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Globalization's Shift in Accountability: Textile Suppliers and Merchants in 18th and 21st Century Bangladesh

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Globalization's Shift in Accountability:

Textile Suppliers and Merchants

in 18th and 21st Century Bangladesh

Senior Project submitted to

The Division of Social Studies

of Bard College

by

Margaret Jennings

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Acknowledgements

Mom, Sophia, Grandpa, Grandma, Uncle Robert, and Aunt Caroline.
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# GLOSSARY

## TERMS RELATED TO BENGAL DURING THE 18TH CENTURY

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<td>A personal middleman, who would trade on behalf of a British East India Company servant</td>
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<td>DASTAK</td>
<td>A royal permit that exempted the beholder from paying customs or transit duties</td>
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<td>DIWANI</td>
<td>A royal right that allowed the beholder to collect taxes directly from province</td>
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<td>FIRMAN</td>
<td>An imperial decree that enabled the British East India Company servants to partake in private trade</td>
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<td>GOMASTA</td>
<td>A Bengali agent of the British East India Company who undervalued textiles and received a small monetary sum in exchange</td>
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<td>JAGIR</td>
<td>A royal grant of public revenues which enabled the beholder to collect revenue and to administer the government in Bengal</td>
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<td>NABOB</td>
<td>A provincial governor of the Mughal Empire also: a derogatory term for a person of great wealth, like “nouveau riche”</td>
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<tr>
<td>NAWAB</td>
<td>A native governor during the Mughal Empire</td>
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<td>VIZIER</td>
<td>A noble prince during the Mughal Empire</td>
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## CONTEMPORARY TERMS RELATED TO BANGLADESH

<table>
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<th>Type</th>
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<td>Examples are t-shirts, sweaters, pullovers, sweatshirts, and non-knit men’s suits</td>
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MAP APPENDIX
Introduction

Globalization is a 21st century phenomenon where developed and developing countries accept and integrate American free enterprise into their economies and political societies. Globalization also constitutes the development of an integrated global economy marked by free trade, free flow of capital, and the tapping of non-skilled foreign labor. With two different processes, globalization continues to redefine how individuals interact with their government, and how a country interacts globally. As technology continues to overcome distance, government is increasingly under pressure to be accountable to its citizens as well as its global interests. The tension between the two redefines relationships amongst governments, corporations, and citizens; however, given globalization’s form of a phenomenon as oppose to a distinct process, it is difficult to analyze global events and interactions without a cast of characters and their subsequent motives.

In Shakespeare’s *The Merchant of Venice*, Solanio offers Antonio, who is in need of fish, the comforting assurance that “the Duke will never grant this forfeiture to hold”. To which, Antonio answers:

The Duke cannot deny the course of law;  
For the commodity that strangers have  
With us in Venice, if it be denied,  
Will much impeach the justice of state,  
Since that the trade and profit of the city  
Consisteth of all nations.1

Antonio, or rather Shakespeare, observed that Venice owes its prosperity to trade with “all nations”; therefore the Duke cannot deny the unjust law, because his actions would threaten the security of all foreign merchants in Venice. Balancing economic security and domestic sovereignty, Shakespeare recognized that a city’s integration into a world economy caused restraints on its government’s domestic action. Shakespeare’s

observation proves that globalization was present five centuries ago and is at once enriching the city through global trade while enforcing constraints on its justice system. In *The Merchant of Venice*, the paradox of an export-oriented economy is found between the foreign merchant and the domestic civic servant; therefore globalization is not a new phenomenon, instead its repercussions and benefits are instead found between today’s merchants and civic servants.

For the country of Bangladesh\(^2\), globalization is centuries old and constitutes the dependency between an impoverished people and a multinational corporation. The British East India Company, founded in 1600, came to the Bengal Delta in search of cheap textiles and raw resources in the 18\(^{th}\) century. With figureheads like Baron Robert Clive and Governor Warren Hastings, Bengal was quickly established under the corporation’s rule as the figureheads sought trade monopoly. Bengali textile suppliers multiplied as the textile retailers, the British East India Company servants, sought greater quantities of cheap textiles. The mixing of political roles with corporate interests persisted for hundreds of years, as the political state of Bengal became the supplier nation to the corporation’s demands. This diffusion of corporate strategy, political ties, and trade monopoly is no different from the contemporary Ready-Made Garment industry in Dhaka, Bangladesh; but instead of corporate figureheads becoming the Governors of Bengal, United States retailers like Wal-Mart employ Bangladesh’s Members of Parliament, who own textile factories and employ some of the over four million garment workers in Dhaka. Today, the RMG industry accounts for 80% of the country’s total exports, with Wal-Mart buying 5% of its RMG exports. Bangladesh is second to China in

\(^2\) The events covered by this author relating to Bangladesh RMG industry end on February 1, 2013.
producing ready-made garments, which fill American and European retailers’ stores with cheap clothing for Western customers’ insatiable appetite.

Globalization is again not a new phenomenon: developed and developing countries have always worked in alliance and integrated into a global economy with the help of Western technology and principal political, corporate actors aiding the conditions for developing countries’ global role. Searching for larger profits and fulfilling consumer’s demand, western multinationals have always looked for large quantities of labor-intensive textiles at cheap prices, often found in Bengal. This concept is synonymous with the British East India Company of the 18th century and the Wal-Mart of the 21st century; however the only difference is who is holding those accountable for the textile trade practices.

In the 18th century, it was the British aristocracy, who were morally outraged by the Governor Hastings’ taking a political role with no intention of representing those from whom he collected taxes. The moral outrage resulted in Member of Parliament Edmund Burke impeaching Governor Hastings, which later became the Trial of the Century. In 2012, the Tazreen Factory Fire, which killed 112 garment workers, morally outraged garment workers in Dhaka; the workers took subsequent action to hold the factory managers, Western retailers, and their government accountable. With digital images released of the burned garments, Wal-Mart was forced to retreat from its position of noninvolvement to taking responsibility for its unregulated supply chain.

The first chapter is a brief history of the British East India Company, its figureheads, and its tenure in Bengal. The chapter describes the corporation’s charter and how the Battle of Plassey shifted the company’s involvement in Bengal. The political
consolidation in Bengal is observed through Clive and Hastings’ periods of rule, resulting in the company’s political and corporate monopoly over Bengal.

The second chapter contains a brief description of how Bangladesh became an independent nation-state, with attention to its constitution. The chapter highlights how in the RMG industry in Bangladesh is an example of globalization, where the product is too expensive for any Bangladeshi citizen to buy. There is a lengthy discussion of how Bangladesh’s infantile economy grew in response to the RMG industry’s demand. Wal-Mart’s corporate values and corrosive relationship to suppliers is described, as well as how American foreign policy has supported global industries like RMG.

The third chapter is a discussion on geographical morality, a term coined by Burke during the Trial of the century. The chapter delves into issues of accountability by cross-examining the Trial of the Century and the Tazreen Factory Fire. By examining the visuals from both events, the shift in who is holding whom accountable for corporate practices is made obvious. The chapter also discusses how government is vulnerable and easily undermined by corporate interests and the pressure to keep its country inviting to textile retailers.

The last chapter is a discussion on globalization with excerpts from writers Mahmood Mamdani, Joseph Stiglitz, and Japdish Bhagwati. Mamdani offers an interpretation of how the British came to rule the Bengalis. Stiglitz and Bhagwati offer differing opinions about the discontents and benefits of globalization. The chapter concludes on what progress can be made in the face of the textile industry’s duality of “one body corporate and politik” and whether globalization can be beneficial for all participants: retailers and suppliers, customers and garment workers, corporations and governments.
Chapter 1

The British East India Company

The British East India Company was created during the end of Queen Elizabeth I’s reign; on December 31, 1600, a 101 London merchants were granted a royal charter for “the Company of Merchants of London into the East Indies”, with exclusive rights to trade in the Far East for the next fifteen years and to operate free of royal constraints. Due to the mercantile competition amongst the Dutch, the Portuguese, the French, and the British in the Far East, the royal charter’s purpose was to encourage exploration, expand trade, and most importantly, enable the London merchants to be completely autonomous from the law.

The British East India Company was built as “one body corporate and politick in deed and in name”\(^3\); the Company bridged the medieval concept of a corporation being a public body with the industrial model of an enterprise acting solely on the interests of its shareholders. The combination of medieval and industrial, as well as providing protection from too many competitors in the home market, were an attempt to create the most ideal conditions for overseas trade in the late sixteenth and early seventeenth century. With the Queen’s charter for exclusive privileges of trade beyond the Cape of Good Hope and the Strait of Magellan for fifteen years, the Queen carefully calculated to avoid political entanglements as well as ensure a domestic monopoly for the British East India Company. The duality of “corporate and politik” allowed the British East India Company to wield supreme political powers while in pursuit for larger profits. It also began with high capital costs due to the travel required, bureaucracy needed, and the extremity of the

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bullion required to buy homebound goods. With the state defining its mission, the British East India Company set out to gain mercantile leverage over its competing European traders: the Dutch, the Portuguese, and the French.

The British East India Company’s activities at home and abroad involved grave risks: finding new trading partners, importing new trading goods, and militarily interacting with its mercantile competitors. The magnitude of distance between Britain and the Far East caused political and natural risks to bear a larger likelihood of losing investment as well as little communication between those in the Far East and the Company executives in London. As a result, those in power abroad attained more freedom to interpret and act on the interests the Company’s shareholders; however their actions attained higher risks of losing revenues and trade profits.

When the British East India Company began trading in the Bengal delta, it needed to first establish the right to trade; the merchants quickly began to extract favorable terms of trade, like sizeable tax breaks, which gave their company a distinct advantage over local traders. While out-competing local traders, the British East India Company also became a conglomerate that offered financial gains to both Britain and the Mughal Empire, which enabled the merchants to generate extra revenues for the low-income states of the pre-industrial world. Sizeable loans to the British Crown and large-scale bullion imports into Mughal India made the Company indispensable to both political entities on different sides of the world. As a result of the political dependency, the British East India Company became a corporate colossus, accounting for between 13 and 15 per cent of all Britain’s imports between 1699 and 1774; thus the economies in Britain and in the Bengal Delta became exceedingly more dependent on the merchants’ revenues.
In the process of becoming a corporate goliath, the British East India Company’s aggressive policies sought a zone of commercial sovereignty in Mughal India, in order to control trade and to abide by their own version of duties and taxes. In order to attain a monopoly over the regional trade, the institutionally aggressive policies were targeted at those in power by paying bribes to local princes and parliamentarians. The British East India Company actively pursed to be indispensable to the Bengal political structure, meanwhile the corporation made more revenue for its London shareholders.

The Bengali political hierarchy became exceedingly more dependent on British East India Company’s favor; with regional figures acting on their behalf, the corporation gained speed in acquiring a monopoly abroad by applying political and military measures. The corporation exercised its semi-sovereign privileges found in their Charter, which included the right to mint coin in its overseas subsidiaries, to exercise justice in its settlements, and significantly, the right to wage war. As the Governor of Bombay, Gerald Aungier, said in 1677, the British East India Company’s writers sought “commerce with [a] sword in your hands”. The British East India Company was granted “one body corporate and politik” by the Queen of England for the greater good of the country; with more trade, British costumers would have a larger selection of goods and also have an enriched understanding of the Far East. The rights granted by the Queen to the corporation enabled policies of political action in the Bengal delta, resulting in larger profits and a larger scope of power. The corporation effectively undermined local politics in order to pursue greater profits for the corporation, with interest in gaining larger tax breaks, pursuing larger trade revenues, and ultimately creating a commercial monopoly not only in the United Kingdom but also in Bengal.
One of the most famous figureheads of the British East India Company operations in Bengal is Clive. He was born on September 25, 1725 to a middle class family in Shropshire, England and was well known for his bad temperament, which resulted in his expulsion from the primary schools he attended. His father secured him a position at the British East India Company as a writer when Clive was 19, where his first deployment was to India. At the beginning, the young man filled his off time with debauchery; he was increasingly more frustrated with the Company’s bureaucracy at Fort David. It was only until the fall of Calcutta, that Clive experienced deep distress over the French advancement over British mercantile company. After that event, the young man defied death numerous times in order to defeat the French, control power outside the British fort walls, create a civil administration, lead military operations, and attain enough money and power to come back to England at the age of 35 years with a new bride, Margaret, in 1760.
The Battle of Plassey on June 23, 1757 is considered the breaking moment when the British East India Company’s tenure in Bengal solidified its paradigm shift from foreign merchants to foreign rulers: the Battle was won through Clive’s leadership led to a double victory over the Nawab of Bengal and his French allies. The Battle only lasted for a few hours, but left the Company with an exceptional bounty of £2.5 million; meanwhile Clive gained a bonus of £234,000 and an estate – a jagir – that was given to Clive, as opposed to the Company, and amounted to an annual rent of £30,000. The Battle of Plassey illustrates how the British East India Company exercised military might for corporate gains as well as foreshadows the coming difficulties with private trade as the figurehead gained a Bengali political title with annual profits.

Leading up the Battle of Plassey, Calcutta, a British-controlled trading center, was attacked by Nawab Siraj-ud-daulah. Following this attack was the Black Hole incident, a horrific tale of hundreds of British soldiers killed in a miniscule cell. The story was
sensational in Britain, because it established a comparison between the barbarism of the Bengali nawabs and the heroism of the corporation’s merchants. The Black Hole Incident as well as the Battle occurred during the Seven Years War (1756-63), when British publications horrified the public with accounts of the dangers wrought on their citizens in uncivilized territories. Governor Clive led the corporation to victory largely because he had the support of the British society, and subsequently the British East India Company’s executives.

The Battle of Plassey, although violent, resulted in a mere commercial transaction since Governor Clive undermined the adversary, Nawab Siraj-ud-Daulah, and his network of wealth before the battle began. Clive conspired with Mir Jafar, Siraj-ud-Daulah’s demoted army chief; together they devised a stratagem for the Siraj-ud-Daulah’s favorite merchant, Omichund. On red paper, they wrote a fake treaty where Clive agreed to Omichund’s demands of “thirty lacks of rupees and fiver per cent” and personally forged the signature of Admiral Watson, the leader of the expedition. On a white paper, they wrote the real treaty, with no mention of a transfer to Omichund. The plan of deceit worked, causing Omichund to die upon realizing his mistake.

On May 10, 1773, Clive was called to testify before the House of Commons about his deceitful war tactic during the Battle of Plassey. The ex-Governor at the time went into great detail of how he deceived Omichund and concluded on why it was justified:

> The House, I am fully persuaded, will agree with me, that, when the very existence of the Company was at stake, and the lives of these people so precariously situated, and so certain of being destroyed, it was a matter of true policy and of justice to deceive so great a villain.⁴

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Clive drew a comparison between good versus, illustrating how his policies and purpose were superior morally in comparison to his adversary’s. Clive’s justification marks how the British East India Company was no longer engaged in simple business practices, leaving the local politics alone, but instead Clive’s greatest impact on the corporation’s affairs in Bengal was brought by leveraging political ties to create a better economic playing field in the corporation’s favor.

Governor Clive’s term in Bengal was heavily influenced by the insight of the French commander Dupleix, who was also in charge of the French trade in the Far East. Dupleix and Clive observed that the rulers in Bengal, and the larger entity of the Mughal Empire, were foreign colonial oppressors. The Muslim overlords from central Asia regulated the Hindu middle class and the large peasantry; they also provided little security as foreign invaders and warring fractions degraded the region’s standard of living. The Hindu middle class, and much of the Muslim aristocracy, wanted security, even if imposed by an outside power – a delicate understanding that Dupleix and Clive were able to make their competitive advantage by exploiting the very divisions of the Muslim rulers. The Battle of Plassey illustrates how both European corporations used local political actors to fight for their company’s interests, in return for funds, trade, and security.

After the Battle of Plassey, Clive acknowledged Mir Jafar as the Nawab of Bengal, thus causing a political upheaval as well as a confirmation of the corporation’s practices and an annulment of French trade in the region. In the eight years that followed the Battle of Plassey, the British East India Company placed four Nawabs on the throne of Bengal; with each transition, a transfer of more land was given in place of debts the Company held, causing the regulatory power of the Nawab to be further broken. One
estimate suggests that in the decade after the Battle of Plassey, Bengal lost two thirds of its revenues to the Company’s “commercial plunder”. Along with tax revenue, Bengal solely provided the Company with good raw materials, a highly productive agricultural sector, and a sophisticated division of labor in cloth production; therefore, the British East India Company effectively controlled the region’s mechanisms of trade, profit, and power, allowing the corporation figureheads to administer its Bengali territories in return for a secure profit for its shareholders.

**Trade in Bengal**

By acquiring local titles, the corporation gained regional power, enabling the figureheads to plunder Bengal’s human and raw resources for their administration as well as personal trades and subsequent profits. In the beginning, the corporation’s operations in Bengal were under the imperial decrees, *firman*, which defined the commercial privileges granted by the Mughal emperor. From the 1650s, the British East India Company annually paid Rs3,000 in order to export goods duty free from Hugli, the main port of Bengal. In 1717, they won imperial backing for their Calcutta President to issue *dastaks*, which exempted shipments from paying a duty; as a result, the Mughal emperor awarded the British East India Company with a tax status that favored its business over the region’s local traders.

The previously mentioned *firman*, an imperial decree, enabled the corporation’s agents to partake in private trade. The British East India Company had spent over £100,000 in bribes on the cost of continuing their trade status; however, the wording of the *firman* was vague on several key issues, causing friction between the Company and the Bengali government. For example, the Bengali government insisted that the corporation’s agents could not trade as private citizens by exploiting the corporation’s
In response, the corporation would pretend the private trade was merely their own, causing the corporation to bribe Bengali authorities, who insisted on inspecting cargoes leaving Bengal to check if the cargoes were not transactions. This example of the corporation’s privileges being used by private British servants illustrates the relationship those within the corporation had with the local laws and customs: they simply refused to abide by them. As a result, the corporation’s and private trades were never taxed, creating a revenue imbalance for the local tax system.

The British East India Company’s agents continued to retain large sums in private trade in by way of using a banyan, a personal middleman who would trade in the name of the person in the corporation whom he represented. Banyans spoke the local language, making them extremely resourceful for inland trading, which took place among cities and towns in Bengal. The spoils from inland trading would soon find themselves in Calcutta factories, where they could be shipped abroad. Local Bengali governments financed their operations by taxing inland trading; however their revenues began to experience a hollowing effect as the corporation’s figureheads arranged for their agents to attain dastaks, thereby exempt from the local taxes and tariffs. The banyan then began using his employer’s dastak; the number of dastaks used for corporate and private trade skyrocketed amongst corporate officials, private citizens, and locals working with the corporation, meanwhile the excessive use corrupted every level of Bengali society.

The system of dastaks and banyans ultimately bankrupted Bengal, because the banyan could use the dastak against local silk weavers or other servicemen, who were helpless in imposing tax; therefore each member in the exchange of trade was aware of the corruption taking place, however the Company’s power amongst local government, local authorities, local merchants, and local service members was too great to be
challenged. The trading system and its reliance on political titles illustrates how the British East India Company was not interested in obliterating the Bengali social structure, instead its figureheads and private citizens engaged in dismembering the social and political structures for their own corporate and personal gains.

To sabotage local services and gain greater profits, the British East India Company lowered prices for textiles. Agents of the corporation would classify good quality of cloth as sub-standard, thus creating larger profits for the corporation because these textiles were sold on the open market at a price substantially higher than what was given to the weaver. The prices of goods were designated by the gomasta, a Bengali agent of the Company, who received a tidy profit as compensation for under-classifying the weavers’ cloth. As the practice continued, weavers were unable to cover the costs of production. They didn’t earn enough to pay back the advances they had received for the corporation, causing many to be impoverished and still owing the British East India Company severe debts. The lower the price, the larger the profit; however the domestic consequences were devastating: the weaver became impoverished while the tax revenues gained no profit from the corporation’s trade. With complete disregard for sustaining the state, the political and social societies of Bengal were hollowed out by the corporation’s complete disregard for the supplier’s country. The British East India Company’s practices were only concerned with creating as much profit as possible, thereby rewarding those who caused negative social impacts for the supplier.

**Clive’s Leadership**

After the Battle of Plassey, Clive was confirmed Governor by the British East India Company, which allowed him to strengthen the Bengal Nawab Mir Jafar’s authority, while using his political power to further the interests of the company by
exempting duties on the private trade of the company’s agents and goods. Just before Clive left for England in 1759, the Nawab offered him the diwani of Bengal – the power to collect taxes directly from the province. The company’s directors turned down the proposition, because the diwani constituted a political right. Even though tax revenues were used to buy trading goods, the British East India Company believed that collecting tax revenues required one to govern; as a result, Clive lost an enormous annual profit gain. The appointment of Governor illustrated the encouragement the executives gave Clive to carry out a political role, with corporate interests, in Bengal; however the offering of the diwani and the corporation’s subsequent interference illustrates how the United Kingdom executives were unsteady about the political interference from their figurehead in Bengal. Tax collection was viewed as a right to rule, however inland and private trading practices made it nearly impossible for Bengali political officials to gain tax revenue and govern their government effectively; therefore the corporation’s executives were comfortable with implicit political control but not an explicit political title, garnered from the local customs.

Upon returning to Britain in 1753 with an enormous salary and savings at a young age, Clive held expectations that his political gains in Bengal would transfer to a political role in British Parliament. After a failed attempt in holding a Parliamentary seat and Bengal falling into chaos as private trade became rampant, the Company asked him to return to Bengal in 1764 to save the Bengal trade on any terms he chose. Clive demanded absolute power as governor of Bengal, with no restraints by the Council in Calcutta, and that he would be commander-in-chief of the army. After his return to Bengal in 1765, Clive was offered the diwani to which he accepted. The terms he chose for his return illustrate the realities of trade in Bengal, and the reverse of implicit to explicit political
control over local politics. Again, the Governor controlled a political, militaristic system speared by corporate interests that became a parasite to the local political and social societies of Bengal as their elite became invested in the British East India Company’s affairs as opposed to local interests for balance and justice.

Upon returning to Bengal, Clive set up a “dual system” of political and corporate interests, much like the Company’s original purpose; however contention grew over local rules versus corporate interests. As a result of Clive’s political practices, he as well as the Nawab created laws that were administered to the local people. The Nawab of Bengal retained, in theory, the police and criminal justice system, which meant that Muslim law applied to criminal justice as opposed to civil, which was the province of the British. The “dual system” marks a departure from the normal business practices of corrupting officials, undermining tax laws, and diminishing the rights of local servicemen. Clive also attempted to obliterate the practice of private trade, but he failed to raise the salaries of those involved, therefore there was no incentive. With his recent acquisition of the diwani title, Governor Clive was the last example of modesty when it came to collecting disproportionate profits from the Bengal state and its defenseless people; therefore the dual system ultimately failed because the corporate greed and hollowing of the political and social societies led to decay and desolate economic, social conditions in Bengal.

**Clive and Moral Indignation**

Upon his return to England in 1767, Clive was met by public anger towards the increasingly hostile conditions in Bengal and the unprecedented riches of the British middle class men, who had come back from the British East India Company’s operations
abroad. British high society soon adopted the term “nabob”\(^5\) to describe a Company\(^6\) agent, who had become wealthy through corrupt trade and indecent business practices. The term “nabob” is originally the term for “deputy governor” or “viceroy” in the Mughal Empire rule of India. To the British elite, Clive represented the emergence of nabobs and their subsequent means to buy into upper class. To the British masses, he represented the lack of moral jurisprudence involved in Far East trade: the cruelty, the extortion from the native Indian aristocracy, oppression of the masses, and personal greed. As the great historian Macaulay wrote, “He was, in fact, regarded as the personification of all the vices and weaknesses which the public, with or without reason, ascribed to the English adventurers in Asia.”\(^7\) Along with the term nabob, Clive became a political caricature for those in Parliament to rally against. Speaking out against the practices of the Company, MP Edmund Burke said,

> Every rupee of a profit made by an Englishman is lost forever to India… the golden cup of abominations – the chalice of fornications, of rapine, usury and oppression – which was held out by the gorgeous eastern harlot, was drained to the very dregs.\(^8\)

For Burke, injustice was not only at Clive’s moral indiscretions but his active strategizing in the inflicting economic injustice upon the people of Bengal. The idea of Clive’s profits being “lost forever to India” illustrates how Clive’s economic prowess is not rightfully his, but in fact, stolen from the Indian nobility. The great whirlwind of moral indignation and vituperation, whipped up by some of his score-settling enemies, was now set upon Clive with unparalleled force.

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\(^5\) Nabob has a modern day connotation, but in this context refers to British East India servants who return from their travels with excessive riches.  
\(^6\) Company is a nickname for the British East India Company.  
\(^8\) Ibid. Pages 338-339.
In 1772, the British East India Company appealed to the United Kingdom government to save its business from bankruptcy, which allowed parliament members to question the now infamous Governor Clive. By 1773, a campaign was led against him as two parliamentary committees uncovered the facts of corruption amongst the Company’s servants. Outraged by Parliament’s inquiries, Clive defended himself with great vigor and went into great detail about his governorship in Bengal,

A great prince was dependent on my pleasure; an opulent city lay at my mercy; its richest bankers bid against each other for my smiles; I walked through vaults which were thrown upon to me alone, piled on either hand with gold and jewels!
Mr. Chairman, at this moment I stand astonished at my own moderation.  

After an all-night debate, he was voted a parliamentary commendation with Parliament decrying that Clive did render great and meritorious services to his country. Clive’s defense in Parliament ensured a small victory in the face of public disgust; however the public outcry and possible return to Parliament hearings changed the tone for how the British East India Company’s executives applied the method of duality, corporate and political, in Bengal.

**Hastings in Bengal**

Hastings was a privileged intellectual with a deep appreciation for languages, culture, and history; he was born on December 6, 1732 in Oxfordshire to extremely impoverished parents, who died shortly afterwards. On behalf of his uncle, Hastings attended Westminster School, where he was highly regarded amongst professors for his scholarship. He was on track to become an academic, but his uncle went bankrupt, thus causing Hastings to become a writer for the Company in 1750 when he was 18. In Calcutta, he was rewarded for his mastery of Urdu and Persian, allowing him to be transferred to Kasimbazar, a trading post in Bengal, where he studied Indian politics.

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9 Ibid. Pages 338-339.
Later during his impeachment trials between 1788-1795, Hastings was confident that the British public would be on his side as he described his actions to rid private trade, to establish a political force in Bengal, and to garner large corporate profits as the Governor-General of India.

![Sir Joshua Reynolds, Warren Hastings, 1766-1768](image)

National Portrait Gallery, London, United Kingdom

From 1773 to 1785, Hastings served as the first Governor-General of India, which was a new role that came with grave responsibilities in reforming the Company’s practices of trade and governance. Under the Regulating Act of 1773, Hastings had powers of superintendence over Madras and Bombay along with Fort William in Bengal. He was also given a Supreme Court, which administered English law to the British and those affiliated, as well as a Council of Four, appointed in the Regulating Act. Upon appointment of Governor-General, Hastings left Calcutta to travel inland throughout Bengal, with the intention of understanding the foreign civilization. He spoke the local languages and hired academic experts to compose reports on the culture, social, and political structures of Bengal; upon return to Calcutta, he had attained a broad
understanding of how the Company was failing to meet its mission. Writing to an associate, Hastings remarked, “there can be but one government and one power in this Province”\(^\text{10}\); therefore the duality of the Nawab and the British Governor-General no longer served its purpose. Hastings stripped the Nawab of his powers to allow the British to rule, and the Nawab was allowed to retain his status as a symbol.

With his broad understanding of the region’s failures, Hastings worked for consolidation and unraveled Clive’s “dual system” in an effort to curb poor governance, corruption, and private trade. By assuming direct responsibility for raising revenue, he displaced the Nawab’s chief minister; his governorship indicated a consolidation of local power in an effort to buoy Company revenues. In order to save money, Hastings also ended the tribute to the Mughal Empire. Unfortunately Hasting’s timing for political transition, disturbance, and potential opposition proved fatal as Bengal suffered one of its worst famines, leaving many locals in starvation and the corporation’s profits at an all time low, which lead Hastings’ to further political consolidation. The Bengal annual payment to the Company was repeatedly under the target amount, causing the Governor-General to continue to attain local titles of power and to stop giving “presents” to regional political leaders. The famine of 1770, which resulted in a loss of a third of the population, made it impossible for Hastings to successful administer his “one government, one power” policies; instead his power consolidation when the country was facing severe human conditions created more strains on the British East India Company’s duality of “corporate, politik”.

Chapter 2

The Bangladesh Ready Made Garment industry is the country’s predominant sector and primary export; the country’s global trade, domestic politics, and civil peace are reliant on the business of foreign retailers, like Wal-Mart, H&M, Ralph Lauren, and the Gap. According to Bangladeshi government reports, in 2011 Bangladesh exported $19 billion in garments, second only to China. The garment exports account for 80% of the country’s total exports, around 17% of total economic output. In a 2010 report by the consulting firm McKinsey & Co., analysts suggested that Bangladesh could double that figure in less than a decade. Bangladesh continues to be the most populated country, with the majority of its citizens living below the poverty line; as a result, the RMG industry provides economic opportunities that would otherwise not be available to the poor.

The Creation of a Nation-State

Bangladesh is a recently independent nation; its history is defined by its relationship with the foreign conqueror, who plumaged the region’s materials and human resources for foreign conquest and trade. The nation has been under foreign rulers for centuries as oppose to self-rule for a matter of years. The difference highlights Bangladesh’s difficult past in needing foreigners for trade, governance, and security; meanwhile these foreigners have imposed greater inequalities upon the nation’s warring fractions. Its relationship with the foreigner continues to shape the country’s future as the political state attempts to establish its statehood in the global economy.

For many centuries, Bengal was divided by warring fractions: different religious groups, ethnic communities, and the native communities versus foreign conquerors. The eastern part of Bengal is characterized for its centuries-long conflict between the Muslims and the Hindus. The conflict began in the pre-colonial era when Muslim Mughals
conquered India in the 16th century and made today’s Dhaka their administrative and economic center. In the beginning of the 18th century, the British East India Company established Calcutta as their headquarters for the region, causing Muslims to lose economic and political power leverage over the Hindu community, who profited tremendously from the economic, administrative, and educational policies of the British.

In the 20th century, the warring fractions were divided along state borders as the British, with local support, divided the region into separate political states. In 1905, the British, with the support of the Muslims, divided Bengal into a Hindu West Bengal and a Muslim East Bengal, but the partition only lasted seven years until 1912, and then it was reinstated during the partition of India. The partition had a lasting effect on the ethnic fragmentation in Bengal, which is evident by the elite’s political parties: the Indian National Congress and the Muslim League. The two political parties created distinct ethnic electorates and separate anti-colonial movements. British colonialism in Bengal and India manifested extensive anti-colonial protests and ethnic fighting, thus resulting in the partition of India along communal lines and the creation of Pakistan in 1947.11

Pakistan shared a common religion, Islam; however the West and East differed in everything else: language, culture, and ethnicity. Pakistan’s ruling classes were not well established, nor did the country have democratic, decentralized political institutions. Instead Pakistan’s frequent changes in political leadership lead to the creation of a military bureaucracy in the western part of Pakistan. In 1952, the new political elite sought to make Urdu the national language, marginalizing those who lived in East

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Pakistan and spoke Bengali. The language choice sparked a social movement, as Eastern Pakistan received less economic advantages than Western Pakistan.

The cultural and economic discriminations along with the economic inequality against East Pakistan cemented a new political opposition that rallied a nationalist mass movement in the eastern part of the country. The nationalist movement supported the idea of a parliamentary democracy with political leadership. Lead by the secular, pro-Indian Awami League, which was supported predominately by the middle class bourgeoisie, the lower social classes and the socialist-oriented student groups joined to form a movement, which declared Bangladesh’s independence in March 1971 after almost four centuries of foreign rule.\(^1\)

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure2.1.png}
\caption{Sheikh Mujibur Rahman’s historic declaration of independence, March 7 1971}
\end{figure}

The Bangladesh state was created in defiance of economic inequality and political marginalization. After centuries of foreign rule, Bangladesh had a strong sense of identity that went deeper than a shared religion; they shared a common ideal for the future. As Rounaq Jahan, the Bangladeshi academic writes,

\(^{12}\) Ibid. Pages 248-249.
The separation of Bengalis from Pakistan appeared to be a rejection of the primacy of the religion based identity and a celebration of democratic and secular ideals. The populist support and involvement in the nationalist struggle generated international sympathy for the cause of Bangladesh and created high expectations from the new state both inside and outside the country. However, many seasoned observers doubted the viability of the new state noting its poor material resource base, weak institutions, and the devastations brought on by the war.  

The Bangladesh political state had a common purpose amongst its political parties; however the victorious underestimated the impact of the country’s realities: poor infrastructure and social devastation. Jahan continues to write that the Bangladesh Constitution, adopted in 1972, affirmed nationalism, democracy, socialism, and secularism as the four guiding principles of the state. The constitution also established a unitary and a parliamentary forms of government based on multiple political parties. Elections championed universal adult franchise, fundamental rights, and the freedom of the judiciary. In defiance of the people’s historical disenfranchisement, the new constitution was built on the high expectations of a new nation-state. The foreign rule of Pakistan spurred a nationalist movement for Bangladesh; the constitution’s ideals and political mechanisms highlight an understanding that political rule must be for all citizens, safeguarding their interests from foreign objectives.

The Ready-Made Garment Industry

Shortly after its creation, foreigners capitalized on Bangladesh’s unlimited human resources to create the RMG industry, which created textile products too expensive for the Bangladeshi citizens to buy. This export-oriented industry is the first example of a truly globalized business plan, with Bangladeshi citizens being paid by foreign companies to make products for foreign customers. Poverty continues to persist in Bangladesh. Most recently in 2009, four-fifths of the population lived on less than $2 a

day and one third on less than $1 a day. Half the population lives below the official poverty line, and in absolute numbers, poverty has expanded tremendously as the country continues to battle overpopulation.\(^\text{14}\) The poor have become a large resource for the garment sector, which continues to grow as the factory managers have unlimited access to low skilled, low-wage workers.

In the 1980s, the RMG industry ascended in Bangladesh as foreign buyers subcontracted to Bangladeshi entrepreneurs to produce shirts, trousers, T-shirts, and sweaters for export, mostly to the United States and the European Union markets. By 1990, garments were half of all registered exports, replacing jute and jute products as the country’s top export goods. By 2006, RMG exports accounted for three quarters of the total exports. The scale of magnitude is best represented by the sector’s workforce: by the turn of the century the industry’s 3,000 factories employed 1.5 million workers, who were predominately female and had spurred their own urbanization movement as they traveled from their families’ rural country farms to Dhaka.\(^\text{15}\)

In 2012, Bangladesh has over 4,000 RMG factories, which account for 80% of its export income, with the most unlikely outcome: female garment workers are economic heavyweights. About 1.5 million women are employed as garment workers, many from poorer sections of the population. The once marginalized are economically viable; their migration is one of the clearest signs of the rapid urbanization in Bangladesh, where the urban population is growing 6% (year over year) and 28% of people live in cities. Women are contributing to the family and national income for the first time, creating cultural shifts such as female education being accepted and encouraged; however


\(^{15}\) Ibid. Pages 237-238.
women’s economic empowerment has come at the risk of exploitation and
discrimination.

In 2012, the average garment worker is 19, unmarried, with little education or
training; she has a comparative disadvantage in salary, since the average female garment
worker earns an average of 60% of the salary of their male counterpart. Many NGOs, like
Bangladesh Rural Advancement Committee (BRAC), relate the increased sexual
harassment of Bangladeshi women with their improved economic status, increased
mobility, and newfound visibility away from their homes and villages.16 To many, the
RMG sector is considered a double-edged sword, since it provides economic
empowerment to those who are marginalized; however their security and social
mobilization are greatly degraded as a result of their occupation.

![Image](image.jpg)

**Figure 2.2** McKinsey, Bangladesh Garment Factory Workers, 2010

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development/2012/nov/05/ urbanisation-bangladesh-women>. 
China and the Future of Ready Made Garments

The RMG sector is a fundamental market for developing countries, especially in Asia. China has grown from its earlier title as “the world’s factory floor” to be a global hegemon, causing many economists to question which country will step into the role. Some believe it will be a combination of less developed nations like Bangladesh, the Philippines, Cambodia, and possibly Burma; however, the economists at McKinsey contend that Bangladesh, being the second largest exporter of RMG, will likely take China’s position if its political and social drawbacks are corrected. Meanwhile, China is becoming costlier for Western chief purchasing officers due to increasing labor costs, pollution costs, stricter labor regulations, and a stronger Chinese currency; the myriad of factors continues to make China less competitive for labor-intensive goods, creating more opportunities for Bangladeshi factory managers.

In the 2011 McKinsey & Company report, “Bangladesh’s Ready-Made Garments Landscape: the Challenge of Growth”, China is reported as almost always the hands-down answer to all buyers’ needs, but those times are changing as the macro trends of increasing wage and capacity pressure heavily weigh on the Chinese RMG sector, which accounted for approximately 40% of import volume in the US and EU. Bangladesh provides a compelling offer with the region’s youngest and cheapest labor force, a huge existing RMG capacity, and long-term experience in the sector. Bangladesh is already benefitting from the “China Relocation Trade”, given that Bangladesh’s total exports for FY 2010-2011 rose to $22.92bn from $16.2bn the previous year, a jump of 41%. The GDP growth of 6.7% showed the RMG acceleration, as knitwear exports alone were $9.5bn with a rise of 47% (year over year). The sharp demand in RMG exports places
pressure on the Bangladeshi government to build better networks of communication, transport, and electricity to sustain the sector as well as build capacity for more business.

The RMG industry in Bangladesh is reliant on the five variables: price, quality, capacity, speed, and risk. Bangladesh offers two “hard” advantages like price and capacity. Competitive price level is what draws the CPOs to the country, since almost all CPOs place price attractiveness as the first and foremost reason for purchasing in Bangladesh. Wages are not raised often, for instance it wasn’t until November 2010 that wages were raised for the first time since 2006, after the government had been announced that minimum wages would be adapted regularly in two-year rhythms. Capacity is another large concern: RMG factories employ about 3.6 million workers from a total workforce of 74 million, thus illustrating its infinite capacity for economic growth.

The McKinsey & Company report forecasted a continuation of the high growth in the RMG sector until the year 2020. The sourcing trends and Bangladesh’s capacity potential will cause European and US retailers to continue to expand their sourcing activities. McKinsey economists argue that the market will realistically develop at an annual rate of 7% to 9% by the year 2020, resulting in an export value of around USD 36 to 42 million. This means the Bangladesh RMG sector will double by 2015 and nearly triple by 2020; however these bright prospects for Bangladesh’s export-oriented economy are reliant on the country’s secure, peaceful state as well as infrastructure developments.

As the RMG sector is poised to increase rapidly, the government’s responsibilities are under pressure to not only protect its citizens from fatal working conditions but also facilitate the country’s development as it undergoes rapid market growth. A point of contention between western buyers and garment factory workers is factory regulation. Western buyers argue that the private sector cannot be held accountable for factory
conditions adhering to safety standards; however, the government cannot regulate safety standards either, for fear of foreign CPOs leaving due to higher factory costs. The government is arguably too complacent towards poor factory conditions, however the fear that foreign business will leave for more “tolerant” countries, less-regulated factories and lower prices, leaves government paralyzed.

The government has been keen to sustain the garment-manufacturing boom, even at the loss of other business development. Related problems such as low wages and poor working conditions are under fire as labor unions call attention to poor manufacturing practices. Government is ultimately hostage to corporate interests. The government quickly liberalized investment and trade in the garment industry during the 1980s in order to attract investors, who were keen on finding new countries with MFA quota allowances. The government has also used favoritism policies like duty-free imports of inputs such as fabric and machinery, while other businesses pay high duties; therefore as Bangladesh prepares itself for more business with its only export, other business developments that could propel Bangladesh up the value chain are constrained, hindered, and ultimately unsupported by the government.1718

**Wal-Mart and its Values**

Bangladesh is undergoing development stagnation due to Western retailers’ prerequisite of low prices, low wages, and infinite human capacity. The leading culprit is the best-known retailer, the largest company in the world by revenue and by number of employees, and the company that wields power across suppliers, factories, and workers across the world – Wal-Mart. In order to gain the competitive advantage over other

retailers, the corporate monolith was built on the mission of providing customers the lowest prices. Wal-Mart executives are strident on increasing efficiency, reducing costs, reducing prices, and ultimately constantly attracting more shoppers.

With more customers than its competitors, Wal-Mart never stops applying extensive measures to increase its efficiency and lower prices even more, which results in non-stop growth. For most of the 2000s, Wal-Mart is both the largest company in the world, and the largest company in the history of the world. It is as big as Home Depot, Kroger, Target, Costco, Sears, and Kmart combined. Target, which is considered Wal-Mart’s nearest direct rival and its most astute competitor, is small by comparison. Each year Wal-Mart sells more by Saint Patrick’s Day, March 17, than Target sells all year.\textsuperscript{19} As a result of being a corporate hegemon, the company exerts enormous pressure on its sector of commercial trade. Wal-Mart’s method of lowering costs does not just apply to their stores; due to Wal-Mart’s magnitude, its business practices can be found in their suppliers’ practices worldwide.

\textbf{Figure 2.3}  Wal-Mart Logo, 2000

Similar to the British East India Company, Wal-Mart’s size and status allow them to set the price for goods, thus invoking suppliers’ to completely transform their business in order to sell to the corporation. Wal-Mart works directly with its suppliers and their own value chain to nullify any inefficiency, which might result in redesigning the product, reconstructing how the product is shipped, and changing the location of production. Due to the conglomerate’s monopolized position, suppliers are willing to shift work costs to make a product cost less. As a result, Wal-Mart continues to be successful and outcompete its nearest rivals; its own costs are less not solely due to frugality but also because Wal-Mart shifts the strategic costs to suppliers.

Lower prices might mean more customers for the retailer, but the supplier and their constant effort to slash costs creates a hollowing effect. Wal-Mart’s low prices cause suppliers to degrade the quality of their product, to lose in their profits, and to be constantly searching for cheaper methods of production. Suppliers are willing to comply with these excruciating demands, because Wal-Mart dominates consumer markets so thoroughly that there is no other option for the supplier. As a result, the global corporation’s relationship with suppliers is so integrated that decisions made in Bentonville routinely close foreign factories as well as open them. The downward price pressure exerted by Wal-Mart leaves little profit for innovation, thus causing many suppliers to be vulnerable to commercial decay.\(^{20}\) With prices set so low, the supplier is left working in the margins of profit, innovation, and production quality.

Government balances a retailer’s downward price pressure and its responsibility to protect the individual, as described in its constitution. As evidenced by Bangladesh’s government policies, the country must have desirable conditions like low wages and

\(^{20}\) Ibid. Page 89.
flexible regulations in order to attract textile retailers, which hinders the country’s economic development. The government’s options for economic growth are limited since the RMG sector, which caters to Wal-Mart and its fellow Western retailers, is the dominant driver of growth. The Bangladesh government is left satisfying foreign corporate interests even though the RMG sector has a human cost.

**Bangladesh and Global Trade**

As a result of the global trade reforms advocated by President Clinton under his foreign policy of “democratic enlargement and engagement”\(^\text{21}\), less developed countries adopted free enterprise and heartily accepted foreign business like US retailers. The Bangladesh economy opened significantly with enhanced access to production and non-production related imports and accelerated growth of exports. For instance, exports rapidly increased from 1980 to 2006 (FY80-81 13.5%, FY06-07 43.4%). Exports expanded at 3.65% to 17.83%; imports also changed drastically (9.86% to 45.18% during the same period). The change to an export-oriented economy illustrates how the Bangladeshi economy became dependent on foreign buyers.

During the two decades from 1990 to 2010, Bangladesh RMG suppliers experienced a paradigm shift from resource-based to process-based exports, causing the export basket to change from primary commodities to manufactured ones. In 2012, woven and knit RMGs contributed around three-fifths of Bangladesh’s total exports, where the EU and USA markets accounted for more than four-fifths of the total export.

\(^{21}\) During his administration, President Clinton saw the United States as “a big corporation competing in the global marketplace”; he drove foreign policy with the intention of building upon America’s competitive advantages of its developed economic status to build trade alliances with other countries. This concept of globalization became the foundation for reliance and dependence between American consumers and a less developed country’s workers. President Clinton’s foreign policy was arguably replacing geopolitics with “geoeconomics”. For more, read Richard Haass’ “Fatal Distraction: Bill Clinton’s Foreign Policy”, Douglas Brinkley “Democratic Enlargement: The Clinton Doctrine”, and John Stremlau’s “Clinton’s Dollar Diplomacy”.

This market concentration highlights the unique power Western affluence has on Bangladesh’s single most important industry. The government has played a pivotal role in sparking and sustaining their RMG market, for example the first export consignment of shirts from Bangladesh was made by the state-trading agency, the Trading Corporation of Bangladesh. Government plays an active role in one’s economy regardless of its development; therefore global trade agreements like MFA and GATT opened markets for less developed countries like Bangladesh to increase their exports aggressively for EU and USA demand.  

The yardstick of success for Bangladeshi economic growth continues to be biased; as more exports are shipped to Western retailers, government becomes more concerned about the country’s economic growth. The RMG sector has become too big to fail, causing trade unions and the interests of the people to be marginalized. Bangladesh has clearly excelled under trade agreements advocated by the Clinton administration, but is debatable whether the policies of “geoeconomics” caused democracy to flourish in Bangladesh as the economy became more dependent on foreign retailers. One thing is for certain, President Clinton advocated for democratic enlargement and engagement, and Bangladesh may not exhibit a democracy like the United States, but it is engaged in the global economy. Its RMG sector serves as a platform for Bangladesh RMG suppliers to work for global textile retailers, which continues to support both economies, hire local citizens, and create opportunities for the poor to share in greater economic growth.

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Chapter 3

Geographical morality, the concept that moral codes are confined to geographical locations, is often used to a retailer’s defense when questioned over its relationship with a supplier. Despite the centuries in between the British East India Company and Wal-Mart, Bangladesh and its textile suppliers have been subjected to both retailers’ downward price pressure tactics and political erosion. Two incidents come to the forefront when the retailers are questioned about their corporate practices in Bengal: The Trial of the Century and the Tazreen Factory Fire. On December 6, 1732, Member of Parliament Burke charged Governor Hastings with corruption and impeachment. The subsequent trials in the House of Commons were later named the Trial of the Century, due to its length of seven years. The trial questioned whether the British East India Trading Company’s business practices abroad were moral. On November 25, 2012, over 112 garment workers died from a factory fire at Tazreen Fashions Factory in Dhaka; Wal-Mart initially denied its involvement. The retailer was proven guilty after garment workers posted photos of their garments inside the burned factory. Both events resulted in public condemnation of textile retailers; however, both events are not equal in scope. The Trial of the Century included attendance from the Queen of England and London’s aristocracy, whereas the government policies towards fire safety were modest. The difference between those holding the corporate monoliths responsible between the leaders of the political society versus the factory’s garment workers illustrates the paradigm shift of accountability over corporate practices and horrific outcomes.

To better understand the difference of accountability between the Trial of the Century and the Tazreen Factory Fire, the visuals of both events display different stories of those affected and those morally outraged.
Figure 3.1 The Tyral of Warren Hastings Esq. Before the Court of Peers in Westminster Hall

Figure 3.1 is an aquatint etching by Robert Pollard of the trial before the Court of Peers in Westminster Hall. The elegance of the architecture, clothing, lighting, and scale indicate the importance of the trial; the viewer cannot discern Hastings from the MPs, thus illustrating the lack of moral hierarchical symbols or strategic placement taken by the engraver. The number of those participating in the trial and those observing illustrate how the trial was of the public interest. In terms of governance, the matters of Governor Hastings and his tenure at the corporation directly affected the country and British citizens; his actions that led to his now impending impeachment is viewed as a threat to the country’s morality; therefore the visual confirms the gravity of the trial.

Following the first images to appear of the Tazreen fire, Wal-Mart sent an email questioning its relationship to the factory. In response, Tazreen garment workers took photos of the burned RMGs, including the Faded Glory Bermuda shorts.
Figure 3.2  Bangladeshi Garment Factory Worker at Tazreen Fire with Faded Glory Bermuda Shorts

The digital photograph, Figure 3.2, of a young woman covered in soot holding the shorts to the camera, quickly went viral amongst Western trade activists and political bloggers. Her face appears solemn, while the background appears to be solely burned Wal-Mart garments. Her clothes identify her working status, so she is neither the manager of the factory nor a government official. Her age, class, and occupation are evident from the photo. The garment worker’s actions held those accountable: the factory owner, the supplier, and the global retailer, and her actions denied the opportunity for those involved to claim otherwise.

Figure 3.2 was quickly linked to Wal-Mart’s website, which features the shorts for $12.94 (Figure 3.3). The visual identification of Wal-Mart’s involvement in the Tazreen Factory Fire proved to be hugely instrumental in the reporting of the fire; it also helped the investigation of Wal-Mart’s supply chain in Dhaka. Without Figure 3.2, Wal-Mart could have continued deny its relationship with the Tazreen Factory.
The visual representations of the Trial of the Century and the Tazreen Factory Fire illustrate a difference in retailer figurehead participation; Wal-Mart maintains detachment from their textile supply chain that Clive and Hastings could never afford. The British East India Company’s figurehead is not only depicted in an oil painting, but his trial for corruption is held with the same prestige. Wal-Mart’s irregular relationship with safety regulations in Bangladesh is brought to the forefront, but only after photos confirming the Tazreen Factory’s place within Wal-Mart’s supply chain. The visuals surrounding these events confirm how those who hold the primary actors of global trade accountable has shifted from actors within government’s highest institutions to garment workers within an unregulated factory in Dhaka.

The visuals allow the observer to grasp an understanding of how Wal-Mart’s power within Bangladesh is subtle but present. The corporation’s denial of involvement illustrates how technology allows Wal-Mart executives the luxury of detachment; by contrast, figureheads of the British East India Company were always actively involved, living and conquering Bengal. Wal-Mart’s involvement was caught by a factory worker’s
digital photograph, whereas Governor Hastings attained political titles and explicit
control over Bengal and the British East India Company. As a result, Governor Hastings
was a public ruler in order to attain a monopoly on Bengali textile trade, as opposed to
Wal-Mart, which maintains control underhandedly.

**Hastings and the Trial of the Century**

Hasting’s efforts to consolidate power might have been good practice for the
Company in Bengal, but his reforms and governorship resulted in a personal loss of
prestige and wealth back in Britain. In the summer of 1785, Edmund Burke, a Whip MP,
and other Ministers of Parliament, like Charles James Fox and Richard Brinsley
Sheridan, impeached Hastings for charges of corruption and misdemeanors. He was
relatively incorrupt compared to his colleagues, but the charges served notice that the
company’s agents were responsible for actions toward those they governed.

It took Edmund Burke two full days to read the charges of his indictment. Burke
first began by confirming his belief that the British East India Company had the right to
global trade and a military:

> I therefore freely admit to the East India Company their claim to exclude their fellow-subjects from the commerce of half the globe. I admit their claim to administer an annual territorial revenue of seven millions sterling; to command an army of sixty thousand men; and to dispose, (under the control of a sovereign imperial discretion, and with the due observance of the natural and local law) of the lives and fortunes of thirty millions of their fellow-creatures… But granting all this, they must grant to me in my turn, that all political power which is set over men, and that all privilege claimed or exercised in exclusion of them, being wholly artificial… ought to be some way or other exercised ultimately for their benefit.\(^\text{23}\)

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By listing the corporation’s rights, Burke argued that he does not condemn ruling foreign people so long as his governorship was ultimately for the people’s not the corporation’s benefit. Burke ended this argument by stating that if the governed people have no franchise then it is the ruler’s grave responsibility to represent those who are governed; therefore Burke called into question whether it is morally right to govern foreign nations if the ruler is there for corporate gain not civil progress.

Burke’s excessive nature towards the trial came from a belief that the behavior of the British East India Company in Bengal mirrored the French during the French Revolution and could happen at home in Britain. During the seven-year trial, Burke wrote *Reflections on the Revolution in France* in 1790, where he argued that the ancient regime must be reinstated. In both cases Burke saw traditional institutions of immense value being torn asunder by forces that had no appreciation for what they were destroying. Someone like Chait Singh, an Indian raja stripped of his powers under Hastings’ governorship, was for Burke a representative of an ancient nobility; Burke strongly believed that Hastings had acted toward Chait Singh the way the French middle class was acting towards its own nobility. As a result, the trial proved a pinnacle moment for the British East India Company’s ‘one body corporate and politik’ as members of Parliament accused its figurehead of acting unlawfully in both British trade and Bengali politics.

On April 4, Burke set forth eleven of what soon became 22 charges. The rest were introduced within a month. Below are some of the charges with their original numbering:

III. With various instances of extortion, and other deeds of maladministration against the Rajah of Benares [Chait Singh]. This article consisted of three different parts, in each of which Hastings was charged with a series of the most wanton oppressions and cruelties. He gave in papers concerning the rights of the Rajah his expulsion, and the sundry revolutions, which have been effected by the influence of the late Governor-General in the Zemindary (zamindar, landlord).

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VI. With impoverishing and depopulating the whole country of Oude, rendering that
country, which was once a garden, an uninhabited desert.
VII. With a wanton, and unjust, and pernicious exercise of his powers, and the great
situation of trust which he occupied in India, in overturning the ancient establishments of
the country and extending an undue influence by conniving extravagant contracts and
appointing inordinate salaries.25

These charges largely reflect Burke’s beliefs that in Bengal the nawabs and the viziers,
noble princes, should govern the state, whose rightful places the British had taken. These
charges were of political and social consequences, calling into question the Company’s
mercantile practices that were unjust due to their displacement of nobility for greater
regional power. It also charged Hastings with robbing the country of its financial assets;
therefore Governor Hastings ruled for the benefit of the corporation and those who were
under his rule did not benefit from his governorship in they lost political power and their
province’s monetary assets and natural resources.

Burke also condemned the creation and proliferation of nabobs26, which he
foresaw as a fatal influence in Bengal as well as the Britain.

As English youth in India drink the intoxicating draught of authority and
dominion before their heads are able to bear it, and as they are full grown in
fortune long before they are ripe in principle, neither Nature nor reason have any
opportunity to exert themselves for remedy of the excesses of their premature
power. The consequences of their conduct, with in good minds (and many of
 theirs are probably such) might produce penitence or amendment, are unable to
pursue the rapidity of their flight. Their prey is lodged in England; and the cries
of India are given to seas and winds, to be blown about, in every breaking up of
the monsoon, over a remote and unhearing ocean.27

Burke’s comments illustrate the instinctive understanding that not only was the British
East India Company practicing unjust methods of trade and governance in Bengal, but the
wealth, attained through private trade and tax revenues, corrupted British society as well.
The young men sent to Bengal were being morally ruined due to their unprecedented

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26 Nabob has a contemporary definition, but in this context the term refers to those who return from Bengal
with riches beyond compare and insert themselves within London’s aristocracy despite their humble
beginnings.
27 Bernstein, Jeremy. Pages 165-166.
authority and luxury, causing a moral venality with a political consequence. The barbaric nature of the British East India Company also illustrates how the corporation and its associates were acting without regulation or constrictions; any political or cultural constraints they encountered in Bengal were either obliterated or bought out. As a result, Burke’s accusations of Hastings and the Company were accurate in their depiction of rogue actors, whose sole interest was for the corporation’s benefit. Burke did not win the impeachment trial; instead the trial’s duration caused the public interest to dwindle, causing the corporation’s ability to withstand public outcry for years to succeed political issues’ relevance.

**The Tazreen Factory Fire**

On November 25, 2012, 112 people died with more than 150 injured due to a textile factory fire that occurred at Tazreen Fashions in Dhaka. More than 1,150 people were inside the building, working overtime shifts to fill RMG orders for the holiday season. Fire officials say the fire broke out in the open-air ground floor, where large mounds of fabric and yarn were illegally stored and quickly spread across the length of the factory, roughly the size of a football field; Bangladeshi law requires such flammable material to be stored in a room with fireproof walls. Survivors have described how the fire tore though the multi-storied garment factory, with flames engulfing two of the three stairwells of the nine-floor building. Rooms full of garment workers were cut off as piles of yarn and fabric in the corridors caught on fire; many of the fire exits had locks on to prevent workers from stealing clothing. According to one worker in the factory, the management told the workers not to evacuate immediately, and instead “the office staff asked us to stay where we were, telling us not to panic. We did not listen to them and started moving out. Some people got out by climbing down the bamboo [scaffolding] tied
against the building.” Witnesses of the fire said many workers leapt from the upper stories to escape the flames, while some workers ran to the roof.28

As news emerged of the horror at the Tazreen Fashions factory, Wal-Mart denied any relationship to the factory. The night after the fire, Wal-Mart expressed sympathy for the victims’ families, and said that it was “trying to determine if the factory has a current relationship with Wal-Mart or one of our suppliers.” The company called fire safety “a critically important area of Wal-Mart’s factory audit program,” and continued to write that the company has been “working across the apparel industry to improve fire safety education and training in Bangladesh”. Many questioned Wal-Mart’s stance, as the Workers Rights Consortium Executive Director Scott Nova explains Wal-Mart’s “culpability is enormous. First of all they are the largest buyer from Bangladesh” and so “they make the market”. The factory’s owner informed the public that the factory had received an “orange” rating from Wal-Mart in May 2011, due to “violations and/or conditions that were deemed to be high risk”. Wal-Mart’s initial reluctance to address its involvement highlights the stigma attached to a supplier’s catastrophe to a retailer.

On December 17, 2012, the government inquiry of the Tazreen Factory fire published a preliminary report recommending criminal charges for “unpardonable negligence” to be brought against the owner of the factory, who “cannot be indemnified from the death of large numbers of workers from this fire”. The 214-page report was submitted to Bangladesh’s Home Ministry, blaming the factory owner, Delowar Hossain, for negligence and stating that nine of his mid-level managers and supervisors prevented employees from leaving their sewing machines even after a fire alarm sounded.

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Figure 3.4  The arrest of three Tazreen Factory mid-level managers who stopped workers from leaving their sewing machines during the fire. Daily Ittefaq, November, 2012.

Bangladeshi officials have been under intense domestic and international pressures to investigate the blaze and charge those deemed responsible. Families of the victims have demanded legal action against Mr. Hossain. Labor advocates have argued that the global retailers like Wal-Mart and Sears, whose products were found at the factory, shared in the responsibility for the tragedy. The report listed other violations including that managers on some floors closed collapsible gates to block workers from running down the staircases, the building’s escape plan was improper, and the factory lacked a required closed-circuit television monitoring system. The factory also did not have a required fire safety certificate, while none of the fire extinguishers appear to have been used on the night of the fire, suggesting poor preparedness and training.29 The report’s observations describe a bare-bones operation, with little precaution to health and safety standards.

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Wal-Mart and Governance

Outrage following the Tazreen Factory caused garment factory workers to organize mass protests, which included factory walkouts, and disrupted the RMG sector at their busiest pre-holiday quarter; the unrest and physical disruption in downtown Dhaka was the only option for the public to pressure government officials for reforms. As a result, government officials have promised action to avoid continued social unrest and lost RMG orders and according to Mikail Shiper, an official in Bangladesh’s labor ministry, “the Prime Minister has ordered us to make sure this never happens again”. The government authorities reviewed the nation’s 5,000 registered garment factories and decided to rescind permits from those that fail safety evaluations. The government considered installing more fire hydrants in industrial areas; but as many members of Parliament remember, Wal-Mart was not in favor of paying suppliers more to help them upgrade their manufacturing facilities.

At a meeting in 2011 to increase safety at Bangladesh garment factories, a Wal-Mart sourcing director voiced concerns over price increases for safety costs. Sridevi Kalavakolanu, a Wal-Mart director of ethical sourcing, told attendees that the company would not share the cost to cover safety improvements. Kalavakolanu and her counterpart at Gap reiterated their position in a report that stated: “specifically to the issue of any corrections on electrical and fire safety, we are talking about 4,500 factories, and in most cases very extensive and costly modifications would need to be undertaken to some factories…It is not financially feasible for the brands to make such investments.”

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30 The number previously mentioned was 5,000, while the Wal-mart spokesman used 4,500, thus highlighting how the number of factories in Dhaka is rarely accurate due to its rapid growth.
Considering Wal-Mart’s resolute position of not increasing costs regardless of safety concerns, the government has to appease foreign business while getting workers off the streets and back into the factories. The relationship between the retailer and the supplier become tenuous since Bangladesh’s economy security is vulnerable to upturn if retailers continue to expect lower prices or leave the country for less regulated economies.

On January 21, 2013, Wal-Mart introduced a “zero tolerance” policy in light of weak fire safety standards at Bangladeshi factories that make clothing sold by the company. Wal-Mart buys more than $1 billion in garments a year from Bangladesh, and accounts for more than 5% of the country’s $19 billion in RMG exports. The new policy will require all suppliers to disclose every factory they use and will not buy their orders if they use factories that do not meet updated standards, like having unobstructed exits that are not barred or locked and routine safety training. Wal-Mart still does not require fireproof exits or external fire escapes, the most effective way to get workers out of a burning building. The corporation also did not specify from where the funds for improvements would come. A Wal-Mart spokeswoman said that it is considering providing loans to suppliers, but that won’t be helpful unless those vendors make enough profit to repay the debts. The “zero tolerance” policy also did not acknowledge the demands Wal-Mart makes on its suppliers, with price and quantity at disproportionate levels. The low pay and high textile demand causes most suppliers to outsource to less regulated, but cheaper, factories, who subsequently outsource to even less regulated, but far more cheaper, factories, in order to fulfill Wal-Mart’s order; hence Dhaka’s always increasing number of factories and the reciprocal increasing events of factory fires.

Government becoming the Supplier: Wal-Mart

With the minimum wage for garment workers being less than $37 a month, the country serves a niche as among the world’s least-expensive countries to make clothing; but as foreign retailers continue to slash prices to attract shoppers, Bangladeshi factories have to produce more clothing for less profit. To a Wall Street Journal journalist in 2013, a Bangladeshi supplier said prices retailers pay for clothes had fallen 3% in the past five years, while production costs had increased 10%. The garment factory owners are faced with difficult questions over safe working conditions versus lowering production costs. “It’s hard to continue to improve factory compliance and safety when there’s ever-increasing downward pressure on the prices that global retailers are willing to pay,” said Ifty Islam, managing partner at Asian Tiger Capital Partners, a Dhaka-based asset-management company. Therefore as one begins to evaluate the tensions underlying the RMG sector, it is difficult to discern how a government can act purposefully when the country’s security is dependent on an export-oriented economy.

Considering the RMG sector’s magnitude in the country’s economy, it comes as no surprise that most members of Parliament are also factory owners. As concerns arise over safety regulations and minimum wage increases, labor groups repeatedly argue that government has been bought out by factory owners’ compliance to global retailers. Factory owners, a number of whom sit in Parliament, have blocked efforts to improve working conditions and have sought to ensure that a ban on unionization in garment factories remains in place. Wal-Mart benefits from the impression that globalization is an unmanageable economic weather system out of control of everyone, affecting all players.

with indifference, benefiting those who happened to be properly prepared. As writer Fishman wrote, that posture avoids any of the challenging discussion about why the world is suddenly so flat economically and what role a globe-straddling company like Wal-Mart plays in the flattening.34

Globalization, an ambiguous term for global trade and the subsequent technology that enables countries from the West to fill its stores with clothing made in East, allows a level of detachment that enables the multinational retailers like Wal-Mart to not assume the responsibility, and the cost, of monitoring the RMG supply chain; in this way, global trade allows retailers to not have to explain how they can sell clothing at such low prices.35 But globalization suddenly takes shape when a disaster occurs, like the Tazreen factory fire of November 2012, which grips western media sources and provides a narrative for Western audiences about how Wal-Mart, amongst other retailers, can maintain low prices regardless of the human cost.

**Globalization and Governance**

The Tazreen fire and its subsequent exposure on Wal-Mart’s practices, illustrate the erosion of Bangladeshi state power. Wal-Mart aggressively controls the political and regulatory environment it works in, regardless of the worker’s rights and the government’s responsibility to those it represents. Wal-Mart’s control is no mistake, with core values of downward pressure in price; the environment must be finely calculated to fulfill Wal-Mart’s need of cheap clothing at cheaper prices; therefore globalization and governance become unlikely enemies as global corporations like Wal-Mart can easily become the supplier nation’s largest retailer and also leave Bangladesh when production costs become too high. Wal-Mart’s business strategy of minimal investment enables the

monolith corporation freedom from location restrictions as well as the power to threaten Bangladesh officials into compliance.

As the Tazreen factory fire demonstrates, those within the industry are aware that global trade costs factory workers’ livelihoods; however the country’s economic stability is entirely reliant on employing millions to make inexpensive clothing to garner greater profits for Wal-Mart’s shareholders. As a result of technology, Wal-Mart employees exhibit a level of detachment from Bangladeshi affairs, unlike the servants of the British East India Company. This detachment, spurred by emails, phone calls, and other communication services, heightens the sense of insecurity between the retailer and the supplier. If Bangladesh is to continue with an export-oriented economy, the government must continue to make concessions to foreign retailers.

**Geographical Morality**

During the Trial of the Century, it became clear that the British East India Company, a corporate entity with political privileges, had become a political entity with corporate interests; its political transition was in part an opportunity Clive saw as Mughal empire failed to protect the Bengali citizens. The British East India Company was able to attain and overtake the Mughal Empire’s political power by attaining the local traditional titles, which also successfully built and safeguarded their monopoly on regional trade. These local titles were awarded to members of the Company; for instance Baron Clive’s *diwani* or Governor Hasting’s use of *dastak* in private trade. These roles allowed the corporation to undermine the Bengali political hierarchy in order to obtain higher profits for its shareholders and themselves; meanwhile their political roles of representation were neglected. The turbulent, and oftentimes inhumane, transition from corporate to “Governor-General” shocked the British public, as the human cost became apparent in
those who died, those who were disenfranchised, and those who gained insurmountable power and wealth in the attempt to gain more textiles, a larger monopoly, and higher profits for British shareholders. During the trial, Hastings defended his actions on the grounds of “geographical morality”, claiming because his operations were in Bengal so they did not follow the English moral code.

A defining moment for MP Burke during the Trial of the Century was his counterargument to Hastings's invocation of geographical morality. Burke argues,

This geographical morality we do protest against; Mr. Hastings shall not screen himself under it; and on this point I hope and trust many words will not be necessary to satisfy your Lordships. But we think it necessary, in justification of ourselves, to declare that the laws of morality are the same everywhere, and that there is no action which would pass for an act of extortion, of peculation, of bribery, and oppression in Europe, Asia, Africa, and the world over.36

The Company’s voyage for labor-intensive textile goods at inexpensive prices is called into question for its use of geographical morality. The exchange of goods is not immoral; however the political and social harm inflicted on the textile suppliers and their nation is immoral. Burke connotes a universal standard, illuminating on natural rights:

The rights of men, that is to say, the natural rights of mankind, are indeed sacred things; and if any public measure is proved mischievously to affect them, the objection ought to be fatal to that measure, even if no charter at all could be set up against it.37

Burke states that the natural rights of man are sacred; regardless of a charter, the rights of man to be free and equal are universal. Pertaining to all of humanity, natural rights are also not constricted by time or hierarchical class. A sovereign’s power is composed by those he represents; therefore Burke argues that the British East India Company not only failed to treat those it governed equally, but also the company failed to uphold the natural rights of mankind.

36 Bernstein, Jeremy. Pages 233-234.
37 Smith, Brian.
Burke charged Hastings with impeachment, but failed to have Parliament prosecute him. The figurehead was the scapegoat for the British East India Company’s aggressive attainment of Bengali sovereignty, intended for profit and the subsequent dilution of another country’s sovereignty. Hastings actively engaged in the power consolidation, on behalf of the corporation; therefore his position and corporate responsibilities negated him from prosecution in Britain. The debate between Hastings’ “geographical morality” and Burke’s natural rights of mankind proved to be fruitless in persuading Parliament members to charge Hastings. The trial’s concludes that the rights of mankind were not a strong enough conviction to impeach Hastings’ for his malevolent corporate practices in Bengal.
Chapter 4

With an understanding of governments’ tenuous relationship with colossal corporations, political theorists like Mamdani, Stiglitz, and Bhagwati provide insight into how globalization in both the 18\textsuperscript{th} and 21\textsuperscript{st} centuries is both beneficial and corrosive. In \textit{Define and Rule}, Mamdani writes about the difficulties underlining the western and eastern notions of sovereignty, which translates into the difficulties the British East India Company had in founding its political prowess in local roles. The corporation’s local influence is similar to Wal-Mart, which effectively employs enough suppliers in Dhaka to shape government actions. Stiglitz, a Nobel laureate in economics, writes in \textit{Globalization and its Discontents} about the acceptance of American free enterprise; in response to Stiglitz, Bhagwati wrote \textit{Globalization and its Benefits}, which delves into topics concerning “geographical morality”, Bhagwati argues that western companies outsource their business values to their suppliers in the East. All three writers provide a complex discussion on globalization and its ability to propel or destroy universal rights.

\textbf{Define and Rule}

In \textit{Define and Rule}, Mamdani draws a comparison between the Roman Empire and the British Empire, from direct to indirect governance. The Romans divided and conquered, the British defined the colonized and conquered; the transition from direct to indirect rule is best illustrated by the shift from a homogenizing impulse to a preoccupation with defining and managing difference. The Roman code was compiled before corruption set in between the Romans and the conquered, whereas the code in the East was compiled \textit{after} corruption had set in; therefore the trade practices of the British East India Trading Company created the governance platform for the British Empire to
establish itself. Mamdani argues that, under indirect rule colonialism, the definition and management of difference was developed as the essence of governance.\textsuperscript{38}

Under indirect rule, the British governed the native and claimed to be faithful to the natives’ tradition and custom, which was defined in the singular, more or less unchanged since time immemorial. No matter its local variations, a core set of rules defined the “customary” in indirect rule colonies.\textsuperscript{39} Mamdani also notes that the British defined themselves from the native: if the settler was modern, the native was not; if history defined the settler, geography defined that of the native; therefore the servants of the British Empire were defined by their developed status, whereas the Bengali citizen was defined by their location. As a result of British involvement in Bengal and the subsequent creation of definitions and their occupation of Bengali political roles, the West was deemed progressive for its conquest, governance, and trade, while the East was deemed stationary in its customs and traditions.

The British political theorist Sir Henry Maine is the primary theorist for Mahmood’s argument. Sir Maine is famously known for his lectures on Roman law at the Inns of Court, London; these lectures became the basis of his \textit{Ancient Law: Its connection with the Early History of Society, and Its relation to Modern Ideas} (1861). To trace and define his concepts, he drew on Roman law, western and eastern European legal systems, Indian law, and primitive law; his work helped to place comparative jurisprudence on a sound historical footing. Sir Maine was also a member of the council of the Governor-General of India from 1863-69, and he was largely responsible for the codification of


\textsuperscript{39} Ibid. Page 3.
Indian law. In his works, Sir Maine drove a wedge between two types, modern and pre-modern:

There are thus two types of organized political society. In the more ancient of these, the great bulk of men derive their rules of life from the customs of their village or city, but they occasionally, though most implicitly, obey the commands of an absolute ruler who takes taxes from them but never legislates. In the other, and the one with which we are most familiar, the Sovereign is ever more actively legislating on principles of his own, while local custom and idea are ever hastening to decay.\textsuperscript{40}

The difference in political order, where sovereignty is either defined in taxes but not legislation, similar to Bengal, or legislation with decaying local customs, similar to the United Kingdom, illustrates how the merchants of the British East India Company were able to buy out the political system of Bengal for corporate gratifications. The difference in the essence of sovereignty enabled figureheads like Clive to fill the authority that emanates from an external source of the small natural group in Bengal; both the laws and the enforcing authorities were deemed “traditional”. Imperial powers were concerned first and foremost with establishing the credentials for their native allies as traditional and authentic, and they were preoccupied with defining, locating, and anointing the traditional authority—in the singular.\textsuperscript{41} Since the Mughal Empire was already a coercive, external tax-collecting entity, the Company was able to replace the Mughal overlords and define their political status through local forms of power against the local constituents in Bengal.

The British East India Company and Wal-Mart different corporate relationship with the textile suppliers in Bangladesh is rooted in the notion of political definition. With its “indirect rule” the British were concealed as “customary”, the colonial state became both the custodian and the enforcer of tradition. Enforcing tradition became a

\textsuperscript{40} Ibid. Page 23.
\textsuperscript{41} Ibid. Page 49.
way of entrenching imperial power.\textsuperscript{42} By defining itself in local terms, the British were able to adapt their concepts of sovereignty into the local political customs; however this transfer of political system into another political system that does not share the same ideologies of sovereignty and representative governance proved to be their own downfall. With this in mind, it is understandable why Wal-Mart is explicitly politically undefined; under the sole definition of a multi-national corporation, Wal-Mart and its executives are distinctly a retailer entity not a political entity. By not defining its political status, Wal-Mart has more power with the threat of leaving the country than the British East India Trading Company had in occupying and maintaining local government roles. By not adapting a role like the British in Bengal, Wal-Mart is enabled to have extraordinary political control without being accountable or responsible to its counterparts in Bangladesh; therefore by being “undefined”, Wal-Mart is able to rule as a corporate entity with enormous, political power in Bangladesh, which outlines the departure from British pre-modern methods of corporate and political duality to the modern era of globalization.

\textbf{Globalization: Its Discontents and Its Benefits}

Nobel Laureate economist Stiglitz, and former chief economist at the World Bank, writes in \textit{Globalization and its Discontents} about “why has globalization – a force that has brought so much good – become so controversial?” He writes that no longer do corporations have to laude open markets, because world political figures use globalization as a rallying call. Stiglitz argues that the modern application of globalization has created global governance without global government, causing less developed nations to be vulnerable in the face of global trade’s heavyweight champions.

\textsuperscript{42} Ibid. Page 50.
For many, globalization, which Stiglitz defines as accepting an American version of triumphant capitalism, is progress, and it is largely believed that globalization must be adapted by developing countries in order to attain large growth rates, substantial development, and economic partners from developed nations. But to many in the developing world, globalization has not brought the promised economic benefits. The poverty, which might be eradicated with globalization, can be replaced by social and economic imbalances that create larger barriers for democracy; therefore globalization can create uncertainty, instability, and considerable inequality in developing countries, as a result of an unbalanced approach to adapting capitalism.

In response to Stiglitz’s conclusion, Bhagwati wrote *In Defense of Globalization*, to explain the mechanics of globalization and its propensity to empower and sustain economic growth in developing countries. Bhagwati first begins by describing the size of trade corporations and countries are able to undertake as a result of technology. In the 21st century, the new information technologies have created a landscape where movements of services and capital are faster by several orders of magnitude; therefore technology becomes an enabler for greater interdependence, whereby corporations are able to demand larger quantities that can be designed, shipped, and delivered quicker than in the 18th century.

Bhagwati describes the difficulty multinationals face in a global economy because global integration without globally shared regulations is likely to amount to an advantageous playing field for multinationals. He retorts that the values of multinationals are often western rooted; therefore the regulations found within their own business standards are in fact better than the local business practices. The standard

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multinationals uphold is expected by their business partners in developing nations; however as Wal-Mart’s “Zero Tolerance Policy” illustrates, the standards corporations expect may not be financially possible due to the suppliers’ commitments to the retailer.

Technology, according to Bhagwati, not only enables large orders but also enables standards to be outsourced from the West to the East, which counters Edmund Burke’s “geographical morality”. Bhagwati argues that as global trade becomes more consolidated, business practices in the West are more likely to be transferred to the East, whereas Burke believed there existed one standard regardless of location. Bhagwati might argue that globalization’s relationship with geographical morality has shifted, as Western business standards appear transported through economic ties; however tragedies like the Tazreen Factory Fire illustrate that geographical morality is insignificant where

**Conclusion**

One of the largest artistic displays of the British East India Company’s relationship with its trade suppliers is Spiridone Roma’s painting *The East Offering Her Riches in Britannia*, which was commissioned for the East India House in London.

**Figure 4.0** Spiridone Roma, *The East Offering Her Riches to Britannia*, 1778
Commissioned by the East India Company in 1777 for its headquarters, The East India House in London
The painting is an allegory of the mercantile exchange, with Britannia personified by a maiden, who is receiving gifts from a topless, dark female. The stark contrast relating to civility, power, and hierarchy illustrates the stark contrast between which nation was benefiting from the global textile trade. The British East India Company’s role, as chartered by the Queen of England, gave Britannia the East’s riches by creating regional monopolies that threatened its trade global and regional competitors’ access to desirable goods and profits. The corporation also effectively controlled Bengal and obliterated the local political structure; therefore the benefits of the exchange between the textile retailer and supplier were heavily biased toward the retailer.

Modern debate about globalization focuses on corporate greed and its corrosive repercussions; but global retailers, like the British East India Company and its modern counterparts, should not be condemned for their actions since it proves to be inconclusive. As the Trial of the Century and the Tazreen Factory Fire illustrated, blaming corporations for their misconduct does not garner results. Instead governments and political actors must define corporations as both corporate and political. As Wal-Mart’s practices exhibited, corporations’ duality of “corporate and politik” has become more covert due to technology, making it even more difficult to hold those who are accountable for the corporation’s corrosive actions. Retailers continue to buy textiles from suppliers that outsource to less regulated suppliers, who subsequently outsource to even less regulated suppliers; the modern value chain of textiles, therefore, comes at an increasingly larger human cost. Burke’s argument against the British East India Company for their use of “geographical morality” still carries meaning, as modern retailers are focused on price as oppose to the human aspect of the global RMG industry.
The textile industry challenges the Bangladesh government to consider retailers as political forces with profit intentions; the duality of “corporate and politik” still applies to US retailers today, who compromise their suppliers as well as their host countries. The solution to the human cost of the textile industry lies with not viewing politics and corporate interests as separate, silo entities. Bangladeshi ideals stated during its independence, along with the intended positive developments of globalization, must provide the motives for the Bangladesh government to provide benefits to the garment factory workers, the factory managers, and the factory owners. The government must simultaneously safeguard its citizens’ interests and its economy; therefore it has to fulfill its constitutional obligations by working with, as oppose to for, the world’s largest retailer, Wal-Mart.

The Trial of the Century and the recent Tazreen Factory Fire exemplified that the British East India Company and Wal-Mart are impossible to hold accountable for the human cost of the global textile trade; instead the government must be held accountable for the textile industry’s corrosive repercussions on civil society. Corporations are solely interested in corporate profits; regardless of whether the corporation publicly defines its political role, they use political tactics to gain larger monopolies of trade and larger quantities of cheap textiles.

As a result of global retailers and the worldwide business of cheap RMGs, Bangladesh cannot act alone to defend its most vulnerable. The possibility of textile retailers leaving is far too high; instead, Bangladesh must work with other countries that are suppliers to the world’s RMG retailers. By working multilaterally, the governments would need to obliterate the pressure to “race to the bottom”, and instead, they would create a standard for textile suppliers and retailers. The universal standard would need to
be composed of RMG variables like factory regulations, safety standards, wage minimums, and the number of outsourcing factories allowed. By setting minimum thresholds for retailers and suppliers worldwide, the RMG industry could no longer be tainted by its value chain’s human cost. The universal standard for the global RMG operation would, therefore, protect the worker’s health, the factory manager’s orders, and the retailer’s prestige.

The RMG industry, with western retailers and Bangladeshi suppliers, is both corporate and political. Its production cost constraints and downward price pressure leaves suppliers unable to take safety precautions like clear exits, safe staircases, and safety routines. Wal-Mart, along with its competitors, has created an unfounded appetite amongst its customers for cheap clothing. The lower the price, the more vulnerable its garment workers are. As a result, governments are the only participants enabled to take a unilateral stand against the human cost of the RMG value chain, meanwhile retailer executives are in no position to place universal rights before prices. Instead, Wal-Mart’s corporate practice of shifting costs to the supplier has a detrimental effect on its value chain to become increasingly risker for the most vulnerable. As customers become aware of the human cost of their cheap garments, garment workers’ safety has come to the forefront of industry’s discussion of safety regulation and accountability.

Returning back the painting, *The East Offering Her Riches to Britannia*, globalization in the 21st century gives developing countries the opportunity to make substantial change in how textile retailers and suppliers work together. With Bangladesh’s independence from its foreign overlords, the government must continue to define how its citizens interact on equal terms in the global marketplace, by working multilaterally to protect its garment workers and protecting its economy from disruptor.
No longer should the imagery surrounding the mercantile exchange be the East giving the West its riches. With an emphasis on mutual benefit, government must become a constructive participant within the global RMG industry. In the 18th century, retailers from the British East India Company threatened political figures in Bengal with military force. In the 21st century, single government actions are held hostage to the fear of Wal-Mart leaving for a less regulated country. The threat of corporate repercussion and economic instability should not be superior to the human cost of the RMG industry; governments must work multilaterally to ensure that globalization, the development of integration, works effectively for all participants, workers, managers, factory owners, retailers, and customers, within the global RMG business.
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