Financialisation and Labour's Strategies of Resistance in the Garment Sector

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Abstract

Assessing trade unions' and labour activists' campaigning across global value chains requires a thorough understanding of the power relations they face. Researchers and activists have developed sophisticated understandings of how globalisation and industrial restructuring have altered these relations. I will argue, however, that in order to fully understand shifting sources of power we need to analyse global value chains as embedded in not just a productive global economy but also a financial global economy.

The rise of global finance has changed the realities of global production and both local as well as global manufacturers and brands are adapting. Their income streams are diversifying while their ownership structures are becoming decentralised. This has led to new power relations across global production networks, favouring financial capital over labour. Research into financialisation would therefore significantly improve the understanding of labour's position within global value chains.

This paper proposes a theoretical framework that will allow such an analysis across the garment sector. Evaluating the extent to which workers, factory owners, suppliers and the state are reliant on global financial markets to produce a profit will allow for a more nuanced understanding of contemporary global economic transformations and how these are affecting labour activists.

Using the ongoing wage negotiations in Cambodia, and the large strike wave in 2013-2014, as a case study, this paper presents a brief attempt of what such an analysis may look like. Further empirical research is needed to fully grasp the way labour movements are organising under financialisation. Financialisation has abstracted power across global value chains and lead to a reformulation of the material basis of corporate power. This paper aims to provide a theoretical reformulation of corporate power and its position within global value chains, which in turn may lead to more practical approaches to 'containing corporate power'.

Introduction

Financialisation has altered power relations across the global economy fundamentally and empowered financial capital over physical capital and labour (Frieden, 1991; Baud and Durand, 2011). It has also altered the relationship of labour with the state and hence the structural and associational power of labour across global production chains. To this end, the study of labour resistance and analysis of labour strategies of resistance should incorporate an understanding of the global economic changes that have occurred as a consequence of the rise in financial markets.

This paper argues that the dynamics of a financialised global capitalism are crucial to contemporary power relations and significantly contribute to continued exploitation of a growing labouring class across networks of global production. It further attempts to create a theoretical framework that allows an analysis of labour strategies in the context of financialisation. Drawing on labour studies, global political economy and global value chains/global production networks literature, a purposefully fragmented theoretical framework is developed. This framework, which positions labour at the centre of financialised global production, aims to improve the understanding of the success or failure of labour strategies of resistance in the global garment industries.

The paper will examine in particular the wave of strikes that occurred across the garment industry in Cambodia for two weeks in December 2013 and January 2014 as well as its aftermath in order to provide a first attempt at embedding labour strategies within the contexts of global financialised production. The overall aim of the paper however, remains to develop the beginning of a theoretical framework that can be explored further through empirical studies of labour resistance.

Structure of the Paper

The remainder of the paper will be structured as follows. First, an overview of the globalisation and labour literature will be provided focusing on the relationship between labour strategies of resistance and global economic transformation. Next, an overview of the research into financialisation will show how the rise of global finance should be interpreted as a fundamental transformation in the dynamic of global capital accumulation. The following section will then develop a theoretical framework which aims to contribute an analytical edge to the understanding of labour strategies under financialisation. Lastly, a short elaboration of the theory will be conducted using the case of the Cambodian Garment industry.

Labour and Globalisation

The experience of workers' in a globalised world and often hyper-globalised industries has been the focus of much academic and activist attention. Not just in the form of a discussion on labour rights in a 'race to the bottom' fostered by increasing capitalist globalisation, but also through a focus on the strategies of resistance that labour developed to halt rising inequalities and the deterioration of working conditions and wages. A burgeoning labour studies literature is examining the transformations of trade unions and their allies as production processes are restructuring into global commodity chains (GCC)/global value chains (GVC).

This section will outline the relevant labour studies literature examining labour's position under new globalised regimes of production and the strategies of resistant that workers and their allies have developed. Particular attention is paid to campaigns across the global garment industry.

Global Production in Chains and Networks

Through an internationalisation and decentralisation of production across the world, most workers, especially those in labour intensive manufacturing industries like apparel and garment, have found themselves in a workplace where the traditional labour – capital compromise is broken (Huws, 2008).

The transformations of production patters across the globe have been conceptualised in a number of different ways. The term 'commodity chains' first appeared across the world systems tradition (Hopkins and Wallerstein, 1986; Bair, 2005) and was developed into the Global Commodity Chain (GCC) approach by economic sociologist Garry Gereffi and colleagues (Gereffi and Korzeniewicz, 1994) and later the Global Value Chain framework (Gereffi *et al.*, 2005). Criticism emerged that the GCC's, and in particular the GVC's, overly linear conceptualisations and emphasis on dyadic inter-firm relationships neglected labour (Rainnie *et al.*, 2011; Selwyn, 2011). In response researchers, particularly labour geographers (Dicken *et al.*, 2001; Henderson *et al.*, 2002) developed the Global Production Network (GPN) approach which explicitly aimed to focus not just on linear relationships between lead firms and their governance structures, but to evaluate power relations of all social actors involved in networks of production. Whereas GVC/GCC had largely written labour out of the script, the GPN framework provided an analytical approach with room for labour (Cumbers, 2015). Still, labour remained a passive actor, a victim of global production dynamics continuously searching for new, cheaper and less regulated sites of production (Cumbers *et al.*, 2008). The role of labour as an active agent, the role of the labour process and the role of the state too often remain in the background of analysis of global production (Smith *et al.*, 2002).

Bair and Werner (2015) contend that the arguments over the differences between GCC/GVC and GPN analysis often lead to an abstraction of the broader context and hence fail to incorporate labour fully (Bair and Werner, 2015). They opt to use the term GPN as an overarching conceptual term that incorporates GCC and GVC analysis. For the sake of simplicity I will do the same here. This is not to take away from some of the extraordinary analysis that GPN scholars have provided, but rather to build a more broad foundation for the theoretical analysis that follows in the next section. Important here is that patterns of global production are seen as ‘networks of embodied labour’ (Cumbers *et al.*, 2008), where all value added is based on labour and the labour process which converts labour power into profits (Taylor *et al.*, 2015).

The focus on the process of value creation is crucial to this analysis as financialisation provides new avenues for profits, and therefore changes the nature of value creation in global production networks. Value creation across international production has been evaluated from a labour process point of view. Not just does the capitalist labour process determine labour conditions (Selwyn, 2015) it also allows analysis to focus on ‘control, consent and resistance at the point of production’ (Thompson and Smith, 2010; Anner, 2015). Labour process theory provides a platform in which the workplace – and the exploitation of the workers or commodification of the worker – can become central to global production network analysis.

The challenge remains, however, of how micro (workplace level dynamics) can be linked to the more macro level of global political economic developments. Though the two are intrinsically linked, ‘connectivity problems’ remain (Thompson and Smith, 2009). This relationship remains crucial for understanding the role and positionality of labour and the power asymmetries of GPN more generally (Taylor, 2015).

Silver (2003) and Harvey (1998) in particular have provided a conceptual relationship between workplace dynamics, globalised patterns of production and the wider global political environment. They have developed the relationship through discussions on ‘capital fixes’, where capital finds new ways and avenues of profit in times where profitability is shrinking, or where capitalism comes up against its own internal contradictions (Harvey, 1998). These ‘fixes’ can take the form of spatial fixes (Harvey, 1998; Silver, 2003) where capital seeks new spheres of production where costs are lower and hence returns increase. This ‘spatial fix’ is particularly obvious in global restructured production.

Silver also speaks of product fixes where capital changes or invests in new products to overcome profitability concerns (Silver, 2003). All of these ‘capital fixes’ neatly explain the dynamics between capital and labour in continuously restructuring networks of production. They also provide analytical room for labour as agency, where labour can create the conditions in which profitability is under threat or where capital changes in order to 'fix' the conflict between capital and labour (Harvey, 1998).

Important for the purpose of this paper is that much of the GVC/GPN and labour studies literature has up to this point not adequately addressed what Silver (2003) refers to as the 'financial fix'. In this instance capital can use financial instruments to increase profitability and returns to shareholders. The most recent restructure of the globalised economy, here referred to as financialisation, fits this understanding. Financialisation is therefore not a contemporary glitch in global capitalism but rather a burgeoning of an always existing dynamic within capitalism (Bryan *et al.*, 2009).

Labour Agency, Power and Positionality in Global Production

The agency of capital and the agency of labour then are in a constant flux over 'capital fixes'. Labour re-orientates its strategies to resist its own exploitation and commodification while capital introduced spatial, product or financial fixes to commodify and exploit labour further. Changes in the nature of the global economy then impact the relationship between capital and labour (and the role that the state plays) and geographical fragmentation of production changes the positional or structural power of labour (Mayer and Pickles, 2011).

Mayer and Pickles (2011) argue that the ability of labour to shape its own future, the positional power of labour, depends largely on the "specific form of political-economic regime, the industrial sector, the structure of the value chain, and the ways in which a particular industry and regional economy are inserted into global production networks"(Mayer and Pickles, 2011).

To understand networks of production, and labours' role and agency within them, therefore requires a thorough analysis of labour's power – by which I mean the structural, associational and relational power of workers across the network. The argument put forward here is that particularly the 'wider political economic context', which shapes the power relations across the networks, can only be fully understood through an investigation of financialisation.

Riisgaargd and Hammer (Riisgaard and Hammer, 2011) talk about the importance of local and national circumstances in determining the associational power of labour. These 'local' and 'national' circumstances, however, are increasingly integrated into a financialised global capitalism. And although they continue to develop unevenly, the underlying dynamics of financialisation apply across the globe.

Labour Strategies of Resistance

How labour responded to new realities and its own altered positionality under globalisation has been explored extensively. Industrial restructuring has forced labour to continuously form new alliances and tactics in an attempt to face these newly formatted power relations.

Globalisation, as Muck (Munck, 2010) argues, meant trade unions had to adapt to the fact that "the centre of gravity had shifted elsewhere" (p.219). Globalisation as a new paradigm demanded "new strategies, tactics and organisational modalities" (Ibid, p.219). Much of the recent labour studies literature argues that transformations of labour movements in the face of neoliberal orthodoxy under globalisation can be understood in terms of state-focused, society-focused or market-focused labour movements – or national vs. class based unionism – which in turn had a local, national or international outlook.

The variations in labour responses to capitalist globalisation are as varied as the forms that globalisation took itself. Although broadly speaking the distinction between market-oriented and society-oriented unions and labour movements is accepted across the literature, their characteristics and the implications for their standing within the state are debated widely (Hyman, 2001; Fairbrother, 2008; Waterman, 2012).

Seidman (Seidman, 2007) describes how many of the global campaigns for improved labour conditions, particularly in the context of global garment production, have tried to utilize transnational activist networks with a focus on human rights – rather than explicitly labour rights.

The social movement literature, and in particular research on transnational activist networks by Keck and Sikkink (Keck and Sikkink, 1998) has been widely influential in this area. They have influence research on anti-sweatshop (Armbruster-Sandoval, 2005) and trade union solidarity campaigns (Anner and Evans, 2004). These campaigns often appealed to northern consumers in an attempt organise boycotts and foster local change through what Keck and Sikkink (1998) called the boomerang effect (Seidman, 2007). These movements often advocate for an improvement in working conditions through better and increased state regulation and state protection of its citizens (global and state-focused labour response).

The research often focuses on the relationship between labour rights abuses and consumers, states or brands, and fails to examine the wider political economic contexts. So in as much as GPN research fails to address labour and state structures adequately, much of the labour as social movement literature fails to address the dynamics of global production networks appropriately.

Anner (2011) tries to overcome these shortcomings and argues that labour responses to globalisation are based on a number of different determinants including collective identities, state structures and industry restructuring. Anner's research in Latin America shows how these determinants have led to four distinct responses to globalisation: Transnational Activist Campaigns (as described by Seidman and others) and clientelist national labour relations in the garment industry (a highly globalised buyer driven commodity chain); and either transnational labour networks or micro-corporatist labour regimes in the auto industry (a supplier driven commodity chain).

So whether we are talking about Polanyian vs. Marxian counter movements (Silver, 2003; Burawoy, 2010; Webster *et al.*, 2011), business, market or society based unionism (Hyman, 2001; Munck, 2010), new vs. the old labour internationalism (Fairbrother *et al.*, 2013) or transnational activist campaigns and transnational labour networks (Anner, 2011), forms of labour resistance are always dependant on a series of external as well as internal factors. Whether labour activists and trade unionists are forming transnational activist networks, embark on factory level wildcat strikes or utilise national level collective bargaining depends in large part on their collective identities, the nature of the production networks that they find themselves in, and the state structure that they face (Anner, 2011).

The wider global political economy context in which labour resistance takes shape can therefore not be ignored. The rise of global finance, as will be argued in the next section, has altered the power relations across production networks and local state structures significantly. Financial motives, instruments and the logic of shareholder value have become structural dynamics of global production chains and any "effective strategy for fighting sweatshops must grapple with the structural dynamics of apparel supply chains" (Anner *et al.*, 2013).

Financialisation

Research on financialisation has, particularly since the global financial crisis, grown in influence and recognition and is gaining popularity in sociology, economics and political science (Van Der Zwan, 2014). It has become increasingly clear that industrial restructuring is not the only economic transformation that is taking place and that the rise in global finance, or financialisation, is an important driver of global economic and social change. The most widely accepted definition remains that of Epstein (2005), who describes financialisation as an increase in the "role of financial motives, financial markets, financial actors and financial institutions in the operation of domestic and international economies" (Epstein, 2005). Or as Thompson (2013) describes it, "a macroeconomic regime whose source of profits is increasingly through financial channels and financial engineering rather than through production and product markets" (Thompson, 2013).

The rise of finance was preceded by a “radical alteration of the monetary framework of accumulation” (Lapavitsas, 2014), due to collapse of Bretton Woods which had set a fixed exchange rates and per ounce price of gold (Newman, 2009; Graeber, 2014; Lapavitsas, 2014). This collapse meant that actors were exposed to new forms of risk in the market which were set off through the development of new financial instruments (Newman, 2009) such as derivatives (Bryan and Rafferty, 2006). These new instruments also increased the possibilities for speculation (Newman, 2009) so much so that money invested across the world no longer has any relation to production or commerce but has become pure speculation (Bryan and Rafferty, 2006; Graeber, 2014).

Finance is, therefore, no longer just a supplier of capital for the productive economy but rather a separate profit generating industry (Van Der Zwan, 2014). Financialisation has led to changes in the behaviour of non-financial enterprises – like fashion retailers – and altered ownership structures across global industries (Lapavitsas, 2014). The nature of systems of accumulation and profit generations are increasingly shifting to the sphere of circulation and away from the sphere of production (Ibid). It is financial developments, rather than product or technological developments, that drive the pace and pattern of accumulation even for non-financial firms (Thompson, 2013). Fashion retailers, therefore, like most global corporations are increasingly becoming focused on returns in capital markets and increasing shareholder value.

It is important to point out that these developments are not a new, or a strange and accidental evolution of contemporary capitalism, but rather fundamental to its development (Bryan *et al.*, 2009). Nevertheless, processes of financialisation have been accelerated since the 1980s and have also become temporally and spatially different (Ibid).

Initially, sociological research on financialisation focused on the US and OECD experiences (Krippner, 2005), but has recently begun to expand and tentatively examine the experiences of developing economies (Demir, 2007; Lapavitsas, 2014). The collapse of Bretton Wood coupled with an increase in capital flows across borders also led to the financialisation of the developing World (Lapavitsas, 2014). However, just like capitalism itself, financialisation has undergone an uneven development and is taking a variety of different shapes across the globe. Understanding the different forms that the rise of finance has taken across the world will enable a better understanding of the experience of labour across the world.

Financialisation and Labour

By suppressing the productive economy financialisation is contributing to a rising inequality across the globe (Van Der Zwan, 2014). Wages are kept low while returns on capital are skyrocketing. Evans and Habbard (2008) argue that:

> "inequalities and absence of redistribution of the massive wealth creation exists in a context of prolonged deflationary pressures on wages worldwide and, by opposition, an uncontrolled speculative rise in financial and property process. This decoupling of the returns to labour and capital reflects in part the increasing financialisation of the global economy: a process by which financial markets value and activities have priority over the real economy and the production of goods and services that create wealth to satisfy the needs of societies" (Evans and Habbard, 2008).

This leads to workers facing the "threat of rapidly changing ownership and the imposition of restructuring plans and short-term targets that are based on a financial market logic that places no value in real production, productivity or jobs" (Rossman and Greenfield, 2006). It has also been linked to ongoing de-unionization (Fligstein and Shin, 2007) although unions – much like labour as a whole – remain vastly under researched by financialisation scholars (Soener, 2015).

Financialisation is also changing the value of 'labour power' by commodifying labour further through the financialisation of the social reproduction of labour (Bryan *et al.*, 2009) (Bryan, Martin and Rafferty 2009). Lapavitsas (2014) refers to this as the 'financial expropriation' of the worker, where through the financialisation of every aspect of the life of the workers new profits can be extracted whilst keeping wages stagnating (Lapavitsas, 2014). In this financialisation of the everyday, "wages would no longer rise, but workers were encouraged to buy a piece of capitalism" (Graeber, 2014). This way everyone could buy a piece of the potential profits that arose as a consequence of the increasing rate of their own exploitation (Ibid). And although the increased extraction of profits in the household are therefore particularly important to labour's relationship to financialisation (Thompson, 2013), they go beyond the scope of this paper.

Central to the financialisation phenomena is the focus, above all else, on shareholder value. Cost reductions in production, due to globalisation, freed up capital to invest in financial instruments, which in turn could provide the quickest and largest returns to shareholders (Milberg and Winkler, 2009). The shareholder model "encourages financialisation of the company since it contends that the maximisation of the value of shares rather than long term profits is the central purpose of the firm" (Evans and Habbard, 2008).

This has led to investors and shareholders demanding from non-financial firms similar rates of return than those expected from global financial markets (Rossman and Greenfield, 2006). And although the pursuit of profits is of course not new, Rossman and Greenfield (2006) argue that what is new is the "drive for profit through the elimination of productive capacity and employment" (Ibid, p.2).

These changes have also altered the position of labour in global production networks. In a study of coffee supply chains Newman (2009) argued that financialisation led to transformations of the social relations and profit structures across the chain that resulted in "a greater divergence in incomes earned by chain actors at opposite ends of the chain, favouring international actors and causing downward pressures on real accumulation at the producer level." (Newman, 2009).

The reliance on new and different forms of financial instruments by non-financial firms throughout production networks have also increased the risk of financial shocks. Keane (Keane, 2012) shows how GVCs were an important mechanisms through which the global financial crisis was transmitted across the world.

Thompson, in his description of the *Disconnected Capitalism Thesis* (Thompson, 2013), shows how corporate governance structures across chains are changing and power relations favour shareholders of workers (and even managers). With the consequence for labour that targets are set from above and the workplace dynamic becoming increasingly abstracted from work.

Structural and Associational Power of Labour under Financialisation

The changes that occur across the global economy due to financialisation are therefore having a significant impact on labour and local as well as global labour relations. At the core of the issues is the changes in the power structures across the global economy. The changes in wage structures, inequalities, increased precarity and inequality due to the financialisation of global production are changing the positionality of labour. The rise of financial markets is increasingly changing power structure in favour of financial capital - at the cost of physical capital and labour (Frieden, 1991; Baud and Durand, 2011).

The question then arises of how labour strategies are changing or developing in this new environment. The following section outlines fragments of a theoretical framework that will hopefully facilitate a better understanding of labour organising under financialisation.

Fragments of a Theoretical Framework: Financialisation and Labour Resistance

Much of the GPN literature fails to incorporate new economic dynamics that have arisen as a consequence of financialisation. In order to fully understand workers organising across global production networks, these networks need to be contextualised in financialisation. I propose here that this can be done through contextualising labour activism in an analysis of the financialisation of the state and capital.

Thompson (2013) breaks down the institutional spheres which need to be considered to fully grasp the influence of financialisation into *accumulation, corporate, work and employment.* I will structure the analysis somewhat differently whilst including these conceptual categories. In order to understand labour (*work and employment*) we need to analyse capital (*accumulation and corporate)* and the state. Like much GPN and financialisation research, Thompson fails to adequately integrate the state. We know that labour strategies depend on their production chains, collective identities and the state structures they find themselves in (Anner, 2011) and hence it is crucial for this framework that we incorporate the state.

We also know that financialisation and the associated shifts of power have changed the behaviour of capital. The 'financial fix', as Silver (2003) calls it, is increasingly observable. Lead firms and suppliers across chains are changing their paths to profit by focusing more on financial income and less and less on productive income. Financialisation has hence changed the role of the state and the role of capital in global production networks.

The financialised state

States remain crucial actors in the production process because they can directly influence the labour process. Whether through implementing – or more often than not refusing to implement – labour law and basic workers protections. States have, however, increasingly been incorporated into the logic of the global financial markets, so much so that their relationship to labour has been skewed to the advantage of capital (Frieden, 1991). This is not to say that the state was ever a neutral actor in the capital labour relationship (Panitch, 1981), but rather that its relationship to labour and capital has changed.

The growth of new financial instruments and in particular the growth in the trade of government bonds and other securities have affected the state's ability to protect labour. Although little research has examined the role of government bond interest rates in developing economies (largely because they are more reliant on international aid and multilateral development loans to finance public spending as suppose to the sale of government securities) some evidence exists that shows how the implicit threat or fear of increased bond rates are affecting domestic policy making (Mosley, 2000). Mosley (2008) argues that entrance and integration into global financial markets always poses a risk for states, as markets can, through the use of interest rate premiums impact the policy options of the state (Mosley and Singer, 2008).

A similar relationship is of course present for foreign direct investment and even international aid. Not just through explicit structural adjustment programs are states and companies limiting policy space, but also through exit threats and investor protection clauses in bilateral trade deals. Global financial integration has led to an abstraction of authority in the global economy where "the exclusivity and the scope of their [the state's] competence" (Rosenau, 1992) has changed as a result of increased interaction with the global economy.

Increased reliance on foreign direct investment, aid and general integration into the global financial markets therefore forces states into the 'trilemma of the global financialised economy' (Bryan and Rafferty, 2006). The trilemma explores labour's relationship to the expansion of global finance, and economic transformations since the 1970s, in the context of a variation the classical trilemma of macroeconomics, where states can simultaneously guarantee only two out the following three policy options:

- a stable exchange rate,
- large scale capital flows,
- policies safeguarding labour's standard of living.

The authors go on to argue that with the decline of Bretton Woods and the increasing reliance of the world economy on large scale free flowing capital states had to choose between policies protecting labour and policies maintaining a stable exchange rate – which was deemed vital for strong economic growth. They argue that "in the context of the policy trilemma, the pursuit of (relatively) stable exchange rates along with high levels of capital mobility required that the other policy objective – labour's standard of living – be systematically subordinated to the goals of global financial stability" (Ibid, p.119).

The state is a key actor in guaranteeing rights at work, setting wages, regulating industry standards on safety and health, and its ability to do so is significantly compromised through the rise of international finance. With the abstraction of economic power from the state however, it is labour, and not capital, that has lost a foothold in domestic bargaining processes. With the leverage of the state reduced, so is labour leverage over policy outcomes. The available policy space that labour can extract from the state has been diminished.

Financialised Capital

Industrial restructuring allowed firms to reduce their input costs while increasing profit margins, freeing up more capital for investment and to return to their shareholders (Milberg, 2008). The reduced need to invest profit back into the production process also led to a more diversified investment portfolio and increasing return on equity. Retailers have hence become 'financialised'. Baud and Durand (2011) argue that globalisation and financialisation in combination have been beneficial to retailers and brands in relations to their suppliers and workers. Reduced reliance on the 'sphere of production' (Lapavitsas, 2014) through more emphasis on 'circulation' is empowering financial capital at the expense of labour (Baud and Durand, 2011).

Capital ownership structures have, in many instances, become decentralised with some publicly traded companies so dispersed that no individual, or company, is ultimately responsible. Often, investors are not aware of how and where the investment (or pension) funds that they invest in generate their returns. Even non-publicly listed companies are often owned by or operated by private equity firms, who operate purely on the basis of financial returns and so often create an even more complicated management-worker relationship (Evans and Habbard, 2008).

Further to 'simple' shareholders, the increasing trade in derivatives has created holders of 'future shares' (Bryan and Rafferty, 2006). These "involve a form of capital with ownership of the 'performance' of a corporation, but without any ownership of the corporation itself" (Ibid, p.69). Bryan and Rafferty argue that these share derivatives create an environment where capital ownership is removed from company ownership with the consequences of giving "capital ownership a new flexibility and liquidity, with the effect of converging the categories of capital and money" (Ibid, p. 69).

Therefore, if we conceptualise the changes that have, and continue to, occur across the global economy in terms of 'capital' and 'state' we can see that the global political environment in which labour is organising is changing. It is also clear that these changes are transforming the power of labour within global production networks. Table 1 below summarises the effects of financialisation on the economy and workplace dynamics and how these might influence strategies of resistance by labour.

	Financialisation	**Effects on Workplace**	**Strategies**
Capital	Changing ownership structures (diversified and flexible)	No single authority responsible for conditions and wages. Shareholder value becomes management objective	Who do trade unions and activist's target? Picketing shareholder meetings or factories?
	New avenues for profit available – income through financial instruments rises	Overall emphasis is shifting away from production – job insecurity, pressures to increase productivity.	How are workers trying to push for their goals? Strikes at one location? Regional cooperation or global actions?
State	'Trilemma of financialised global economy' through Government bonds, FDI and ODA.	Policy space reduced – protecting labour's standard of living (or improving it) becomes more difficult.	What are activists asking for? What goals and objectives are set and are these influenced by the policy space available to the state?

Table 1 (source: Author)

Garment Manufacturing and Labour Resistance in Cambodia

The garment industry in Cambodia is a major pillar of the local economy. The 5 billion dollar a year industry accounts for over 80% of Cambodian exports and 700'000 jobs. The labour relations environment is tense with rising numbers of strikes and workplace disputes across the growing number of Special Economic Zones (SEZs). Reports over the last year by the ITUC and HRW have found that no guarantee of basic rights exist for Cambodian workers and conditions within garment factories are often especially dire (Ituc, 2014; Hrw, 2015). Nevertheless, exports continue to grow and most major international retailers and brands are sourcing from the country.

The garment industry in Cambodia has seen a series of labour disputes over the course of the last decade and an increasingly volatile labour relations environment. Since the phase out of the Multi-Fibre Agreement (MFA) conditions and wages across the industry have been in steady decline. Real wages for Cambodian garment workers in 2013, were lower than in 2001, and waves of workers fainting in the factories contributed to tense labour, capital and state relationship. The lack of basic protection for workers, the declining wages combined with the rapid growth of the industry since the early 2000s has led to a series of strikes both at factory level as well as at national level.

The strikes data, as compiled by the Garment Manufacturing Association of Cambodia (GMAC) and presented in Figure 1, shows a clear rise in strikes across the industry in the last few years. The numbers are somewhat misleading as the dip in 2014 does not include the major, industry wide strike, from December from December 2013 – January 2014. The 2015 figure only shows the strikes up until August 2015 and we have already seen an increase in strikes of 74% compared to the previous year.

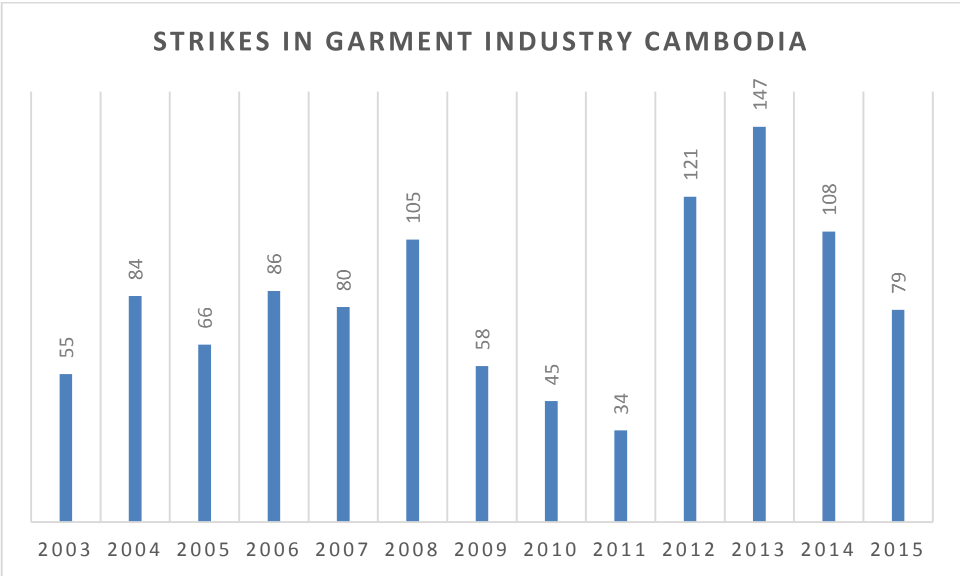

Figure 1. Incidence of Strikes in Cambodian Garment Industry from 2003-August 2015 (Gmac, 2015)

A major campaign took shape throughout 2013-2014 by garment workers aiming to raise the minimum wage. The campaign culminated in a mass strike beginning on Christmas day 2013, and ending almost two weeks later after a violent crackdown by security forces. After the crackdown the campaign quickly internationalised with global union federations, industry unions, and NGOs rallying in support of local unions asking for a 'USD 177' minimum wage. Ultimately, tripartite consultations at the ministry of labour resulted in an increase of the minimum wage to USD 128 in November 2014 – with unions vowing to return to strike action if wages are not increased again this year.

I will argue that the Cambodian garment industry is enthralled in a global financialised production network and that both garment manufacturing in Cambodia as well as the Cambodian state are increasingly reliant on global financial markets. Further, I will argue that the campaign for a ‘USD 177’ minimum wage can be analysed in the framework proposed above.

Financialisation of the Cambodian Garment Industry

The garment industry in Cambodia was a significant factor in the transmission of the global financial crisis to the country in 2008 (Keane, 2012). This would indicate that the industry and the actors within it are enthralled in a financialised global economy. Not just have the retailers and brands sourcing from Cambodia financialised significantly, but the Cambodian government is increasingly shifting its reliance on international aid to borrowing and financing through debt (Reaksmey, 2014). Cambodia has also begun to make inroads on a national stock market, with major textile producer Grand Twins being the second company ever listed on the Cambodian stock exchange.

Financialised Capital in Cambodia

The key global brands and retailers who are sourcing from Cambodia and who were at the centre of the ‘USD 177’ minimum wage campaign are H&M, WalMart, Levi’s, GAP, Puma, C&A, ADIDAS and ZARA. These multinational companies are all major global retailers and brands whose ownership structures and income generation are financialised.

Walmart as a major international retailer, for examples, had over 10% of total assets in financial form in 2004 (Baud and Durand, 2011) and C&A a major European clothing company is today owned by Cofra Holding AG, who also own a major real estate and private equity company with an investment portfolio of 7 billion Euro. Set up as a privately-owned (and still privately owned today) clothing manufacturing company, C&A has fully financialised and only a third of its business remains dependent on the manufacture and sale of clothing. Data from their annual reports also suggests that H&M are increasingly relying on financial assets.

This is also because MNCs are not sourcing from their own factories in Cambodia but rather through a series suppliers and factories. The large majority (93%) of which are companies owned and managed by non-Cambodian citizens. These are, more often than not, also multinational companies owned by holding companies who are attempting to provide a better return to their shareholders.

Grand Twins, for example, remains only one of two companies listed on the Cambodian stock exchange and one of the major manufacturers in Cambodia. Others include *Dewhirst* a clothing manufacturer owned by British holding company Difford Group.

These examples of both ‘local’ and ‘global’ suppliers and brands involved in the production of clothes in Cambodia, shows that avenues for profit and financial stability are increasingly relying on financial instruments and assets. Making the global, as well as the local, parts of the garment production network embedded in a financialised logic. The evidence seems to be clear that, as Baud and Durand (2011) and Soener (2015) argue, retailers and clothing manufacturers are, albeit not identically, systematically financialising. Differences exist clearly in the way, speed and extend to which these processes occur, but the industry as a whole is increasingly relying on financial instruments and motives.

Financialised State Structures in Cambodia

The Cambodian state, prior to the coup by the CPP, was weak in the face of international donors, international organisations and investors and policy option were hence limited to those favoured by international capital (Arnold, 2013). Policy option remained limited after the coup by Hun Sen’s CPP, who enacted an authoritarian regime which was seen to be conducive to the international community (Springer, 2009).

With foreign direct investment continuing to grow in Cambodia, and ODA in decline, the pressure to keep the garment sector competitive is often used as an excuse by the state and capital alike. In addition to this very close relationship with international donors and investors – and a heavy reliance on them – the Cambodian government has also begun a strategy of developing more coherent and wide spread financial infrastructures. These will, by 2020, include government bonds and securities for trading on global financial markets (Cambodia, 2012).

‘USD 177’ For Cambodian Garment Workers

The Christmas strikes in 2013 came as a result of what the independent unions in Cambodia deemed to be a failed negotiation for increased minimum wage. The strike and its aftermath in 2014, were the most comprehensive organised resistance in the Cambodian garment industry for years. Crucial for this paper in particular is the change in strategy the union movement embark on in early 2014.

After tripartite labour advisory committee (LAC) announced an increase in the minimum wage to only USD 100 in 2013, large swathes of workers led by the independent workers unions went on strike. As the strike progressed factories began to lock out their workers and eventually, a violent crackdown by security forces brought an end to the strike.

The campaign then quickly internationalised and began to focus on multinational brands sourcing from Cambodia as well. Immediately after the crackdown on the 3rd of January, activists in Cambodia and abroad began calling for an international day of action. IndustriALL and UNI Global, as well as the international campaign group Clean Clothes Campaign, began to organise their members and use the established relationships with brands to address the top of the global supply chain.

Local unions also upped the ante and demanded 'USD177' using imagery that was calling directly on major brands and retailers.

Source: Clean Clothes Campaign, 2014

The change in tactic showed some success in September, as brands began calling on the Cambodian government to increase the minimum wage to 177 dollars. With negotiations ongoing, the local protests and strikes also created a space for the independent trade unions in Cambodia to be included, for the first time in tripartite wage negotiations and the work of the Labour Advisor Committee of the Ministry of Labour.

Though ultimately the process did not yielded the results that unions were hoping and asking for, important lessons can be drawn from the still ongoing wage dispute. The collaboration between local and international unions, the work directly with international brands and the continued collective bargaining through the Ministry of Labour, aimed to address some of the disconnect between value creation through the financialised global production chains and decision making structures in Cambodia. Activists also began targeting Japanese and Korean embassies, asking them to pressure the GMAC.

These strategies by the local labour movement can be viewed in the context of the framework proposed above. Table 2 below summarises how financialisation manifests itself in the garment industry in Cambodia and how the strategies chosen by the activists and trade unionist can be seen as a response to some of these developments. It also, however, shows some of the disconnects between production patterns and labour strategies, which will hopefully allow for a more effective campaign in the future.

	Financialisation	**Effects on Workplace**	**Strategies**
Capital	Changing ownership structures (diversified and flexible)	Both 'local' and 'global' firms in the network show signs of focusing more on shareholder value. Even non-publicly listed companies are often owned by holding companies.	Cambodian activist continue to target factories, but have also successfully addressed the global brands. They also addressed some other states. Shareholders across the industry remain largely untouched.
	New avenues for profit available – income through financial instruments rises	All clothing manufacturers are diversifying their income streams to hedge against potential risks. In the case of some Cambodian manufacturers they are the diversification of other SE Asian holding companies.	Since 2014 emphasis has been placed on international industry campaigning.
State	'Trilemma of financialised global economy' through Government bonds, FDI and ODA.	Policy space reduced – protecting labour's standard of living (or improving it) becomes more difficult.	Activist began to pressure international capital and investors to signal that an improved wage is acceptable to them and that they can make longer term commitments. Trying to open up negotiations through pressures from above.

Conclusion

The framework proposed in this paper juxtaposes the strategies of labour movements across the garment industry with the realities of a financialised global production network. I argue that contextualising labour under financialisation will not just improve the understanding of workers experiences across global production networks but also allow for a more effective development of strategies in the future.

Cumbers (2015) argues that, “critical labour research on global restructuring needs to address how labour responds to globalizing economic processes to deal with the complex dynamics of capital accumulation and value creation” (p.147). These complex dynamics of capital accumulation and value creation are continuously transforming and the logic of financial capitalism is fundamental to that transformation. Therefore, to understand the “fundamental power-shifts that are subjecting workers to continuous restructuring and constant employment instability we must address the question of financialisation” (Rossman and Greenfield, 2006).

Of course the empirical assessment of the campaign in Cambodia will need a more in depth analysis. However, even a cursory glance at the strategies employed by Cambodian and international labour activists in the context of new economic realities has shown the possibilities of this new theoretical and conceptual framework. The argument developed in this paper provides a contribution to the GVC/GPN, financialisation and labour studies literatures and more importantly will hopefully allow for a better understanding of where the gains flow and hence how corporate power can be contained more effectively.

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