

New project details how to reimagine global supply chains to be more equitable, fair

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When the COVID-19 pandemic disrupted global production and distribution, it shone a spotlight on the fault lines running through some of the world's supply chains, which—according to a group of Stanford

human rights researchers—have long been fraught with problems.

Modern slavery, forced [labor](#) and [human trafficking](#) continue to be endemic issues in global production and manufacturing, especially in low-wage, labor-intensive industries. Despite governments and private corporations pledging to put an end to exploitative employment practices, the problem persists across the world's supply chains.

Now, a new project, involving researchers from Stanford, Simon Fraser University and Yale, shows how human rights abuses can be rooted out from labor, once and for all.

"For years, public and private sector interventions on human trafficking did little more than tinker around the edges," said Jessie Brunner, director of human trafficking research at Stanford's Center for Human Rights and International Justice. Just a few months before COVID-19 upended the global [economy](#), business leaders from some of the largest U.S. companies gathered to revise the purpose of the corporation to be more equitable and inclusive and to deal fairly and ethically with their suppliers. As the pandemic exposed and exacerbated inequality across the world, Brunner and the lab saw this as a moment when their work could have significant impact in showing lead firms and governments what they need to do to accomplish what they sought out to achieve.

"The academic community needed to come together to offer evidence-based, actionable solutions to help global business leaders and governments disentangle global supply chains from histories of exploitation."

In November 2020, Brunner co-founded the Re:Structure Lab with Genevieve LeBaron, then at the University of Sheffield, to examine the ways in which global supply chains can be restructured.

Over the past year, Re:Structure Lab has released [five issue briefs](#) that identify key trends and patterns that lead to labor exploitation and offer concrete recommendations backed by rigorous academic research.

Most recently, the team published "Blueprint," a guidance document showing how businesses and governments can promote fair, equitable labor standards and protect workers from the kinds of forced labor, exploitation and [abuse](#) that have been intertwined with global [supply chain](#) for centuries.

"Though more than a century has passed since the abolitionist movement, various forms of modern slavery persist across the globe in the 21st century," said David Cohen, director of the Stanford Center for Human Rights and International Justice and a member of the Re:Structure Lab. "History teaches us to look beyond our limited context and not to be satisfied with apparent partial successes."

Understanding forced labor

From chocolate to coffee, cellphones, clothing and cotton, human rights abuses in the supply chain occur at alarming rates: The International Labor Organization estimates that nearly 40.3 million people are in [modern slavery](#)—5.4 victims for every 1,000 people.

While companies have taken a public stand against exploitative labor practices and have voiced a commitment to being socially and ethically responsible—issuing "zero tolerance" statements, writing ethical sourcing standards and producing compliance reporting and audits of the suppliers they work with, for example—it has done little to move the needle on forced labor, the researchers said.

Time and time again, media news outlets and non-governmental organizations have uncovered nefarious employment practices. For

example, one news investigation of a coffee bean plantation that allegedly supplied two international consumer coffee companies uncovered children as young as possibly 8 years old working under "grueling conditions" in hazardous environments. Another investigation found that a popular U.S. chocolate company that had just branded itself as sustainable also relied on [child labor](#) and paid their cocoa farmers poverty wages.

Problems of exploitative labor like this persist due to a variety of issues, the researchers said.

For example, in the evidence brief Commercial Contracts and Sourcing, the scholars outline some of the problematic patterns that contribute to exploitative practices: High pressure for ship dates; late payments to suppliers (but stiff fines for any delay on their end); corporate demands for goods at rates less than the production cost; and unpredictable ordering patterns.

The brunt of the cost falls on people who already live in extreme [poverty](#). Faced with limited access to educational and professional opportunities and other critical elements of human development, the marginalized populations are often left with no choice but to comply with dangerous working conditions, low wages and underpayment. Some even take on job-related debt, like burdensome recruitment fees—a practice that is far too common, as described in the group's Worker Debt and Inequality brief.

Contributing further to the problem are legal loopholes that enable corporations to skirt accountability for human rights violations. While transparency legislation exists that requires corporations to disclose the risk of forced labor in their supply chain and describe their efforts to address it, the laws do not get at the root problem or spur any meaningful change, the researchers note in the brief Due Diligence and

Transparency Legislation. Rather, transparency legislation is largely cosmetic, they said: Companies can look like they are committed to a good cause but are not held accountable to do so.

For example, the U.K.'s Modern Slavery Act of 2015 lacks robust, state-led enforcement or means for remedy, according to the researchers. Furthermore, many companies do not comply with the requirement to publish an annual report on what they are doing to remedy the issue. "There seem to be no real consequences," Brunner said. Similarly, the California Transparency in Supply Chains Act does not go far beyond a requirement of disclosure.

While global corporations have been reporting record profits, the share of income going to labor has gradually shrunk. In their brief Labour Share and Value Distribution, the scholars cite data from the International Labour Office (ILO) and the Organization for Economic Cooperation and Development (OECD) that show wages falling for the lowest income brackets while increasing for those in the highest.

Between an economy increasingly centered on the financial industry, market concentration and repression of labor organizing, the share of value amassed in supply chains that goes to workers has overwhelmingly been driven down, ultimately leaving workers vulnerable to exploitation, the scholars concluded.

Focusing on solutions

Fortunately, the researchers emphasize, there are solutions to these problems.

A key member of the Re:Structure Lab is Luis C.deBaca, who as ambassador-at-large to monitor and combat trafficking in persons during the Obama administration, led U.S. government efforts in the global

fight against current forms of slavery. He is now a professor of the practice at the University of Michigan Law School and an affiliated scholar at Yale University's Gilder Lehrman Center for the Study of Slavery, Resistance, and Abolition.

"The persistence of forced labor in the modern economy is often dismissed as an anomaly," said C.deBaca. "The lab's work is showing that rather than being an artifact of isolated 'bad apples,' worker exploitation is an integral feature of global supply chains and that there are ways to change that."

In the lab's briefs and "Blueprint," the group makes recommendations to business leaders and governments, including moving away from shareholder profit as the primary corporate objective by rebalancing profit allocation toward productive activities, and forming more long-term contractual relationships with supplier firms, as well as investing in both capacity building and technical training to lessen an operation's susceptibility to [exploitation](#).

The Re:Structure Lab members hope their research and recommendations will help provide business and policymakers concrete guidance for building corporations that respect the human rights and dignity of workers and the communities where they operate.

"This is a systemic issue that runs across a model of capitalism that is inextricably linked to legacies of slavery, colonization and extraction," said Brunner. "As such, we all have a role to play in rooting it out—whether in how we vote at the polls, with our wallets as consumers or as a shareholder—by pushing policymakers and business leaders to do better."

More information: More information is available at www.restructurelab.org/blueprint

Provided by Stanford University

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