed by a national government on its country's global image. The decision of the supplier to file a legal complaint, and the subsequent court order, fit neatly into the narrative the activists were creating in Europe. This development was proof of their view that 'trade unions' in India were in a sorry plight. In subsequent press releases, they questioned the legitimacy of the court ruling; the restraining order was cleverly dubbed a 'gagging' order, and catchy slogans caught the attention of their target audience ("G-Star, don't be a gag-star"), while a small group with their mouths covered with duck tapes protested outside the plush precincts of the company. Although they were addressing both a Dutch and a global audience, the activists did not realize that their actions were being closely followed in India and perceived as insults to the Indian legal and political system. These, in retrospect daft, moves by the activists gave enough fuel to align an additional number of crucial national actors in favour of the company.

Activists had sent their letters of protest to other international brands sourcing from FFI. These brands reacted by conducting their own audits (a few of them without notice to the factory) and came to the conclusion the buyer complied with international standards. Some of them, the factory claims, even placed further orders with the company. But by the end of 2006, these same brands – particularly Tommy Hilfiger and GAP – were becoming increasingly uneasy over the negative attention paid the firm by the international media. As a result, they started requesting that the factory drop its proceedings against the local activists, but FFI stuck to its guns and insisted that it was unethical for it to be prevented from seeking judicial remedy. The representative of GAP in India was so insistent that the factory made a complaint against her to the GAP headquarters. But the media attention was damaging for most buyers. From an illustrious array of buyers at the beginning of the year, the FFI was now left with only a single buyer, G-Star which, in spite of being the flashpoint, had chosen not to sever the relationship ('cut and run' in industry-speak). The spokesperson claimed G-star took this decision since they believed workers' rights were best served by maintaining ties with the supplier, while seeking to gradually improve working conditions.

Articles criticizing G-Star and FFI had already started appearing on the websites of the activists, and also sporadically in Dutch newspapers. The role of the Dutch newspaper *Trouw*, though intended to support the cause of the activists, backfired badly on them. A reporter from *Trouw* on his way to Bangalore first visited the activists in the Netherlands, in order to discuss the problem that was unfolding over there. But when the newspaper article was published, it took everyone – including the activists – by surprise. A

photograph of women huddled together outside a building was printed with a subtitle suggesting that these women were protesting outside the supplier's factory. In fact, the photograph was of a meeting of women on reproductive health issues, was nowhere near the supplier's premises, and was taken in 2005. Furthermore, the article claimed that the supplier used child labour, although the activists publicly noted that the journalist had misunderstood their position, and that they had never claimed that child labour was a problem at FFI. They had given the journalist a separate report on child labour in the Indian mining industry, and apparently the reporter had conflated the two issues. Instantly aware of the blow to their credibility, the Dutch activists ensured that the newspaper printed a correction at a later date, but the damage had been done. This article was cited to me by three respondents – two of them in the Indian government – and presented in the court cases to follow as an example of the deviousness of the activists. The same article was also part of the evidence supplied to the court in India proving that the Indian activists were transgressing the injunction orders⁵.

From their beginning as a tussle played on cosmopolitan terms, matters transcended themselves, as they gradually descended from a cosmopolitan space to distinctly national boundaries. Faced with the need for institutional support, the activists filed a complaint against G-Star and the National Contact Point (NCP) in October 2006. The NCP is entrusted with the implementation and promotion of ethical behaviour by companies based in the OECD countries.⁶ As part of the OECD, the Netherlands has a well-organized NCP, functioning out of the Ministry of Economic Affairs. Under their firm belief that G-Star had unmitigated control over its factory, the letter sent by the activists claimed that the buyer had 'violated the OECD Guidelines for Multinational Enterprises in its business relations with its suppliers'. It further reiterated activists' support for 'Indian organizations involved in the struggle for workers' rights'. Although G-Star had some control over the factory, it appeared helpless in convincing its supplier in some cases. For example, FFI agreed to get the SAI certification and meet up with the activists; this was requested by G-Star. But the company appeared unable to force FFI to retract its legal proceedings. NCP accepted the complaint. In accordance with the stipulations of the NCP regarding cases under consideration, the activists halted their publicity campaign and suspended the publication of related material. The irony was not lost among the Indians who questioned why the activists were willing to obey the stipulations of the NCP by stopping their propaganda while the issue was being investigated, while at the same time challenging the somewhat similar procedure engaged in by the Indian legal system.

Meanwhile the arms of the Indian government, mainly the Ministry of Textiles and the Ministry of Commerce, started showing interest and stirring

⁵ As is the case in all defamation suits, the Indian activists could no longer provide information until the case was resolved. This included providing information by proxy to other (foreign) organizations.

⁶ More information is available at www.oecd.org.

into action. The globally managed activism was tarnishing the assiduously built image of India as an ideal destination of FDI. FFI's lobbying was probably beginning to work as well. In November 2006, the central government requested that the provincial government investigate the matter. Under instructions from both national and provincial governments, the labour department – which has a statutory responsibility for ensuring that factories are run according to the law – conducted its own investigation into the matter. This inspection found the allegations of the activists to be baseless. According to the FFI spokesperson, the labour commissioner 'congratulated us for the good job we are doing for our people'.

Some observers may well miss the significant power and independence that these provincial governments and bureaucracies wield within India. Karnataka, the province which has Bangalore as its capital (where FFI is located), has more than 60 million inhabitants and covers an area larger than 100,000 square kilometres. In addition to the relative power of the provincial government on account of its size (Karnataka is the eighth largest province in India), it has a much larger profile because it is at the vortex of the IT boom in India. That FFI was able to mobilize this large bureaucracy, which notoriously moves only when politicians ask it to, and in the suggested direction, is a clear indication of the company's political leverage and the importance governments place on protecting the interests of private capital.

Ironically, at the end of the tumultuous 2006, FFI won the 'Golden Trophy' awarded by the Ministry of Commerce for the outstanding (i.e. biggest) exporter in the previous year (2004 - 2005). At the time of receiving the award, the director of the company spoke to the minister and informed him of the problem he was facing ('in the five minutes they were on the stage together'). The Minister at that time was Kamal Nath, known internationally as a vociferous and combative protector of business interests of developing countries in institutions engaged in global policy making like the WTO.

As the future of the company became bleak, FFI now took an action unprecedented in previously documented disputes involving local companies and global labour movements. On 11 January 2007, the Dutch activists received an unexpected legal notice from lawyers representing the supplier, accusing them of disrespect of local institutions, including courts and statutory bodies. Notices were also served on internet service providers in the Netherlands hosting their sites. The allegations against them included 'cybercrime', 'acts of racist/xenophobic nature', and 'criminal defamation'. Following the Indian interpretation of legal responsibility, FFI's lawyers argued that, since the websites of the European activists were accessible to a person sitting in India, the defamation could be considered to be a crime committed on Indian soil. Furthermore, continued publication of allegations was seen as a violation of the earlier injunction on local activists against defaming the factory or passing on information to external observers. The judge in India accepted the arguments made by FFI's lawyers, and the

activists in Europe were asked to defend themselves in his court in Bangalore.

The Dutch activists were beginning to realize that things were more serious than they had previously imagined, as they were now personally entangled in a lawsuit. Never before had a company filed a law suit against a foreign NGO/activist, and, as a result, they had no precedent to help them fashion a response. They also seemed unable to break free from their habit to publicize every development. In their reply to the lawsuit (also uploaded on their websites!), they stressed that there could be a solution only if their demands for recognition (of local activists by FFI) were met. They called the legal notice a 'threatening letter', and followed this up by regular updates titled 'Indian garment companies try to silence Clean Clothes Campaign', and 'Indian supplier of Euro/US Brands gags activists'. In addition to the lawsuit, around the same time the activists also received a strong letter from the Indian Embassy in the Netherlands accusing them of maligning the country's image according to what it thought were baseless allegations. Indian institutions thus aligned themselves in protecting a factory in their country, which according to them represented their version of national pride conjured up almost entirely in economic terms.

Meanwhile the preparation for certifying the FFI's units along SAI standards, initiated in November 2005 was progressing steadily. At the end of the process, each of its units was approved by the certifying bodies. By early 2007, all its units were granted SA 8000 certification which, for those who trust the value of audits in ensuring ethical production, proves the compliance of the company to internationally recognized labour standards. This shocked the Dutch activists. They reacted vigorously against the approval provided by SA 8000 certification to a factory which had initiated legal proceedings against labour activists. After a sustained publicity campaign against SAI for its role in certifying the units, the certification was withdrawn. SAI came up with a new clause that if a company takes legal action against NGOs, all certifications should be provisionally withdrawn. This came as a shock to both the certifiers who conducted the approval (who spent a lot of time certifying the company) and the management of FFI. The local certifier, Bureau Veritas, told me that 'we were confused that the conditions for certification would change so abruptly. We have asked the company to return the certificate we issued'. To the management of FFI, which had spent a huge (undisclosed) sum in preparing the company for audit, the inclusion of new laws came as a surprise. The new stipulation, it claimed, denied the company's basic human right to resort to legal proceedings when it felt that justice had been denied. The fact SAI had withdrawn the certification earned by the company as a result of public pressure merely added to the supplier's sense of injustice. Furthermore, a website update on the activists' website, FFI claimed, contained confidential information that could have been procured only from the SAI. They filed another lawsuit – this time against the SAI.

In June 2007, the case against the Dutch activists came up for hearing in the Bangalore court. Having no choice, the activists appointed Indian lawyers to defend their case. The lawyers told the judge that the defendants could not appear in person as they were facing difficulties in obtaining the necessary visas. In fact, and understandably, the activists had no interest in being stuck in notoriously long legal proceedings in India. Needless to say, the Indian Embassy would have granted them visas almost instantly, had they put in an application. As one of the activists admitted to me: 'we also did not know how long this would take, or if we might be prevented from returning to the Netherlands'. The judge would have none of it, and demanded their appearance in person. By September, and after providing multiple extensions, the judge considered issuing an arrest warrant (a standard procedure in the instance of non-appearance), but deferred judgment to November.

Although there was no let-up in the Dutch activists' campaigns against FFI, they could no longer ignore the serious personal implications that had emerged. The legal action against Dutch citizens inadvertently, perhaps inevitably, paved the way for a new set of national actors to enter the scene – the political establishments of the Dutch state which until this point had remained aloof from proceedings. There seemed to be no risk that the Dutch government would extradite them to India, but there was an apprehension the arrest warrant might curtail their travel to other neighbouring countries under larger influence of the Indian government. For the first time, CCC and ICN began contacting the larger NGOs in the country – like Oxfam Novib, Amnesty International, and FNV Mondial (the global arm of the Dutch trade union). During my interviews, the representative of both Oxfam Novib and FNV Mondial chose not to discuss the veracity of the actual violations which had triggered the entire episode. The central concern of these new global actors was the alleged restrictions placed by FFI on forming unions, the legal proceedings against activists, and the resulting restrictions placed on their mobility across the world. They feared that this supplier's actions could set a precedent for other factories in producing nations, and therefore believed it had to be tackled head on.⁷

A triumph of national scale

The issue finally entered the Dutch parliament in October 2007 when a member of the Socialist Party raised a question on the floor asking the Government's opinion on corporate social responsibility of Dutch firms abroad. The minister of the time answered that since this was a debate between private parties, the government would not intervene. This hands-off stance by Dutch politicians would not remain viable for too long. They were about to be yanked into the eye of the storm, as the issue created diplomatic

⁷ A mediation initiated by Amnesty International failed to defuse the situation.

discomfort during two state visits in late 2007. The first visit, in October 2007, was led by the Queen of the Netherlands who had a long-standing interest in development and social issues in India. The activists, who were by now shaken, sent an open letter requesting the Queen's delegation to find a solution to the plight of the workers, and of course their own legal battle.

But the FFI were not sitting idle either. Starting from the five minute exchange at the award ceremony with the minister of commerce, it now had the entire Indian establishment on its side. Its slick lobbying ensured that the issue had reached the top of the agenda and officials involved were crouching and ready to pounce. The visit of Dutch royalty offered an ideal opportunity. In preparation for the royal visit, senior bureaucrats collected all necessary details from FFI. The FFI's spokesperson told me: 'nowadays bureaucrats in India are accessible and communicative. I even got sms responses from senior bureaucrats in the central government on my mobile. E-mail response time is less than a day – even after office hours!' Owning a multi-million dollar enterprise has its benefits after all.

In a widely announced visit of the Dutch Queen to India, the entire Dutch press witnessed and reported the one sore point in the generally friendly ties between the two countries. When a larger delegation led by the Dutch Ministry of Economic Affairs visited India immediately afterwards,⁸ the issue was once again raised. The Indian politicians, led by Kamal Nath, argued forcibly to the effect that Dutch activists were spreading lies, and that the Dutch Government's subsidy to such an organization also constituted a non-tariff trade barrier and a violation of the WTO rules. Kamal Nath even threatened a trade boycott of the Netherlands.

Given the industrial and trade policy of the government introduced earlier, this response was hardly surprising (Tewari, 2006; Hensman, 2000). FFI's current predicament was immediately recognized and categorized as just another instance of a 'non-tariff trade barrier' being imposed on developing countries by the developed countries worried about job losses and trade imbalances. The government therefore found adequate justification to get engaged in protecting FFI's interest and, by extension, the interests of Indian industry as a whole, and by implication, 'national interest'.

A significant section of the Indian media also followed up on the issue; in particular, the English-language press which usually shows interest in these delegations and caters largely to festering middle-class nationalism. Energized by the Minister's jingoism, journalists confronted some Dutch members of the delegation and pushed them for an explanation. Cornered in such a situation, some senior Dutch figures expressed a negative opinion of the actions of the Dutch activists. These statements were instantly relayed back into the Dutch media, which had until that point only carried the views of the activists. The willingness of certain sections of the Dutch media to provide an alternate picture was a welcome break for FFI. According to

⁸ In November 2007; I was a delegate on the Dutch side.

the FFI spokesperson, 'it was the first time we smiled during the whole episode'.

The confrontational stance of the Indian politicians, the impending arrest warrants for Dutch citizens, and the queering of diplomatic ties resulted in national institutions taking over from global actors. In the statement to the parliament on his return, the Dutch Minister of Economic Affairs (who led the recent delegation) reserved a substantial amount of time to discuss the behaviour of the activists. He unequivocally requested a more judicious approach by Dutch NGOs in their attempts to improve what they believe to be oppressive institutions in other countries. The various arms of the Dutch government were also now getting fully engaged. A representative of the Dutch consulate in Mumbai was asked to attend the legal proceedings in Bangalore, along with a legal advisor. After a few sessions in the court, the lawyer noted with alarm that the trial was rapidly moving in a direction which would result in arrest warrants being issued against the activists and the directors of the internet service providers.

Finally, in December 2007, an arrest warrant was indeed issued by the Bangalore court, which ruled that the relevant ministry in Delhi was to be contacted and ordered to make a case for extradition of the accused to India. The issue was brought up for discussion during question time in the Dutch parliament where political parties from the left of the protectionist part of the spectrum wanted to know if the Government intended to extradite the Dutch citizens. The initiation of the legal proceedings had already cut short FFI's client list and global standing as a preferred supplier. Throughout the period, however, G-Star had not severed ties with FFI arguing that the livelihoods of workers would be placed at risk. However, once these arrest warrants were issued, the local pressure became unbearable and it, too, succumbed and publicly declared it would withdraw its contracts with FFI.

It was becoming clear that all parties needed a solution. A former Dutch Prime Minister, Ruud Lubbers, respected for his skill in finding solutions to intractable diplomatic hiatus in global politics, was roped in to broker a deal with the opposing groups. Lubbers in turn selected a set of people in India he had known during his long career as an international diplomat. These new persons were also acceptable to all the parties involved and so formed a grandly termed 'Committee of Custodians' to look into the matter and to reach an impartial conclusion. This committee emphasized right at the outset that the Indian laws and systems were sufficient to ensure the establishment of workers' rights. However, to meet the activist's concerns, a complaint redress mechanism was put in place, and an ombudsperson (a retired judge, who had presided for many years over the National Human Rights Commission) was appointed to receive complaints from workers (should any arise in future). The significance of national institutions was on public display for everyone involved.

The Dutch activists had to withdraw the complaint filed with the OECD, remove all accusatory material from their websites, and refrain from

publicizing the matter any further. Simultaneously, the supplier was forced to drop all court cases against the activists, both local and Dutch. G-Star was urged to re-establish commercial ties with the supplier, since the livelihoods of more than 5,500 workers were at stake. G-Star now has an official CSR department, headed by the same person who was initially delegated by the legal department to handle the case. She is openly grateful to the activists for having pushed the company into 'making official' the practices they had been following all along. In July 2008, the last remaining litigation against the local activists was withdrawn.

While there are no legal cases pending, the status now is of an uneasy peace. Speaking to the Dutch actors (ICN and G-Star) gave me the impression that nobody is entirely happy with the solution. Activists feel that their work is severely restricted by the arrangement: public campaigns targeting reputations of supplier and buyers – the preferred and potent strategy of activists – had been ruled out. G-Star is keeping its lips sealed and has not provided any opinion about the arrangement. The mood is, however, gloomy; the company's spokesperson wondered how long the arrangement could go on. The simmering discontent boiled over once in 2009, a year after the episode, when one of Lubbers's assistants in the negotiations published a description of the conflict which closely followed the narratives of those opposed to the activists (Lambooy, 2009). The reactions of the actors to the publication provide further insights into the partly irreconcilable ideological preferences of the various actors involved (see Stoop, et al, 2010). In spite of these disagreements, there seems to be a preference to not seem overly critical of the arrangement. The personal stature of Lubbers might offer part of the explanation for the semblance of peace. The losses sustained by both actors in the Netherlands may also be restraining them from disturbing the status quo.

Discussion

What are the morals of the story? The main revelation seems to be the glaring limitations of cosmopolitan institutions and the continuing, if not increased, significance of the repertoires of nationalism. Hidden morals and standards are ready to spring onto unsuspecting cosmopolitans who casually wander into a national space. The events that started from these cosmopolitan spheres (human rights, international trade, global standards) proceeded, as the struggle became serious, into two distinct national frameworks and it was there that resolutions were finally found. Some actors were adept at using the cosmopolitan spheres, others better at national, and a few skilled in recognizing the inter-linkage between these spheres.

The activists, who were clearly in the cosmopolitan space, seemed out of touch with the increasing nationalism and egos of Indian politicians and missed the plot once national institutions became involved. They assumed that global pressure can always make a difference to local conditions. When

things became too hot to handle, they also engaged with the state, by writing to the Queen (as national as it gets) and by lobbying ministers and Dutch members of Parliament. But these actions came as an afterthought.

In contrast, FFI, though global in orientation, was in tune with the music familiar to local institutions partly inured to exploitation and energized by nationalism, and mostly driven by economism. They also had the financial muscle that both Indian and Dutch activists lacked to help align national institutions in their favour. The evidence I have on actual violations having occurred at FFI is inconclusive. My description merely underlines the fact that collaborations between firms and national institutions to offer a choreographed defence of local firms against global activism are tendencies in the structure; actors with the wherewithal are able to activate them for the ends they hold dear.

To claim that the national sphere was shown to be fundamental to securing human rights for the weak does not mean that global activism was entirely ineffectual. For their part, the Indian activists at CIVIDEP and GATWU are relatively more satisfied. They had scored a significant victory and believe they are being taken seriously, if not by FFI, by other suppliers in the area. Sitting in their frugal office that probably serves also as their home, the activists were visibly elated to have made a dent in a social structure that tends to disregard them. As one of the activists told me, 'we brought them to their knees'.

The mood at FFI, though, is far from upbeat. While activists' appeal to cosmopolitan human rights arguments left them unaware of local realities, FFI, in contrast – embedded into its traditional modes of thinking – failed to recognize that the challenge posed by the activists was not legal in nature, and definitely not national. I was taken around the premises during my two visits. In the first, in mid-2008, the spokesperson was combative and proudly showed me a high-tech washing unit which was 'one of the two production units in the world...the other is in Indonesia...our buyers anywhere in the world can know the exact state their product is in.' On my second visit in 2009, as I walked past the Mercedes parked in the driveway, the tone had mellowed and he was more reflective: 'we built this company from scratch with a lot of hard work. Now type my company's name in Google and all you read about is labour violations. We have been beaten black and blue'. On my way in, I had noticed an elderly security guard peeping out of a gap in the company gate onto the main road. On my way out after a 2hr meeting, I was surprised to find him in exactly the same position, staring with the same intensity. He was keeping a careful watch out for activists. It seems that financial muscles are insufficient for total defence.

As the battle fronts shifted towards recognition of the activists as a legitimate stakeholder by the firm, workers' interests failed to remain top priority in the activists' list of concerns. In significant ways, it was only after the involvement of national actors that attention was shifted back from abstract arguments – fostering participation – to the preservation of the jobs

of real live workers who rely on FFI for their subsistence. Of course, the concerns expressed by politicians over the livelihoods of workers in risk (if FFI did shut down) may have been a crafty ploy to justify the defence erected by state actors. However, the risk was real, at least for a short while. Whether a similar outcome for workers can be guaranteed every time firms and states combine forces against global activism cannot be claimed with any certainty. We cannot know, either, if the same actors would have acted differently, if given a second chance; as Burawoy observes: 'history is not a laboratory experiment that can be replicated again and again under the same conditions' (1998: 11).

However, there is compelling evidence that in most cases when corporations and the state collude, the resulting damage to the lives of the weak in other developing countries tends to be extensive (Utting and Zammit, 2009; Newell, 2008; Barley, 2007; Randeria, 2003). Business and society scholars, who suggest that multinational actions must contribute to improving the regulation of multinationals in developing countries (Scherer and Palazzo, 2011; Hsieh, 2009) and who believe in the silent complicity of multinationals in atrocities perpetrated by the state (Wettstein, 2012, 2010), implicitly acknowledge this domineering presence of the state. Recent post-colonial appraisals have therefore correctly concluded that theories in business and society that ignore the state have finally 'come up against the brick walls of sovereignty and democracy' (Banerjee, 2010: 272). Contributing to improving national institutions is necessary and, quite rightly, multinationals could play a role here.

A related theme that has not been sufficiently incorporated into these aspirations is that top managements of multinational corporations, and corporate elites whom they partner in developing countries, often share interests which may be antithetical to the well-being of the poor (Bardy, et al, 2012; Pratt, 1991 are exceptions).⁹ Observers of the state from outside the business and society space have noted how imprecisely understanding that globalization has eroded state powers contributes to a thickening smoke-screen behind which devious corporate-political-bureaucratic collaborations collude and plunder with impunity (cf. Petras, 2008; Randeria, 2003). State-firm collaboration organizing in favour of private capital, and the resulting higher chances of damaging the lives and life-chances of the weak, strengthens arguments recently made for the inclusion of class-based politics in the analysis of global production (Selwyn, 2012; Glassman, 2011; Sassen, 2010; Bair, 2010). Without addressing this nexus between public and private interests, the road towards making a substantial contribution to nationally mandated regulation can be treacherous.

⁹ See Mustapha and Islam's (2013) profile of the owner of the *Rana Plaza*, the building in Bangladesh that collapsed in April 2013 leading to the tragic death of more than 1000 textile workers engaged in making branded clothes.

Calls, instead, for partnering social movements that are gaining the support of the poor in developing countries against unjust policies offers an appealing alternative (Banerjee, 2010; Hsieh, 2009). In as much as messy geopolitical conflicts have been ignored in the theoretical models to study the impact of globalization in much of business and society literature, so, too, has the potency of production processes to exacerbate structural inequities *contributing* to violence within nations (cf. Annavajhula and Pratap, 2012; Galtung, 1990). Collaborations with such movements can be more arduous than is recognized. Understandably, most movements perceive the private sector (national and foreign) as complicit in the miseries heaped upon them in the name of development; a sincere effort will be needed to overcome suspicions. Further, leaderships and ideologies which energize industrial actions often overlap with subversive movements, leading to violent confrontations that pit the public-private-police nexus against the oppressed – whom business scholars expect global activism to defend (Annavajhula and Pratap, 2012). In an article oozing prescience, Galtung (1990) observed that elites in developing countries prefer stability ('a freezing apathetic society') dancing to the 'rhythm of structural violence'; when the repressed respond with violence, it is they (rather than the oppressors) who are categorized as violent.¹⁰ Whether global civil society organizations and top managements, as well as business and society scholars, will have the stomach to take sides in the brutal confrontations erupting with increasing frequency and intensity in developing countries remains to be seen (Ghosh, 2012).

Policies set by national governments concerning human rights, and the agencies which implement these services (labour departments, police, policy advisors, courts), are potent tools of injustice on which, at least in powerful states like India and China, global actors can wield at best a marginal influence. Global designs to circumvent state institutions or engage in open confrontation with them are easily scuttled by schemes that rely on a steady source of nationalist emotions combined with an uncritical acceptance of corporate interests as always being in the national interests (Mitra, 2012; Khan, Westwood and Boje, 2010). The nuanced view of global ideas filtering through national institutions, being modified in the process while modifying the institutions (cf. Djelic and Quack, 2003; Sassen, 2003; Brenner, 2000), requires serious attention by business and society scholars, who dream of a larger role for multinationals in contributing to the lives of individuals in developing countries. As Sassen (2003) advocates, rather than suggesting that global activism or cosmopolitan obligations work in a void, it is important to first recognize the state and consider how modernity itself has transformed the nation. For Sassen (2003: 28):

¹⁰ Cf. Annavajhula and Pratap (2012) and Teltumbde (2012) for recent events in India that vindicate these views, as well as the BBC News (2012) for a similar tragedy in South Africa, and Burke (2010) for police violence on young workers in Bangladesh.

The question as to how citizens should handle these new concentrations of power and 'legitimacy' that attach to global firms and markets is a key to the future of democracy. My efforts to detect the extent to which the global is embedded and filtered through the national ... is one way of understanding whether there lies a possibility therein for citizens, still largely confined to national institutions, to demand accountability of global economic actors through national institutional channels, rather than having to wait for a 'global' state'.

Multinationals, international business scholars, and global civil society groups, who believe themselves to be fighting for cosmopolitan rights in a "post-national" world, can benefit from direct attention to the emergence and transformation of structures within the nation state. The chances of success are higher if they support movements led from the inside by embedded individuals who are committed to social justice and with a proven capacity to garner institutional resources for securing it. Such individuals are simultaneously able to demand and expect a minimum degree of protection on account of their being citizens. On their own, cosmopolitan ideals may simply backfire on its proponents.

PostScript: 'China envy'.

One of the reviewers of this study wondered if its title, associated with a Chinese film, is appropriate for a case involving India and Holland. In this concluding section, I will briefly introduce what I call *China envy* – something that has plagued democratic countries in the global South, including and in particular India.

It is commonly noted by external observers that the authoritarian regime in China has had a fundamental role in the massive economic leap made by the country during the past few decades (Cai, 2008; Yang, 2006). Infrastructure, which is essential for refashioning a predominantly rural economy into a modern economic power, involves coordinating massive social changes – usually involving sacrifices by one group in order to benefit others: for instance, by displacing villagers and/or indigenous people on a large scale to suit the life-styles of urban dwellers (Penz, Drydyk, and Bose, 2011). In contrast to the protracted delays caused by concerns of social justice in democratic countries, the Chinese construct sea-ports, highways, and railroads with an efficiency that has left external observers stunned by the speed of decision-making and relatively muted (or suppressed) opposition.¹¹

Quite often in India, this mode of decision making and implementation is looked upon with envy. Playing catch-up with China has, according to those who believe in economic growth at all costs, been impeded by the troubling

¹¹ See He and Warren (2011) for a history and recent transformations in Chinese authoritarianism

feature of democracy, where ordinary persons have the opportunity to protest against injustice. The benefits of authoritarianism are being feted particularly when it contributes to successful completion of large infrastructural projects in the country (*Economist*, 2012; Das, 2012; Narayanan, 2012). Lest it be thought that only Indian politicians are pining for such authoritarianism, consider this statement by the U.S. Transportation Secretary reflecting on the recent advances made in China on modernizing its infrastructure: 'the Chinese are more successful because in their country only three people make the decision. In our country, three thousand people do' (quoted in Osnos, 2012: 51). The title of this case, therefore, is meant to reflect *China envy* among political classes in democratic countries exasperated by democratic processes that create barriers in their quest to emulate the dragon.

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