

BOOK REVIEW by Peter Davis

Florence Palpacuer and Alistair Smith (Eds.). (2021). *Rethinking Value Chains. Tackling the Challenges of Global Capitalism*, Policy Press, University of Bristol.

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This book is being released this August and I am grateful to one of its contributors for giving me the opportunity to provide our readers with a pre-publication review. From the standpoint of co-operative managers, professionals and academics researching the Co-operative and Mutual sectors and concerned with impacts of globalisation, this collection of informed and challenging chapters makes an important contribution to the literature and raises significant issues requiring a co-operative response. As the book demonstrates, there has been so far an absence of any leading intervention by the movement, whose professional leadership are caught up in a 'business culture' that ironically undermines not only co-operative purpose but also co-operative performance. All large co-operatives today, from agri business and financial services to large scale white goods and engineering co-operatives, are competing in the very environment this book explores. As for the smaller and medium sized co-operatives, they often are finding themselves on the back foot in competitive terms whilst many small co-operative producers are struggling to get access to overseas markets for their product at all.

The introduction by Palpacuer and Smith reviews the extent of Multinational Corporations' use of global value chains (GVC), both their significance as a proportion of world trade and their catastrophic impact on the global economy from the 1990s to the financial services crisis of 2008. The current Covid pandemic has illustrated both the negative impact of GVCs on widening gaps between North and South and the increasing impoverishment of working people in both hemispheres, leading to breakdowns in supply and demand in which the price has been paid by those least able to afford it. The fact of unequal opportunities for value capture across the global value chain certainly will not be lost on third world producer co-operatives. And yet small producer co-operatives, by adopting this business model on the very principles established in the movement's identity statement adopted with virtually unanimous acclaim in Manchester in 1995, should have found themselves part of a co-operative fair trade based value chain outside the rapacious grip of multinational capital. Yet outside of Scandinavia there are few examples of collaboration across national boundaries in the consumer co-operative sector today, and at national level the collaboration appears largely dependent on the very GVC grounded capitalism the movement was established to compete against.

It's not any reflection on a failure of knowledge on the part of contributors to this book that the only place co-operatives are even mentioned is in the context of the advocacy work of UK based NGO Banana Link, which is currently seeking to support southern hemisphere banana growers' co-operatives in South America, the Caribbean and the Philippines. Do they receive any support from the UK consumer movement? When I contacted the leading regional societies, I was simply referred to the Co-operative Group for purchasing information. None of their senior management showed any interest in these co-operative growers or those working on their behalf. To my question as to whether they thought their members might be interested to know about these co-operative producers, I received no response.

Martin Hess (University of Manchester, UK) in Chapter 1 presents a powerful analysis of the changing roles of the state in its dealings with the leading conglomerate players in the global value chains and global production networks dominating the world's economy in the 21st century. Hess points to the rising state e-engagement not as a social democratic attempt to raise human welfare but rather as the drift towards authoritarianism. Hess quotes International Trade Union Confederation figures showing that over 85% of countries have criminalised or severely restricted trade union rights and the human rights to withdraw labour. The Covid pandemic has given Hess's Gramscian based analysis of the state as a source of both violent plus economic compulsion together with administrative domination more than a little credibility even in the relative democracies of Europe and North America. The issue of incorporation of civil society organisations, as opposed to their outright repression, like trade unions and co-operatives that this chapter makes reference to, is particularly interesting. It is worth consideration

by those agencies supporting training and development for these associations. I have long argued in my teaching and publications that we need to recognise that co-operatives and trade unions are contested terrain. Incorporation often takes the form of social movements forming *within* these associations diverting or diluting their founding visions (Davis, 1996). Hess argues the role of the state is still evolving in these uncertain times but the underlying drift towards authoritarianism is very clearly underway. Led by the digital revolution, western populations have given up privacy without even noticing and the number of companies selling human surveillance technologies to employers tells its own story in support of Hess's argument.

Liam Campling (Queen Mary University of London, UK) points to increasing inequality within and between countries as the key development issue, and certainly for the 400 million in extreme poverty it's the most pressing one. The business school gospel of adding value in the value chain, Campling points out, carries a major distortion of reality by ignoring the obvious truth that the value extracted at a particular downstream stage was created at an earlier stage(s). The power of the largest lead companies to manipulate and dominate the GVC is reinforced by a global segmentation of labour. This labour is managed within an authoritarian labour process at different stages in the value chain that coincide with different geographic/governmental locations. This further ensures additional value capture by the institutional leverage generated by a monopolised or at best oligopolistic market structure.

Alistair Smith in Chapter 7 provides the example of a European food retail sector that in economists' language, with ten leading players, constitutes a continent-wide system of monopolistic competition in what may be the richest consumer market in the world. Campling demonstrates that this global distortion of distributive justice against third world working people is further successfully protected by tax evasion. These upward percolations of wealth - the Global Wealth Chain - appear at every stage in the GVC and are often aided and abetted by the state and the multinational players' ability to use accounting processes to move their added value to the most accommodating jurisdictions. In highlighting processes of value capture as well as value creation, Campling provides us with important insights into how the processes of increasing inequality are exacerbated under capitalist relations of production. The challenge this analysis presents is to demonstrate how a co-operative GVC would operate to ensure greater distributive justice and avoid the additional mechanism of the GWC.

Stefano Ponte (Copenhagen Business School, DK) produces both a schematic analysis of the power dynamics in GVCs relating to sustainability issues in the context of two case studies: biofuels and coffee. The problem with the abstract schema of dyadic direct and diffused power against collective direct institutional and indirect constitutive power is the huge limitations that exist as leading players in GVCs have the capacity to use so many avenues. These range from direct corruption to media manipulation and misinformation to behind the scenes lobbying to divert and hijack sustainability even to the point of establishing so called ethical verification by NGOs who depend on them for funding and deliver their misinformation to the consumer. The 'dolphin friendly' label is a recently exposed example of 'misinformation' with the collaboration of retailers.

Louise Curran (Toulouse Business School, France) and Jappe Eckhardt, (University of York UK) show very clearly the obstacles and challenges to using trade agreements under WTO rules as vehicles for supporting human rights, ensuring fair trade or environmental sustainability. Research feedback suggests there are very weak enforcement and monitoring arrangements in place even where there are Free Trade Agreements with chapters linked to trade and sustainable development, as in the European Union. In the short run at least, it appears targeting and achieving partnerships with leading players to improve their own supply chain standards, as in the OXFAM Unilever partnership, may have more immediate impact. Where a management is open to take a hard look at itself and permit access by an independent NGO, some progress can be achieved.

Marilyn Crosser, Corporate Responsibility Coalition (UK) (CORE), describes how effective NGO coalitions can be for sharing information, campaigning and lobbying. She gives a fascinating account of the mobilisation of cross-party support for corporate accountability and transparency concerning corporations' responsibility for human rights abuses and environmental risks along their supply chains. Some successes were achieved in the 2006 Companies Act, with further impacts in 2014 when reporting requirements were elaborated, and, again, in the 2015 Slavery Act with the inclusion of a Transparency in Supply Chains Clause (TISC) taken from similar legislation in the USA. However, the rest of her paper is less upbeat as the CORE follow-up research found there to be big challenges with

compliance. One example here will suffice. In 2017, of the 50 UK companies covered by the legislation who were trading teas from Assam, cocoa from West Africa and mined gold or other sectors known to carry a high risk of modern slavery, almost two thirds did not include information in their statements on modern slavery.

Christophe Alliot (Bureau d'Analyse Sociétale pour une Information Citoyenne, France) provides an especially inspirational chapter showing how a co-operative research collaboration can be established to provide quality analysis on the impact of globalisation and GVCs at many levels: social, economic and environmental. The author makes the valid point that much vital data is not being gathered by governments or by UN agencies on trends in economic development and its impact. This is something we are witnessing globally at other levels of publicly funded research not least in the universities themselves. Governmental cuts justified politically as cutting 'bureaucracy' undermine those data gathering agencies supported by taxation. But why should initiatives like the *Bureau d'Analyse Sociétale pour une Information Citoyenne* (BASIC) be reliant on sources that are random and underfunded when we have a global Credit Union Network and Raiffeissen Banking Network plus huge Global Agri Co-op enterprises, not to mention hundreds of thousands of second tier and large scale national co-operatives? The answer is that the forces of incorporation have, temporarily at least, won in reducing co-operation to just another business model. As long as the co-ops can tick a box to show what *they* are doing is OK for the environment and what *they* are doing is OK for *their* community, then they pat themselves on the back and ignore the global issues caused by their competitors and sometimes caused by them too. Christophe Alliot provides the case of the plight of the poor Ethiopian coffee farmers and the significant increase in net profitability accruing to coffee roasters and retailers that, but for the chance opportunity of a PhD researcher, would not have come to light. When I was a special advisor to the International Cooperative Alliance (ICA) Global HRD Committee, it was totally starved of funding as is the ICA Research Committee. It's just the very data BASIC collects that should be setting the agenda for co-operative global strategy and in northern hemisphere consumer society co-operative brand management.

Christophe Alliot claims the BASIC model to be qualitative, although the focus of its four components, i.e., a) the function of end consumer markets, b) business functioning of operators at each stage in the GVC, c) commercial relationships and price dynamics between different operators along the GVC, and d) the links between and the different types of operators along the chain, seem to me to contain a lot of potentially measurable quantitative data. Certainly the outcomes for small producers as a result of the evolving GVC are measurable and real. Their humanity like all humanity, however, cannot have a price put on it. Yet the dignity of the individual and the common good can, I believe, be measured and negotiated. This will not be achieved without those vital qualities of empathy and solidarity perhaps best combined in the idea of one of the key but least practised elements of the French Revolution's Slogan 'Liberty, Equality and **Fraternity**'. There is not much point having a co-operative identity if it is not supported by an active co-operative ideological intervention on our global cultures.

Alistair Smith (Banana Link, UK) provides an historical account of the evolution of the NGO Banana Link and NGOs' evolving strategy across a quarter of a century. Smith's chapter starts by showing readers just how important the EU market is for bananas even without the British component and just how concentrated and powerful is the position of the top ten retailers. They are responsible for around 50% of all banana consumption with the European retail segment of the GVC extracting 40% of the value generated across the whole chain according to research by BASIC (2015). This represents a major shift in terms of who the lead firms are, from the suppliers' global brands like Fyffes to the giant retailers who are perhaps more responsive to consumer civil society activism. Some are beginning to open up negotiations with suppliers to try to ensure consumers perceive them to be concerned and responsible global citizens.

Smith identifies four stages in the evolving strategy to redress the in-built injustice of the GVC for bananas. Starting with raising awareness of territorial impacts in producing countries, as in the case of providing data to small producers in the Windward Islands concerning single market regulations in the EU, the strategy moved on to engaging with ethical, commercial and technical management. The third stage of co-constructing an agenda became possible as the producers, particularly the trade unions, started to come together in a single platform. In Latin America, this was ignited by the courage and perseverance of an individual leader of the Costa Rica banana plantation workers' trade union. Consolidation and unification at the grassroots is an essential step to ensure the terms of the discussion truly reflect the interests of the people who are suffering the injustice. The story arrives at

the establishment of a permanent multistakeholder global forum following a number of developments engaging civil society organisations in various countries establishing national based multistakeholder initiatives such as the UK's tripartite Ethical Trading Initiative funded by the UK Department for International Development and the establishment of a permanent World Banana Forum. The establishment of the forum and the emphasis on labour conditions and the problems of small producers in producer countries owes a lot to the ground work put in by Banana Link and its partner organisations both on consumer and producer ends of the GVC. The one sad fact remains that nowhere is there any sign of the European Region of ICA or its farmer or consumer segments providing information finance or other support. And so it seems the same can be said of ICA Americas. With co-operatives at both ends of the banana GVC they should have been key partners in developments at every one of the stages Smith clearly identifies in this struggle, still ongoing, with some critical levers for establishing trade and employment justice in the banana sector.

In a book full of examples of outrageous mistreatment and exploitation of working people, the last chapter by Eoise Mauret (ReAct, France) is perhaps the most harrowing. It focuses at first on the unfair capture of value, in this case in the palm oil and rubber industries' production. The analysis moves on to consider the plight of communities who have been effectively excluded from the GVC by having their land taken from them with false promises of inclusion that were never realised. The case of these two sectors and the giant companies profiting from these land grabs, which amount to almost 388,000 hectares of land displacing 200 villages across five countries and impacting thousands of lives, is, I suspect, the tip of an iceberg of abuse and theft of traditional lands by corporations aided and abetted by the state, or land grabs conducted directly by the state. What happened to the Maasai land during the Moi regime in Kenya comes to mind, and I wonder how many former peasants in China now regimented for long hours into a mind-numbing factory regime and living in a cramped multi-story apartment in a polluted city feel they have been 'lifted out of poverty' or just conned out of their birthright.

The villagers in this study have had to cope not only with broken promises and loss of land, but with the health impacts of chemical pollution and, in some cases, women experience physical abuse as they try to access what is left of their traditional land. Village traditional headmen's letters and appeals to these corporations all fell on deaf ears and the following sporadic violence born of the justifiable anger and frustration that erupted was bound to be repressed. What is powerful about Eoise Mauret's account is the evolution of a strategy to fight back that appears to be having some success. The four-step process starts with collective organisation out of which concrete engagement demands can be formulated, and then, when these demands are ignored, non-violent action creates the context and inducement for the final stage of negotiation.

In the UK, the enclosure movement in England and the earlier highland clearances helped to create an impoverished urban proletariat who, without the vote and with trade union organisation punishable by alternatively hanging, flogging and deportation plus a punitive poor law system, turned to a similar strategy of collective action. Although in their case, after the Congresses in the 1830s, their co-operative association's non-violent action was to establish their own democratically run businesses not as isolated units but as part of a movement for an alternative economy envisaged as a Co-operative Commonwealth. Today's ICA membership has become so incorporated inside a predominately capitalist global economy that, instead of being in the forefront of campaigns to mobilise the poor and exploited and create an alternative economic order, it remains on the sidelines with its membership facing resolutely inwards. Direct Action is an important tool that can become a foundational mechanism for change once it is remembered that human labour that creates value for others can create it for itself. Capitalism and the State are not the only mechanisms for organising resources for production and distribution. What Eoise Mauret's chapter highlights is how much tougher it is for rural communities to mobilize when isolated vis a vis the governments and multinational corporations exploiting and robbing them. Transnational alliances allow advocacy and effective policy to be developed and build up the will to resist in local communities when they see they are not alone but part of a wider reform movement. It's a pity that so far, we do not seem able in the co-operative movement to generate a leadership in the ICA with the vision and the courage to call on the nearly one billion members to co-operate both with each other and with those in the greatest need in their communities. The marginalised and dispossessed should be able to look to co-operatives to join their struggle and together create those non-exploitative and sustainable co-operative GVCs the world so desperately needs. This is an informative, essentially practical book based on sound theory and human centred values pointing to concrete measures that committed individuals in supporting civil

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society organisations can support. The books' authors are a set of civil society leaders and intellectuals who, to borrow from perhaps Marx's most famous statement, are going beyond interpreting the world to trying to change it.