

VELVET *edge*

Many Years a Slave...

From the lowest rungs of fast fashion and luxury goods production to the highest, wage disparities are pervasive and often whitewashed by corporate public commitments that remain loosely followed through. This April, we explore how the global fashion industry needs to face the real causes of wage disparity and engage solutions for improving wages at the lowest levels of fashion production.

Global Fashion is notorious for its low wages and poor working conditions, especially in developing countries where many fashion goods are produced. While some companies have made efforts to improve working conditions and wages for their employees, the majority of workers at the bottom of the fashion value chain still struggle to make a living wage. Also, the world's top fashion brands remain unable to ensure a living wage for workers of partners and sub-contractors, despite their public commitments to do so. All the while, abuses in working conditions continue unabated, largely unchecked as the value chain continues to churn – to the advantage of a few thousand arbitrageurs and the peril of millions of lowly workers.



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The causality of these omnipresent challenges are not as complex as often portrayed. Ultimately, it boils down to a well-worn financial phrase; “Shareholder Value”. To keep shareholder confidence and ensure the requisite capitalization for entrenching brand equity, brands must show traction in form of ever-bigger earnings, acquisitions, clicks and several other modern metrics of profitability. To achieve said traction, fashion business leaders must circumnavigate market-driven obstacles around inflationary pressures, consumption slowdowns, and supply chain costs.

But most importantly, business leaders must be ruthlessly efficient at doing one or all of three main things; Producing more products, attracting more customers, or finding financial savvy ways of making products more cost-efficiently.

The best CEOs do all three in an average financial year. This produces three stark outcomes: One, more clothes end up in landfills (earth.org estimates that the equivalent of a rubbish truck full of clothes ends up on landfill sites every second); some 92 million tonnes of garments every single year, disposed of.

Two, in the quest for more shareholder value, customers are enticed to gorge on newer and more customized offerings (In January, a Bain-Altgamma Study estimated that luxury brands will add 100 million new customers by the end of the decade);

Lastly, to squeeze out more margins, someone farther down the value chain needs to make up for the production cost cuts required. (According to an ABL x Nisolo research in 2020, only an estimated 2% of persons working in the fashion industry around the world are paid a living wage).



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Typically, that person often turns out to be a factory worker in a poorly regulated fashion sector, whose harsh socioeconomic realities do not lend themselves to the luxury of turning down a low wage. A wage that hasn't changed much since that seminal 2018 Oxfam report; Reward work, not wealth. The report told the world that a CEO from one of the world's top five fashion brands took just four days to earn the same amount a Bangladeshi garment worker earned over her lifetime. That was five years ago. Today, not much has changed.

In all, the answers to wage disparity needn't be complex either. The fashion industry has often asked the perpetrators of wage disparity to self-regulate. This hasn't worked any better than asking a child to cease sticking their hands in the cookie jar.

The responsibility coverage must be expanded; and must go beyond rhetoric and blockchain-enabled product tags. The Industry needs more sweeping global protocols that hold weak Governments to account and ensure that fashion brands, their subcontractors, partners, as well as regulators on both sides of the trade aisle face actual penalties for profiteering off the backs of the economically disenfranchised.

A global fashion coalition might be required to counterbalance the drive for profit by global brands and how that drive is entrenching poverty and sharp industrial practices in developing nations where most fashion goods are made.

To be clear, human appetite can not be predicted or appealed to. However, where it creates an imbalance in the value of life, human equality and basic dignity, that appetite must be curtailed and made to answer to higher ideals.