Rethinking Value Chains

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Conclusion: Pondering the future of global value chains

Florence Palpacuer and Alistair Smith

As the final touches are being put to this book, entire populations are submitted to compulsory confinement and curfew, a situation not experienced in many countries since the Second World War. The centralisation of governmental decisions is reaching new thresholds, together with the rarefaction of public spaces where pluralist views may be formed and expressed on our social, economic and political futures. Are we entering the ‘new normal’ of a digital age fed by GVCs and enforced through state repression? How can value chains be reshaped by social and political forces for a more sustainable ‘world after’?

The research and activist perspectives collected in this book date from the ‘world before’, but they contain signals and analytical insights which can usefully inform such questions. Indeed, the rise of state authoritarianism and the mechanics of inequalities that GVCs have engendered or continue to build upon are becoming increasingly visible, while sustainability
discourses are increasingly captured by lead players. While the citadels of political, financial and economic power which govern the GVCs may seem impregnable, a mosaic of bottom-up initiatives are stirring empowerment and emancipation, holding potential to reshape the social, economic and political forms of value chains.

Much has been said on the disruptions that the COVID-19 crisis would induce in our ways of operating in – and thinking about – the world economy. Some argue that the crisis is leading to greater awareness of the unsustainability of global growth, and that there is now an urgent need to revitalise local economies so as to meet the basic needs of their population in more reliable ways. A preceding wave of ideas had predicted massive changes based on the potential offered by so-called 4.0 (‘fourth generation’) technologies to provoke a relocation of manufacturing to the Global North. The two perspectives have at times been combined in ongoing speculation about the future of GVCs (see for instance, Fortunato, 2020).

As pointed out by several observers, however, to ‘relocalise’ – or ‘reterritorialise’ – value chains would involve sacrificing some substantial benefits derived from global scale economies and efficiencies (Miroudot, 2020), with unavoidable impacts on the capacity of dominant players to maintain above average returns on invested capital and, as such, to deliver the shareholder value that sustains their tight relationship to financial markets (Froud et al, 2006).

What is at stake therefore is nothing less than the core features of the business model developed by global lead firms and their large transnational suppliers, not to mention the intricate interdependencies that GVCs have established across countries, as analysed for instance by Gereffi (2020) in the case of medical supplies (also see Pananond et al, 2020).

GVCs have built up economic power of unprecedented reach on a global scale, operating through complex and diffuse layers of intermediaries that make both voluntary transformation and political regulation extremely difficult, all the more so when
political powers are themselves tightly linked to the global hegemony, as emphasised by Martin Hess in the first chapter of this volume. To acknowledge the rise of state violence and authoritarianism in contemporary capitalism runs against some of our deepest premises in thinking about the global market economy, where democracy and emancipation have long been seen as concomitant with the economic opening of a growing number of countries throughout the world. Yet in the age of GVCs, as the social and ecological tensions that such an economic model generates continue to build up, coercion is increasingly used as a last-resort mechanism to ensure operational continuity, and calls for a re-assessment of the state’s role in shaping society and the economy.

The multiplicity of ways in which the financial sphere is imbricated into these global productive formations and extracts the wealth they generate is only beginning to be uncovered, as Liam Campling and Clair Quentin do in their chapter on Global inequality chains. The speed, complexity, and opacity afforded by legal and technological advances in financial transactions have generated immaterial networks at a transnational scale, captured in the concept of the global wealth chain (Seabrooke and Wigan, 2014, 2017). These transactions have remained largely off the radars of GVC analysis despite the fact that these networks are an integral part of the value capture organised throughout global production systems. Hence, by making these patterns visible and understandable, the work of Campling and Quentin calls for reassessing the very nature of productive activities, the type of ‘value’ that workers generate through their contribution to GVCs, and how such value should be acknowledged, allocated and redistributed.

The dynamic nature of GVCs and the various ways in which they may be shaped and regulated in favour of greater sustainability are highlighted by Stefano Ponte, echoing the reflections of Martin Hess on the diversity of state roles in GVCs. The intricacies of economic and political forms of power in GVC formations, together with their state of
continuous evolution, often lead to unexpected outcomes in the self-sustaining dynamics of global production, whereby sustainability initiatives are being ‘reabsorbed’ to fuel economic growth in ways that remain favourable to established powers. In the light of such characteristics, Ponte calls for new modes of ‘orchestrating’ GVCs that require a fine-tuned assessment of their power dynamics and a combination of diverse modes of regulatory intervention.

Taken together, and seen from a Gramscian perspective already deployed by Martin Hess in his chapter – albeit to discuss Gramsci’s (1980) notion of the ‘integral state’ – these three chapters shed light on the ‘historical bloc’ formed of economic, political and ideological powers by which the hegemony of GVCs has been established and is being sustained, hence underscoring the challenges involved in developing counter-hegemonic initiatives that aim to reshape the forms of organisation of the global economy and their social/environmental outcomes.

A Gramscian prism also serves to highlight the unstable and incomplete nature of the hegemony, however, which always leaves spaces open for alternative approaches to form and grow, in an evolving struggle between competing ways of organising, regulating and thinking about the economy. Levy and Egan (2003) have acknowledged elsewhere the ‘cascading effect’ by which counter-hegemonic forces may induce broader social and political transformation: ‘small perturbations can often be absorbed and accommodated with little impact on the overall structure. Periods of relative stability, however, are punctuated by discontinuity and change, as fissures split open and cascading reactions lead to major system-wide reconfiguration’ (2003: 811).

In their contribution to this volume, Louise Curran and Jappe Eckhardt take stock of such moving, unstable features in the regulation of international trade to highlight a number of political opportunities that civil society groups might seize at the European level of trade policy, as the dominant
economic rationale is being increasingly curbed by the need to consider social and political issues related to sustainability. Their informed discussion of the political opportunities offered by bilateral FTAs demonstrates the prominent role of civil society in shaping the normative foundations of the state regulatory apparatus, and the ongoing struggle between established interests on the one hand and more marginalised interests which could tip the Gramscian ‘relations of force’ in favour of more sustainable arrangements on the other.

Such a demonstration is extended in the first practitioner-authored chapter by Marilyn Croser who tackles the question of governmental regulation from the perspective of the UK-based activist coalition CORE. The coalition was among the first GVC-based civil society movements to voice the need for binding governmental regulation in the face of the lack of transformative capacity of voluntary firm-led ‘corporate social responsibility’ initiatives. From the Companies Act 2006 to the Modern Slavery Act 2015 and more recent legislative initiatives in France, Switzerland and the UK, her chapter uncovers the longstanding battles by which civil society promotes new laws, sees its demands circumvented in governmental responses, and adjusts its collective strategies to progressively scale up the regulatory framework from the national to the European level, in defence of enabling rights for vulnerable or deprived stakeholders in GVCs.

Christophe Alliot’s description of BASIC’s approach to objectivising societal costs reveals another of the key transformative strategies to rebalance asymmetries of power and therefore of negotiating capability in global economic chains: the internalisation of ‘externalised’ social and environmental costs. A deeper understanding of real-world data – and the context and choices made by those who produce and publish these data – enables this cooperative think-tank to arm citizens and consumers with a powerful tool to articulate, and indeed accelerate, societal demands for better distribution of gains within GVCs. In turn, the dialogues and negotiations,
both societal and commercial, that the approach is designed to encourage and support are posited as the means through which processes of redistributing value more equitably between the asymmetrically positioned economic stakeholders along chains can take place, be they either transnationalised tropical product GVCs (cocoa/chocolate or coffee) or more local/territorial and regional value chains (such as dairy products in France, or staple food crops within West Africa).

Beyond the discussions generated directly by this chapter lie other related processes towards societal cost internalisation that are gaining considerable momentum, such as the movement for living wages and incomes for those employed at the beginning of GVCs. Albeit primarily North-driven at its origin, this movement is gearing up and coordinating its advocacy strategies, targeting – and promoting engagement with – lead firms and large-scale intermediaries that produce profit margins sufficient to share back down supply chains with those actors in fields, factories, mines or call centres whose voices have not been heard until the past two or three decades.

The pricing strategies and the precise mechanisms for achieving a more equitable distribution of value along the chains, using the concept of societal cost internalisation, are still in the process of discussion and definition, but Alistair Smith’s description of nearly three decades of work in the fresh banana industry sheds light on some of the ingredients that such industry-specific strategies require, arguably as a *sine qua non* for their success. Smith’s chapter shows how, despite their historically weak voice and bargaining power, organised workers in industrial-scale plantations and packhouses in Central and South America and Africa, in alliance with organised small-scale family farmers from the Philippines to the Caribbean to South America, have used the leverage of the lead firms’ biggest selling food line not only to secure a place at the table, but to help set the agenda discussed there.

Critically, such an agenda covers the whole range of ‘sustainability’ topics discussed in the permanent
multi-stakeholder WBF: social, economic and environmental. Separating these dimensions of sustainability into distinct ‘boxes’, with parallel and at times disconnected processes of debate, advocacy and collaborative action, as can be observed in many multi-stakeholder processes, is not only intellectually problematic, but appears highly unlikely to lead to transformative results for workers and producers, even less so if these crucial wealth generators are unorganised, unaware of the dynamics and the players downstream in the rest of the chain to consumers, and unprepared for direct engagements with lead firms over alternative emancipatory strategies.

Such a ‘bottom-up’ organising approach is adopted and emphasised by the activist initiative ReAct in support of the communities affected by various GVC-related agro-industrial operations in Africa. The chapter by Eloïse Maulet describes the prerequisites for community organising and illustrates the concrete unfolding of the empowerment strategies that this French-based civil society group has developed. Their work draws inspiration from various forms of community organising initially adopted and conceptualised in a Northern context by radicals such as Saul Alinsky in the US or Emile Pouget in France.

Although gains may often be modest, and slow to have been obtained – and sometimes at high cost – for the mobilised stakeholders in these counter-hegemonic struggles, the diverse approaches highlighted in this book are paving the way for more radical changes that the succession of social, financial and ecological crises already experienced and still foreseeable will most undoubtedly trigger in coming years.

While the capacity for voluntary self-transformation of GVCs’ ‘historical bloc’ is inevitably hampered by the intricacies of vested interests and the unprecedented scale at which they have been deployed in the world economy, as most clearly demonstrated in the first part of this volume, the second part of the book highlighted several facets of the transformative potential of civil society which may prove to
become increasingly pervasive throughout the political and economic spheres, in a future which may come quicker than we are trained to envision.

The book itself can actually be seen as an outcome of one such ‘fissure’ in the global neoliberal hegemony insofar as it mobilised academic and activist resources in an emancipatory initiative vis-à-vis the processes of ‘corporatisation’ at work in both academic and NGO spheres. To divert academic time from delivering financially-rewarded, standardised academic production that productivity constraints have rendered increasingly incompatible with the generation of genuine knowledge is indeed a form of academic resistance. The emerging criteria for ‘university social responsibility’ that seek to account for the societal usefulness and outreach of academic work are only weakly rewarded in an environment of continuous assessment and competitive pressures to which academic institutions are now being submitted (Slaughter and Leslie, 1997; Engwall, 2008; Butler et al, 2017).

Likewise, pressures to build up economies of scale, raise funding and deliver accountability are increasingly pushing the most prominent civil society organisations to mimic the GVC lead firms’ management systems and rationales (Alexander and Weiner, 1998; Dauvergne and LeBaron, 2014), while concerns have been voiced regarding the North-driven agenda of GVC-based activism (Palpacuer, 2019). In a counter-current to such trends, examples are provided in this book of activist initiatives that sustain counter-hegemonic capacity through ‘bottom-up’ GVC-based strategies to empower workers and small producers by promoting enabling rights, emancipatory analytics, and organising and bargaining capacities in favour of these previously invisible yet prominent contributors to economic ‘value’ and activity.

In developing this publication, we followed the lead of earlier initiatives (Appelbaum and Robinson, 2005; Hale and Wills, 2005) to combine academic and activist voices in a hybrid space of engaged scholarship and theoretically-informed activism, so
as to foster the rethinking and reshaping of value chains. Fifteen years after these seminal joint calls for GVC transformation, the need is ever more pressing to regain our capacity to shape the territorial, ecological and social embeddedness of value chains in truly sustainable ways. Through our contribution, we wish to stir momentum for a broader engagement of stakeholders in and around value chains towards such a transformative project.

References


