What is Chronic Poverty?
The distinguishing feature of chronic poverty is extended duration in absolute poverty.
Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation.
This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.

Unfree labour and adverse incorporation in global production networks: comparative perspectives on Brazil and India

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Abstract

I aim in this paper to contribute to our understandings of unfree labour in the contemporary global economy, the processes by which it is generated, and its consequences for poverty and vulnerability. I seek to challenge dominant views of unfree labour as either external to GPNs or occurring solely within small-scale, localised or non-market contexts, and suggest that an excessively rigid theoretical attachment to a categorical distinction between unfree and free labour causes us collectively to miss the point about the kinds of labour relations that emerge in global production networks, and the contemporary forms that those unfreedoms take. The key argument is that unfree labour needs to be understood in ‘relational’ terms as a particular form of ‘adverse incorporation’ in global production networks (GPNs), constituted through the circular interaction of the organisation and functioning of GPNs, on the one hand, and, on the other, the social relations of poverty which give rise to vulnerability to severe labour exploitation. I draw throughout on original empirical research conducted on ‘slave labour’ in Brazilian agriculture and child labour in the Delhi garments sector.

Keywords: Unfree labour, global production networks, poverty, adverse incorporation, Brazil, India

Acknowledgements

This paper emerges from research on ‘Vulnerable Workers in Global Production Networks: Case Studies of Trafficked and Forced Labour in Brazil and India’, which was generously funded by the Chronic Poverty Research Centre (CPRC) in 2009-2010. The research team in Brazil was coordinated by Leonardo Sakamoto of Repórter Brasil, and included Maurício Hashizume, also of Repórter Brasil, and Xavier Plassat, of the Pastoral Land Commission (CPT), with additional assistance from Gabriel Alberto Trevizan, Julierme Zero Lima Barboza, Carlos Juliano Barros, Maurício Monteiro Filho and Rodrigo Rocha. The research in India was coordinated at the Institute for Human Development in New Delhi by Resmi Bhaskaran, Dev Nathan and C. Upendranadh, and the field team, coordinated by Sunil Kumar, included Shailesh Kumar, Ramanand Jha and Madan Jha. I am indebted to both of these teams for the extremely hard work and great insight that they brought to the project, and for the very enjoyable collaboration. I am also grateful for invaluable input into the project at various stages from Stephanie Barrientos, Sam Hickey, Anne Posthuma, Alakh Sharma, and Andrew Shepherd. The shortcomings of this paper remain entirely my responsibility.
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This document is an output from the Chronic Poverty Research Centre (CPRC) which is funded by UKaid from the UK Department for International Development (DFID) for the benefit of developing countries. The views expressed are not necessarily those of DFID. The CPRC gratefully acknowledges DFID’s support.
Contents

1 Introduction ...........................................................................................................................................5
2 Adverse incorporation and the unfreedoms of labour in GPNs .........................................................9
  2.1 The unfreedoms of labour ..................................................................................................................10
3 Accumulation and exploitation in GPNs ..............................................................................................16
  3.1 Outsourcing .....................................................................................................................................19
  3.2 Informality and mobility ....................................................................................................................20
4 Poverty, human development and ‘social categorisation’ .................................................................24
  4.1 Income poverty, education and human development indicators ....................................................24
  4.2 Discrimination and social categorisation ..........................................................................................27
5 Conclusions .........................................................................................................................................30
6 References ............................................................................................................................................34
1 Introduction

The intrinsic unevenness of capitalist development is clearly revealed in global patterns of chronic poverty. The participation of poor and vulnerable workers in global production networks (GPNs) can represent a means of improving their socio-economic circumstances and accessing better working conditions. At least as often, their participation functions as a mechanism for producing and reproducing poverty and vulnerability, as they are integrated into exploitative forms of work with few possibilities for accumulation or the achievement of security. The latter outcomes have been captured in the concept of ‘adverse incorporation’, whose central insight is that poverty results not (only) from conditions of ‘exclusion’ from society or participation in global economic activity, as the orthodoxy maintains, but rather from the adverse terms on which vast numbers of workers are incorporated into it. In what needs to be conceptualised as a circular dynamic, chronic poverty enhances vulnerability to exploitative forms of employment, and these forms of employment themselves act to produce and reproduce chronic poverty. The key point is that these adverse terms of incorporation are foundational to processes of accumulation within GPNs.

In this paper, I aim to contribute to our theoretical and empirical understanding of adverse incorporation in the contemporary global economy and the processes by which it is generated. Forms of adverse incorporation vary in both type and degree, reflecting the differential nature, functioning and governance of particular kinds of global value chains (Ponte, 2008) and the social contexts in which they are embedded. Yet my focus is on particular forms of adverse incorporation which are rarely brought into consideration into these debates; namely, those associated with the most severe forms of exploitation captured in the term ‘unfree labour’. Part of the reason for their neglect may have to do with the severe difficulties associated with researching these kinds of labour relations, existing as they do in the shadows of the global economy, and defying systematic quantitative and qualitative analysis. Their neglect may also be explained in terms of theoretical uncertainty – that is, as a result of the residual assumption that unfree labour exists outside capitalism and is, by prevailing theoretical definition, inimical to it. If one adheres to this view, then these kinds of labour relations become neither relevant nor necessary concerns for those of us interested in how contemporary GPNs are organised, their social foundations and the social consequences. It has also to be acknowledged that scholarly debates around unfree labour have tended to be rather insular, centring on internal theoretical disputes within Marxist scholarship, and too rarely engaging with wider debates in political economy around questions of global production and trade, and the global dynamics of poverty and inequality.

However, it is important that we bring forms of unfree labour into this wider focus, both to enrich our understanding of the varied forms of exploitation that underpin global economic activity, and to generate fresh perspectives on the contemporary nature of unfree labour itself. My key argument in this paper is that unfree labour needs to be understood theoretically and empirically as a particular form of adverse incorporation, which exists at the
Unfree labour and adverse incorporation in global production networks: comparative perspectives on Brazil and India

extreme end of the continuum of exploitative labour relations that forms the foundation of global accumulation processes. In this sense, we need to expand the range of labour relations which we customarily explore in our studies of both adverse incorporation and, more generally, the social foundations of the global economy. We also need to adjust many of the prevailing theoretical assumptions that inform the understanding of unfree labour, and to develop those perspectives which position unfree labour within an understanding of contemporary capitalism, rather than seeing it as a pre-capitalist form or a consequence of the absence of functioning markets. Thus, rejecting the problematic categorical distinctions between ‘free’ and ‘unfree’ labour relations that underpin the bulk of the debate, I here explore the various forms of ‘unfreedom’ that are experienced by workers in the global economy, and deploy the theoretical insights of the concept of adverse incorporation to understand how and why these forms of unfreedom arise in contemporary GPNs, and what the consequences are for chronic poverty and vulnerability.

My approach to these questions is informed by original empirical research on Brazil and India (see Phillips et al., 2011; Bhaskaran et al., 2010; Phillips and Sakamoto, 2011). I focus in the Brazilian case on what is customarily, in Brazil, termed ‘slave labour’ in the agricultural economy,1 with particular reference to the cattle sector in the eastern Amazon region. In the case of India, I focus on child labour in the Delhi garments sector. These studies together offer comparative perspectives on unfree labour and adverse incorporation in two different geographical regions, two different kinds of GPNs in different sectors of the global economy (one rural agricultural and one urban manufacturing), and two different groups of exploited workers (one associated with adult rural workers and the other with child labour in an urban context, although it bears noting that the importance of migrant child labour reveals clearly the interconnections between the rural and urban economies in India).

In both cases, the research encompassed both quantitative and qualitative work. In Brazil, it involved, firstly, the collection and analysis of statistical information collated on ‘slave labour’ by government and state agencies as well as civil society organisations. The main sources covered more than 21,000 workers who had been identified as working in conditions of ‘slave labour’, and were used to build a picture of the incidence of the problem and detailed personal profiles of the workers themselves, as well as the employers and enterprises for which they worked. The second, qualitative dimension of the study entailed field research in the eastern Amazon states of Pará, Tocantins, Maranhão and Mato Grosso, involving a number of interviews with rural workers who had been ‘freed’ by government inspection teams, cattle ranchers, representatives of large meat companies, and representatives of key

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1 Space prevents a discussion of this Brazilian formulation, but we use it here to draw attention to the distinctive terms of the debate in Brazil. For a critical assessment, see Gomes (2009).
supermarket chains. Finally, value chains were traced using existing data compiled by the NGO Repórter Brasil and new information collected during the field research.

The research in India involved a household survey conducted in five key locations of garment production in New Delhi and the National Capital Region (Nangloi, Gandhinagar, Seemapuri, Jehangirpuri and Shahpur Jat), which collected information on the incidence, profile and patterns of child labour, and the socio-economic characteristics and conditions of the households in which it occurred. The survey was based on a sample of 220 households, 19 of which were ‘household enterprises’ – units where employees both work and live alongside their employers – and 201 were ‘home-based’ units with a total of 552 children, 370 of whom were in the 5-14 age range. The second element of research consisted of interviews with firms in the major garment-producing centres of Gurgaon and NOIDA (the New Okhla Industrial Development Authority). They are respectively located on the borders of Delhi in the states of Haryana and Uttar Prades and served by activity in the locations included in the household survey. These interviews were supplemented by more informal conversations with representatives from civil society organizations and auditors involved with social compliance issues. Predictably, in both cases, the research process was extremely difficult. Given the nature of the issue under investigation, the researcher’s task is inevitably afflicted by the difficulty of locating workers who are among the most invisible members of the workforce, problems in accessing their location of work (due to extreme geographical isolation in the case of Brazil and the inaccessibility of slum areas in Delhi), the workers’ reticence or inability to speak (often due to intimidation and strict supervision), the hostility of firms, employers and landowners to research of this kind, and the generalised reluctance of participants along the value chain to acknowledge these issues openly. Furthermore, reliable and comprehensive data are not available; those data which can be gathered are at best patchy and necessarily refer only to the revealed incidence and profile of the problem rather than offering an accurate statistical account of it. Consequently, the quantitative data and qualitative material presented in this paper are necessarily illustrative rather than comprehensive. Nevertheless, they offer unique insights into the forms of unfree labour which prevail in contemporary GPNs, and into the associated dynamics of adverse incorporation.

The first section of the paper offers a theoretical and analytical framing for the argument that unfree labour is to be understood as a form of adverse incorporation, and considers the nature of unfree labour in this context. The second and third sections focus on the dynamics and factors which drive these forms of adverse incorporation. Respectively, these relate to

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2 For full detail on the research methodology of both studies, see Phillips and Sakamoto (2011) and Phillips et al. (2011).
the functioning of GPNs and the political-economic processes by which accumulation occurs within them, and to the social relations of poverty which precipitate particular kinds of vulnerability to exploitation. The conclusion pulls the threads of the arguments together.
2 Adverse incorporation and the unfreedoms of labour in GPNs

One of the key themes in poverty analysis since the 1990s has been the contest between ‘residual’ and ‘relational’ approaches to understanding its causes. The ‘residual’ assumption – that poverty is the result of exclusion from development processes – has been the hallmark of orthodox approaches to poverty reduction, where development is understood to be about the expansion and deepening of globalisation, and the extension of participation in those processes through employment (World Bank, 1990, 2002). By contrast, a ‘relational’ perspective contends that those development processes themselves can produce and reproduce poverty – that poverty is generated by the particular kinds of power relations which underpin contemporary forms of development (Bernstein, 1990; Tilly, 1998; Kaplinsky, 2005; Hickey and du Toit, 2007; Mosse, 2010). The emphasis falls in this sense on how growth and development can be actively ‘immiserising’, to use Raphael Kaplinsky’s apposite formulation (Kaplinsky, 1993; Kaplinsky et al., 2002). It advocates, as it were, a focus on impoverishment over poverty – on relational process over residual condition.

These two positions map closely onto the twin concepts of ‘social exclusion’ and ‘adverse incorporation’, which are pivotal to contemporary poverty analysis (Hickey and du Toit, 2007). The former, which has long dominated and continues to entrance orthodox analysis, has insightfully been challenged for its attachment to the residual position and, especially interestingly, for the manner in which it stifles attention to exploitation in explaining impoverishment (Byrne, 1999). The concept of adverse incorporation instead constructs an explanation based on the terms of inclusion – that is, the terms on which people are incorporated into particular economic and social processes and structures. Inclusion can thus be ‘adverse’ or ‘unfair’, on terms which preclude or significantly limit workers’ possibilities for accumulation and, consequently, for the achievement of longer-term security, thus perpetuating the chronic nature of their poverty and vulnerability (Wood, 2000, 2003; Murray, 2001; Bracking, 2003; Hickey and du Toit, 2007; Ponte, 2008). The key mechanism of adverse incorporation is the exploitation of labour, defined here as the substantial exclusion of the worker from the value produced by her labour in order to advance accumulation and maximise the returns to capital.

Yet the relationship between poverty and adverse incorporation is not ‘one-way’ in character. Poverty generates a range of vulnerabilities which necessitate the prioritisation of satisfying short-term, practical needs, at the expense of longer-term strategies for accumulation and the achievement of security (Wood, 2000: 19). Poverty and vulnerability consequently become chronic or perpetual, and the possibilities for exploitation are enhanced as a huge ‘reserve army’ of vulnerable workers is created, overwhelmingly informal in nature, often highly mobile, and substantially unprotected and unregulated. The dynamics of adverse incorporation are thus circular in nature: poverty generates a range of vulnerabilities among
workers which facilitate their exploitation; their exploitation in turn serves as the key mechanism of impoverishment.

This is not to say that a notion of ‘exclusion’ is to be abandoned entirely. The interaction between exclusion and inclusion is theoretically and empirically central to explanations of poverty and impoverishment. In many instances, it is the process of exclusion (or ejection) of workers from particular forms of production and employment that create the conditions of poverty which, in turn, facilitate adverse incorporation. Barbara Harriss-White (2006), for instance, usefully draws attention to the variety of mechanisms by which capitalism creates ‘waste people’; these include technological change (including mechanisation) and markets’ adjustments to crises and fluctuations through mechanisms of flexibility. The key attribute of vulnerable workers in this respect relates to their ‘disposability’ and the insecurity that this engenders, which is maintained through the disciplining threat of disposal while in employment, and the consequences of ejection from employment at regular intervals. Equally, the adverse terms of incorporation are both conditioned and enabled by structures of social exclusion that arise from processes of ‘social categorisation’ (Tilly, 1998; Mosse, 2010). In such processes, people are marginalised and suffer discrimination within societies on the basis of categorical ‘markers’ such as gender, age, race, ethnicity, caste, religion and so on. The dynamics of inclusion in this sense co-exist and intersect with parallel dynamics of exclusion, and, indeed, economic inclusion can often co-exist with social exclusion. This relationship thus needs to be central to our explanations of poverty and impoverishment (Hickey and du Toit, 2007).

2.1 The unfreedoms of labour

It is within this framework that I approach the specific question of unfree labour. As indicated in the introductory passage, my argument is that unfree labour needs to be understood as a specific manifestation of adverse incorporation. This position implies a rejection of the contention that unfree labour represents a pre-capitalist or non-market relationship – positions which in fact have much in common with residual understandings of poverty – and indeed the notion that it is theoretically incompatible with capitalism. This commonplace position (see Banaji, 2003; Rao 2011) arises from what appears to be an increasingly limiting attachment to traditional Marxian theory, and specifically to Marx’s categorical distinction between free and unfree labour as the definitional foundation of capitalism – an attachment which is equally evident in attempts to refute this position from within Marxism (Brass, 2003). It leaves us incapable of understanding the changed and changing nature of contemporary unfree labour, particularly that which emerges in the context of global economic activity. It also obscures the normative force of the debate: it allows for arguments which diminish extreme forms of labour exploitation on the grounds that because they are not ‘unfree’, according to this dichotomised definition, they must represent a contractual, and therefore
consensual market relationship, with the explicit or implicit corollary that they are consequently of a different ethical and moral order.

I therefore suggest that it is time to move the debate beyond these increasingly restrictive parameters, and that we need to abandon our preoccupation with locating particular labour relations on one side or other of a dividing line. Because the forms of severe labour exploitation in question involve elements of both freedom and unfreedom, a more productive focus lies instead in understanding the nature and variety of ‘unfreedoms’ that are experienced by labour, and explaining their emergence and prevalence. To do so, as indicated, I locate these forms of unfreedom theoretically and analytically within a wider perspective on adverse incorporation, and argue for their conceptualisation as relational phenomena. That is to say, they need to be understood as arising within contemporary market structures (as well as outside them) and, moreover, as being produced concretely by the power relations (economic, social and political) which constitute those structures.

Contemporary forms of unfreedom in the global economy differ from traditional forms of slavery, indenture and bondage. There are three key points of distinction. The first is that contemporary forms have taken a largely ‘contractual’ character and are usually short-term in duration. Long-term and intergenerational situations of unfreedom still exist and are characterised by the structures of personal dependence associated with traditional forms of slavery. In contrast, the prevalent contemporary form involves a worker entering into a contract of employment, usually expecting to be confined within that contractual relationship for a given period of time. The contract is most often sealed by arrangements of indebtedness, in which debts incurred to recruiters and/or employers are used to discipline the worker and ‘bond’ her to a particular employer. Frequently the terms of the contract and the debt are contravened or abused to maximise the exploitation of the worker during the period of employment. But crucially, in contrast with traditional forms of bondage, employers usually have no interest in the costly business of retaining the worker on a long-term basis. This form of labour unfreedom has insightfully been characterised by Jan Breman as ‘neo-bondage’ (Breman, 2007, 2010) in order to emphasise the historical distinctions; another formulation has used the term ‘contract slavery’ to the same end (Bales et al., 2009).

The term ‘contract’ can nevertheless be misunderstood in this context, inasmuch as its associations with liberal ideas of market-based transactions permit deep mischaracterisations of the problem of unfree labour. The ‘contracts’ in question are not formal, written and legally enforceable: they are most often simply a verbal agreement that

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3 See also Lerche, 2011.

4 The question of whether all debt relations amount to forms of unfree labour is open to debate, but a full discussion lies beyond the space available here.
put in place arrangements that are often illegal and are sometimes held with parties other than the person or entity that directly uses the labour of the worker, such as labour contractors. Equally, the term ‘contractual’ is often taken to mean a consensual agreement between equal persons. Yet such an interpretation of the term which is clearly inappropriate to the kinds of labour relations we are discussing here, which involve extreme levels of vulnerability on the part of workers, vastly unequal power relations, and varied forms of abuse and coercion.

This feeds into the second point of distinction. As the contractual form of unfree labour implies, the unfreedom does often not occur at the point of incorporation or entry – a criterion, based on traditional definitions of unfree labour, which misleadingly continues to guide much of the debate. It is certainly the case that some workers are coerced in ways that would satisfy a straightforward notion of ‘forced labour’, or indeed are born into conditions of hereditary bondage. It is also crucial to recognise the forms of underlying coercion and compulsion under which workers may apparently ‘freely’ enter an employment relationship, associated not with force inflicted upon them by another person, but with their circumstances of poverty and vulnerability, and their entrenchment in social and family structures of obligation and responsibility (O’Neill, 2011). Yet in contemporary labour relations unfreedom is primarily constituted not by coerced entry but by the preclusion of exit. These conditions are often established by indebtedness and/or the withholding of wages until the end of a contract. This may be combined with such abuses as imprisonment and restrictions on physical movement, threatened or actual violence (both psychological and physical, and both against a worker or against her family or co-workers), and/or the confiscation of documents and possessions. The preclusion of exit can also arise from the workers’ own perceptions of their responsibilities, obligations and debts. Their need to support families, raise dowries, honour debts and so on are powerful disciplining mechanisms which can very effectively be harnessed in the cause of exploitation (Frantz, 2011; O’Neill, 2011; Sandy, 2011).

The third point of distinction is that, while traditional understandings of unfree labour generally rest on an idea of people being forced to work against their will and without recompense, its contemporary forms often involve an exchange of labour for money. This again, misleadingly, is often taken as an argument against the identification of these labour relations as ‘unfree’. Of course, it is often the case that wages are not paid at all or that debts are manipulated to that same end. Where paid, wages are in no sense equivalent to the value of the labour extracted under these conditions. By definition, workers are substantially excluded from this value, and from wages that cover the cost of the reproduction of their labour power. Yet unfree labour can in many cases involve some form of remuneration, which is an important part of an explanation for why workers enter – and indeed not

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5 I am grateful to Dev Nathan for his comments on this point.
uncommonly return to — severely exploitative employment situations characterised by conditions of unfreedom.

The final point to make is a matter of historical continuity rather than distinction. Aside from being primarily constituted at the point of exit, unfreedoms are constituted within the work process itself. Severely exploitative conditions are invariably associated with harsh, degrading and dangerous conditions of work, myriad violations of workers’ labour and indeed human rights, as well as varied forms of coercion and manipulation designed to make workers work harder, for longer and for less money. Exhausting hours of work and compulsory overtime are often noted, facilitated by the frequent practice of confining workers to accommodation within the production unit or complex. These conditions are objectively to be understood as forms of unfreedom. That is, they are not simply ‘dirty work’ or ‘bad jobs’, which are often dismissed as standard or their availability even welcomed (Krugman, 1997); rather, they are distinct for both their location at the extreme ends of the continuum of labour exploitation and abuse, and moreover their combination with the mechanisms of unfreedom noted in the foregoing discussion.

These characteristics of contemporary unfree labour are clearly evident in Brazilian agriculture and Indian garment manufacturing. In the former, 37,205 workers were freed from conditions of ‘slave labour’ by federal inspection teams between 1995 and mid-2010. Across agricultural sectors, the prevailing pattern is one in which workers are contracted for the duration of a specific job, most often on a seasonal basis, and secured by an ‘advance’ offered by the recruiters (gatos). In some cases, such as sugar-cane harvesting, poor workers are also attracted by the possibilities of earning several times the minimum wage in a season. Some encounter conditions in which this earning potential is not realised and they are clearly ‘enslaved’ to work without payment; others are bonded for the period of time by the debt incurred, but are paid, albeit often less than envisaged, at the end of the contract.

The unfreedoms of labour in the Brazilian agricultural economy thus arise not at the point of entry but at the point of exit, and are constructed as a form of bondage which precludes the worker from leaving the employment relationship. All of the workers in our interviews indicated their unwillingness to leave a job prematurely, all indicating the problem that, as wages were withheld until the end of the period, they would not be paid unless the job were finished, and one who also referred to a sense of pride: ‘If I take a job to do, I’ll finish it’ (Phillips and Sakamoto, 2011: 28). Clearly, most workers are deceived by recruiters and

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6 For an interesting account of the ‘dormitory labour regime’ in Chinese factories, see Pun (2007) and Pun and Smith (2007).

7 Data provided by the Ministry of Labour and Employment’s Labour Inspection Department, September 2010.
encounter unexpected conditions of work and extremely harsh treatment. But others indicate some knowledge of the likely conditions, which they balance against the anticipated earning potential. Indeed, as noted earlier, this helps to explain why labour inspectors report that patterns of repeat ‘enslavement’ are not uncommon.

The Brazilian definition of ‘slave labour’ is particularly revealing for the discussion of the contemporary form that unfree labour takes, as it has come uniquely to accommodate ‘degrading conditions of work’ as a sufficient defining criterion. In Brazilian law, under Article 149 of the Penal Code of 2003, ‘slave labour’ is defined as ‘[r]educing someone to a condition analogous to slavery, whether by subjecting them to forced labour or exhaustive working hours, or by subjecting him or her to degrading working conditions or restricting their movement by any means, due to debts to the employer or its representative’ (emphasis added). Thus whereas, using other definitions, debates revolve around whether a worker can be said to be ‘free’ at the point of entry or exit, the Brazilian formulation encompasses the unfreedoms that arise within the work process. These unfreedoms are rife and take a variety of forms across agricultural sectors. Workers in activities related to cattle, vegetal charcoal and other extractive activities face highly degrading and abusive conditions, including physical and psychological violence and the curtailment of physical freedom. Conversely, sugar-cane workers, when they are not perpetually bonded by debt, are consumed by intensely hard work, which is paid by productivity, often to the limits of their physical capacity and with regular instances of death from exhaustion (Phillips and Sakamoto, 2011: 15).

Child labour, the focus of our research in the Delhi garment sector, constitutes a different and quite particular form of unfree labour (Bhaskaran et al., 2010). Some understandings of child labour take unfreedom as a given, inasmuch as a child is not legally capable of consent. Thus, there is a sense in which the unfreedom characterises all points of the labour process, including the point of entry. Virtually all child labour in this sector now takes place not in factories but in home-based (family) units and household enterprises. In the former, young children most often function as helpers to adult workers in order to meet orders and increase the amount of work that a household can accommodate, or else, work in domestic activities so as to free up the adults for wage labour. In the latter, children are most often boy migrants.

\(^8\) Interestingly, this interpretation is at variance with the ILO’s (problematic) formulation, wherein ‘a forced labour situation is determined by the nature of the relationship between a person and an “employer”, and not by the type of activity performed, however hard or hazardous the conditions of work may be’ (ILO 2009:6).

\(^9\) There were more than twenty such deaths between 2004 and 2009 in the state of São Paulo. Deaths of sugar cane workers are monitored at http://www.pastoraldomigrante.org.br/index.php?option=com_content&view=article&id=44%3Ahistorico-dos-cortadores-de-cana-mortos-no-setor-canavieiro&catid=47%3Amemoria&Itemid=38
from rural areas sent specifically by their parents. This is often a response to economic need and/or a perception that migration (of boys) to cities is a rite of passage (Bhasakaran et al., 2010; Dutta and Rustagi, 2010), and more occasionally, as a result of direct coercion exercised by recruiters. Either way, particularly in the case of young children, one could reasonably claim that child labourers are by definition unfree at the point of both entry and exit.

Many of the more specific characteristics of child labour in the Delhi garment sector reflect the broad contours of unfree labour relations which we outlined above. In household enterprises, the ‘contractual’ nature of child labour is clear. Child labour in the garment industry tends to be less short-term than in some other forms of unfree labour, although it is in some instances related to seasonal patterns of demand for labour. The migrant child workers in household enterprises are usually brought by recruiters (thekedaars) from rural areas, on the basis of an ‘advance’ that is paid to the child’s parents. In principle, this advance is then cleared by the child’s labour, deducted from his earnings by the employer. Remaining wages, after further deductions for the child’s living expenses, are then sent (again by the employer) to the parents. Obviously, abuse of these arrangements is rife. Payments to parents are often unreliable and fall short of the sums owed, while the calculations of remaining debt manipulated. Even so, a child working in a household enterprise will usually earn some form of wage, almost always on a piece-rate basis, and some amount of money will accrue to his household from his labour. Yet our calculations also clearly revealed that the hourly rate of pay for child workers is substantially lower than that of adult workers, including for those older children who are effectively functioning as full-time workers (Phillips et al., 2011: 19-20).

The productive labour of children who work in ‘home-based’ contexts – that is, within their families – is either paid on piece-rate terms (which again tends to be lower than the rates paid to adult workers) or, frequently, entirely unpaid. Around 45 percent of children aged between five and 11 in our survey who were engaged in garment work did not receive any specific payment for their work. Their labour was simply absorbed into the payment that would be made to the family or adult workers for the output produced, which again is most often on a piece-rate basis, and frequently vulnerable to manipulation by contractors (Phillips et al., 2011: 19-20). Finally, unfreedoms associated with working conditions tend to arise much more in household enterprises than in home-based contexts. In the former environments, they are associated particularly with the use of the work place as accommodation, facilitating both the physical confinement of workers and the imposition of long working hours. Violence in response to perceived violations or sub-standard quality of work is also not uncommon (Bhaskaran et al., 2010).
3 Accumulation and exploitation in GPNs

We turn now to the mechanisms by which the forms of adverse incorporation associated with unfree labour are put in place in GPNs. It is necessary first to clear the conceptual and empirical ground around the key point that highly exploited and unfree labour is embedded within accumulation processes in GPNs. It is not, as is often argued, either a non-market or non-capitalist phenomenon, nor a problem which can be said to occur solely in local, small-scale or domestic production networks. The latter, very common, argument rests on the twin assumptions that, on the one hand, global markets are more advanced or ‘developed’, and, on the other, that it is the context of GPNs that formal and informal structures of regulation militate against the worst violations of labour rights. 10

Contentions of this kind reveal a conceptual misunderstanding of the nature of GPNs. In reality it is often not possible to draw sharp dividing lines between different kinds of markets. Local, domestic and global markets are strongly connected with one another, through complex structures of ownership, vertical and horizontal integration, and arenas of productive activity. Thus, in a very basic sense, key firms may be, for example, conglomerates of foreign and domestic capital, producing simultaneously for export and domestic consumption, or, in the case of firms producing solely for domestic markets, foreign-owned. Global markets are by their nature a composite of local markets, whether these are sub-national, national or regional in scale. Moreover, the lengthening and increasing fragmentation of value chains integrates tiers of activity associated with own-account employment or the smallest-scale, pauperised forms of production (using both waged and unwaged household labour) into complex structures associated with GPNs. At the same time, and although there is not the space available in this paper to explore this issue fully, markets rest on a variety of non-market foundations, including those associated with social-reproductive labour, which across the world constitutes an important site of unfree labour (Ferguson, 2009; LeBaron, 2011).

The key conceptual point is that it is not possible to mount convincing arguments about the incidence and profile of unfree labour on the basis of a sharp distinction between global and domestic/local production networks. The further empirical point is that a mapping of value chains demonstrates that unfree forms of labour are embedded unambiguously in global production structures, understood in the above terms, even while they tend to occur a very long way up the value chain from the final retail destination. The links to this final destination can also often be very circuitous, mediated as they are through complex networks of intermediaries, subcontractors, firms and indeed markets. In Brazilian agriculture, two issues are prominent in this respect. First, the incidence of ‘slave labour’ is highest in industries

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10 Such an argument was encountered repeatedly in the interviews we conducted for this research project.
associated with the production of commodities, whose prices are set by world commodity markets, such as live cattle, soybean, cotton, sugar and coffee grain. Other key products are vegetal charcoal – a raw material for the steel industry – and ethanol, which are not yet traded globally as commodities, but are nevertheless important export products (Phillips and Sakamoto, 2011: 12). Second, an analysis of the so-called ‘Dirty List’11 of firms indicted for the use of ‘slave labour’, alongside a mapping of supply chains in the cattle sector,12 reveals that enterprises employing labour under conditions analogous to slavery tend not to be small farms producing for local markets, i.e. within the same town or region, but rather larger-scale agricultural enterprises producing for both national and international markets. Decisions about whether to sell in the domestic market or to export are conjunctural, depending on conditions of demand, price, prevailing trade conditions and the business terms that can be negotiated.

In the Delhi garment sector, similarly, firms are often associated simultaneously with manufacturing for export and the domestic market, frequently trading under a different name in each case in order to retain tax incentives or the benefits arising from small-scale status. Moreover, a typology of firms clearly reveals that those segments in which the problems of labour exploitation, including child labour, are most severe – the non-factory, household segments – serve both domestic and export markets (Phillips et al., 2011). This household segment’s niche within the Delhi garment industry is in embellishment and embroidery activities, and these units supply all market segments along the value chain, usually receiving orders through a chain of intermediaries and subcontractors, but sometimes also directly from designer and export firms. Often the owners and workers in these small-scale units are themselves unaware of which kinds of firms or markets they are ultimately supplying – a distance which is exacerbated by the central role of subcontractors and intermediaries.

There is, therefore, a strong empirical connection between the organisation of GPNs and patterns of adverse incorporation for many workers, including those most severe forms associated with unfreedom. The task then is to understand more concretely the processes of accumulation through which this connection is established. The key dynamic in this respect relates to the ability of powerful lead firms in GPNs to impose the weightiest commercial pressures on conditions of price and supply, and, in addition, to vary them at any given time

11 The Dirty List functions as a ‘naming and shaming’ exercise, but citation on it also results in the suspension of funding from government financial institutions. This is significant in that Brazil’s agricultural economy (including the cattle industry) depends on public funding for its maintenance and growth.

in order to maximise the process of value capture within the production process (Nathan and Kalpana, 2007; Barrientos, 2011). These commercial pressures, and the associated risk, are systematically pushed up the value chain to be absorbed primarily by less powerful producers and participants. In other words, intense competition is generated between the various ‘factions of capital’ along the value chain, in order to enhance accumulation and increase profit for the dominant factions, and for the weaker factions to survive and remain competitive.

In Brazilian cattle, the pressures flow up the chain from the dominant retailers, through the meatpacking firms, to the rural producers (landowners), which are recognised by all the participants in the value chain to be the most pressured link. While some cattle ranchers are themselves large-scale producers and thus powerful actors who are able to influence prices and business conditions, the vast majority are much smaller and dependent on the purchasing practices of buyers, who in turn work for firms owned by both foreign and domestic capital. Yet the pressure emanates not only from the huge, global supermarket firms, but also more generally from the retail sector, including butchers, small grocery stores and so on, to the extent that much of the competitive differentiation can be said to arise between retailers and producers. In Delhi garments, the power of buyers is particularly pronounced and refracted across the various market segments in the value chain. The key process in this context, as indicated above, is that of outsourcing, which in turn is strongly associated with the use of intermediaries and subcontractors. Thus, key parts of the production process are outsourced in stages to progressively smaller firms in various tiers of the value chain. This is the case for both large and medium-sized (tier 1 and 2) firms requiring additional capacity to meet large orders or peak seasonal demand, and for specified activities such as printing, dyeing, embellishment, machine or hand embroidery, button stitching or thread cutting. At each stage the pressures on price and conditions of supply become more intense, particularly given the insecurity that arises from the variability of demand.

These commercial pressures are managed by producers and suppliers primarily through strategies designed to reduce the share represented by labour in their input costs and enhance their ability to manipulate those costs to accommodate highly variable commercial conditions. Thus the imperative within GPNs rests on the establishment of a particular kind of labour force, and a particular mode of utilising labour, which generates maximum flexibility for firms and employers, limits the ability of workers to negotiate the production process, and

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13 Various interviews reported in Phillips and Sakamoto (2011).

maximises the returns to capital (Deyo, 2001; Taylor, 2008, 2011; Phillips, 2011a). The global expansion of a highly vulnerable and disenfranchised workforce indicates that this imperative encompasses both the creation and the harnessing of particular kinds of labour relations which have long been considered by many (including Marx himself) to exist outside capitalism, including the unfree forms that form our focus here. Thus, as Harriss-White puts it, ‘[its] persistence and ubiquity strongly suggests that pauperised petty production, apparently outside the ambit of state regulation, may not be a pre-capitalist relic in the course of being eradicated but may actually be intrinsic to state-regulated capitalism and incorporated by it. It may even be deliberately developed, because it delivers clear advantages to business and the state’ (Harriss-White, 2006: 1242). These forms of pauperised production, as we have seen, are ubiquitous in Delhi garment manufacturing and feature the strong incorporation of child labour. The thrust of the point applies with equal force to the unfree labour relations which persist, and are actively maintained, in Brazilian agriculture.

In this context, there are two especially prominent, interconnected mechanisms of ‘flexibilisation’ in contemporary GPNs that emerged in our research as the key factors conducive to unfree labour relations and associated forms of adverse incorporation – outsourcing and the nexus between informality and mobility.

3.1 Outsourcing

The prevalence of outsourcing strategies in GPNs constitutes a mechanism by which producers and suppliers are able to achieve both of the objectives noted above: the reduction of labour costs in overall input costs, and the achievement of flexibility in order to respond to fluctuating market conditions. By outsourcing either discrete parts of the production process or additional work in times of peak demand, firms shed the costly necessity of retaining a permanent and stable workforce, on the one hand, and, on the other, are enabled to disclaim responsibility to and for those workers with whom they have no direct employment relationship. Some larger and more visible firms retain a hands-on approach to outsourced activities, often being conscious of the potential damage to their commercial standing or brand integrity from violations of codes of conduct or unacceptable labour conditions in their supply chains. But the majority of outsourcing firms are much smaller, often unregistered, and consequently less bound by the strictures of social compliance.

The research in both Brazil and India clearly indicated that the most severe forms of labour exploitation tend to occur in those parts of the production process that are associated with outsourcing practices. In Brazilian cattle ranching, ‘slave labour’ is concentrated in peripheral activities, such as the deforesting and cleaning of land for new pasture. As these activities are primarily manual and do not require specialisation, the outsourcing of labour is more
frequent, expanding the central role of labour recruiters, rupturing employers’ obligations to workers, and foreclosing workers’ access to protections and rights. The pattern is the same in other agricultural sectors. Outsourced activities in such sectors as sugar cane, soybean, cotton or coal, and also in urban sectors such as garments, are routinely associated with a higher incidence of ‘slave labour’.

Similarly in India, as we have noted, the most pronounced problems of labour exploitation, including child labour, are located in the non-factory segments of the value chain, which exist purely as arenas of outsourced production activities. Tier 1 supplying firms which outsource work to tier 2 or 3 firms may well do so on the basis of written contracts containing stipulations on quality and labour standards, and subsequently monitor those firms for compliance. But firms which outsource or subcontract to the non-factory, household segments are likely to do so purely on the basis of loose, verbal agreements with no such stipulations. The subcontracting process in these tiers of the value chain is also almost always conducted through intermediaries, rather than directly by the outsourcing firms. This in turn facilitates the manipulation and abuse of workers and the frequent contravention of agreements on pay and conditions, often on spurious grounds of sub-standard quality. It also helps to entrench the problems of child labour, as outsourcing firms are able to disclaim knowledge of such practices. In the words of one producer we interviewed, ‘when we give work, we do not bother to check who does what’ (Phillips et al. 2011: 20).

3.2 Informality and mobility

Informality – defined broadly as ‘the sum total of income-earning activities with the exclusion of those that involve contractual and legally regulated employment’ (Portes and Sassen-Koob, 1987: 31) – has come to be characteristic of the full geographical and sectoral breadth of work in the global economy, in both richer and poorer economies. In India, it was estimated in the early 2000s that the unorganised (informal) sector accounted for over 60 percent of gross domestic product (GDP) and fully 93 per cent of the workforce (see Harriss-White and Gooptu, 2001; Lerche, 2007; Breman, 2010). In Latin America, informal workers were estimated to account in 2006 for some 45 percent of all workers in urban areas alone (UN ECLAC, 2008: 7). Various estimates for Brazil from the mid-2000s cluster around the level of 60 percent of the total work force. Beyond these aggregate estimates, figures are dramatically higher in some sectors and locations and for some groups of workers. Of particular relevance to the labour force in GPNs, the majority of economically active women in ‘developing countries’ in general are thought to work in conditions of informality (Carr et al., 2000: 126) and migrant workers are strongly represented in the informal economy, whether their movements remain internal or cross international borders.
However, there are no sharp distinctions between formality and informality, and they do not represent distinct ‘spheres’ of activity; rather, they are blended with one another within GPNs in complex ways (Phillips, 2011a). Well-established insights into this relationship hinge on the idea of the ‘subordination’ of the informal sector to the formal sector as a central process in capitalist development: unregistered workers and small-scale production units are subordinated to (and, moreover, by) large capitalist firms for the purposes of increasing competitiveness, reducing costs and ensuring flexibility (Moser, 1978; Portes et al., 1989; Benería, 2001). Increases in competitiveness and productivity that result from the flexibilisation and informality (or informalisation) of labour are thus appropriated as profit by the large firms and employers, and not passed on, or passed on only belatedly and indirectly to workers in the form of improved wages and conditions. It is not then simply that informality ‘exists’, nor even that it is likely to be eradicated as modern markets develop, but rather that actively entrenching the informality of the global labour force is itself critical to the accumulation process.

It is clear that as one moves up the various tiers of the value chains associated with GPNs, and indeed along the continuum of exploitation towards its most severe extremes, the incidence of informality becomes practically universal in the status of workers and their conditions of work. In Delhi garments, for instance, only a tiny proportion of the work force – concentrated in the first tier of the value chain – is registered and employed by registered enterprises. Even where firms themselves are registered, informal employment practices are not uncommon, such as the employment of casual workers without contracts, or the under-declaration of wages in order to reduce social security and tax obligations (Bulut and Lane, 2011). Beyond this upper tier of the value chain, firms are more than likely to be unregistered and become increasing ‘invisible’ as one moves up the chain towards the non-factory and household segments, where the overwhelming majority of workers are unregistered, unorganised and unprotected. It is revealing that more than half of the women working in the informal, unorganised sector in India are home-based workers – an estimated 80 million women in total. Of these, the vast majority – some 79 percent – work on a piece-rate basis, characterised by an irregular and precarious pattern of employment and various forms of manipulation and exploitation by contractors or agents (AIDWA, 2009: 4). Most forms of home work in India are also excluded from coverage by national labour laws (Deshingkar, 2009: 10-11). It is in these segments of value chains that child workers are also concentrated, on a fully informal and unregistered basis. Similarly in Brazil, the vast majority of workers in the agricultural economy are employed informally, and those subjected to the worst abuses associated with ‘slave labour’ are, as in the case of child workers in Delhi garments, among the most invisible participants in the informal labour force.

Accelerated labour mobility and the increased centrality of migrant workers is an important feature of the overall process of informalisation across production networks. The nexus between informalisation and ‘circulation’ functions precisely ‘to organize economic activity with high returns to capital and an excessively low return to labour’ (Breman, 2010: 24).
While not all of the world’s severely-exploited workers are migrants, the particular vulnerabilities of migrant workers have been well documented (Harris, 1995; Sassen, 2001; Bauder, 2006; Cohen, 2006; Phillips, 2011b), such that their utilisation as an ultra-flexible, disposable ‘army of labour’ has become foundational to accumulation across different kinds of GPNs. In the Brazilian and Indian contexts, the vast bulk of labour movement is internal in nature. In Brazil, the patterns of migration across the agricultural economy are predominantly from the poor north-eastern regions towards the mid-south, which is particularly associated with work in the sugar-cane sector, and to other Amazon states such as Pará, associated the cattle sector. A ‘pendular’ pattern of migration is the most common among workers who find themselves in conditions analogous to slavery – a pattern of regular, usually seasonal migration, after which workers return to their home towns. In addition to non-migrant labour, a group of so-called peões de trecho (‘road peons’) are workers who have left their hometowns and move continuously in search of work (Phillips and Sakamoto, 2011: 17-18). The role of recruiters is critical both in ensuring the continuous circulation of labour and in enhancing the vulnerability of the workers, particularly through the mechanisms of advances and debts.

In India, likewise, the central and eastern regions and other pockets of poverty serve as reservoirs of seasonal migrant labour for the rest of the economy (Lerche, 2010: 68). In the Delhi garment industry, it is estimated that some 90 percent of factory workers are male internal migrant workers from the poor states of Bihar and Uttar Pradesh (Mezzadri, 2008: 609). In our own household survey, all the workers in the 19 household units we sampled were migrants from the states of Bihar and West Bengal. 25 percent of the total workers in these household units belonged to the 5-14 age category, primarily in the 12-14 group (Phillips et al., 2011: 16). As noted earlier, the children working in household units are brought by a relative from their village, often in groups of four or five, most frequently with the consent and support of their parents (Dutta and Rustagi, 2010). As in the case of Brazilian agriculture labour mobility is strongly associated with the system of labour contractors, which acts to limit migrant workers’ possibilities of opting out of the circulation loop by changing employers or settling in the destination (Breman, 2010: 4). It also usually involves the payment of advance wages which are then owed as debts. It is suggested that around half of the estimated 30 million migrant workers in India are recruited through labour contractors and that many, if not the majority work subsequently (and consequently) in some form of debt bondage (Lerche, 2010: 73). We noted earlier the forms that these recruitment practices take in relation to migrant child workers.

Large-scale outsourcing and informality thus emerge as the key characteristics of accumulation processes in GPNs which favour the emergence and imposition of unfree labour relations. There are two reasons for this. The first is that both act to put large parts of the production process beyond the effective reach of private and public regulation. In part, this has to do with the sheer length and complexity of most global value and supply chains, which places severe constraints on systematic regulation or monitoring by lead firms. Yet, at
the same time, systems of private regulation are widely designed so as to encompass only a very small part of the value chain and the labour force. Auditing systems put in place by large brand firms, for instance, usually encompass only direct supplier firms, and they customarily seek to establish clear limits to the extent of their corporate responsibility along the full length of the value chain. Systems of both public and private regulation designed to monitor labour standards also tend to refer solely to registered enterprises and registered workers and to exclude the ‘informal economy’ and informal workers. Labour inspection systems are often partial and sometimes actively hindered by state authorities (ILO, 2006; Deshingkar, 2009). Thus the entrenchment of informality, including the use of informal employment practices within registered firms, enables the evasion of prevailing regulatory mechanisms and the maximisation of profit along the value chain.

The second reason relates to the vulnerabilities that are produced and enhanced for workers by the twin processes of outsourcing and the entrenchment of informality. Aside from being unprotected by regulatory systems, the premium on flexibility for firms and employers results for poor workers in a chronic insecurity of both work and income. These conditions then feed into the necessary prioritisation of the short-term goals of survival and meeting practical needs that is emblematic of adverse incorporation, which, in turn, is strongly related to unfreedom and abuse within the employment relationship. Strong seasonal patterns of work contribute additional insecurity, where workers are compelled to maximise potential income-earning activity in view of its scarce availability at other times of the year. Given that the kinds of activity we have explored here are strongly associated with seasonal work and piece-rate wage structures, the risk of severe exploitation can also arise both with the worker’s own participation, as it were, in making himself/herself available for excessively long hours in poor, degrading and abusive working conditions, as we saw in the case of Brazilian agriculture. Similar situations obtain for households in the Delhi garment sector, with adult workers’ propensity to incorporate children into the work process in order to meet demand and maximise income. This is not to suggest that conditions of unfreedom are necessarily entered into ‘voluntarily’ in this sense, but rather to highlight that the nature and conditions of work within value chains is such that the possibilities for severely exploiting vulnerable workers are significantly heightened.

Clearly, not all informal workers in all GPNs are ‘unfree’. We therefore need further precision to understand which groups of workers are most vulnerable to adverse incorporation of these kinds, and which are the factors that give rise to this vulnerability. We therefore move now to explore the social relations of poverty and disadvantage which combine with the functioning of value chains to produce patterns of adverse incorporation.
4 Poverty, human development and ‘social categorisation’

It will be recalled from the introduction that adverse incorporation arises from a circular dynamic, in which chronic poverty enhances vulnerability to exploitative (and unfree) labour relations, and those labour relations in turn produce and reproduce patterns of chronic poverty and vulnerability. In addition to understanding accumulation processes in GPNs, therefore, we need to understand how and under what circumstances particular kinds of social relations give rise to vulnerability to severe exploitation and, more broadly, put in place the conditions in which labour unfreedoms become socially sanctioned. It is widely taken as given that poverty and deprivation are key to unfree labour: that it is poor workers who are bonded, enslaved or subjected to the worst forms of exploitation. Yet we need much more detailed analysis to understand precisely how the conditions and social relations of chronic poverty shape adverse incorporation based on unfree labour.

4.1 Income poverty, education and human development indicators

It is self-evident that chronic economic need is central to workers’ vulnerability to severe exploitation and unfreedom, and this was fully revealed in the quantitative and qualitative analysis we conducted in Brazil and India. In our analysis of the profile of ‘slave labour’ in Brazil, we mapped the human development indicators relating to the places of birth and location of employment of the total workers freed from ‘conditions analogous to slavery’ between 2003 and 2009. The vast majority of these workers came from the poor north-eastern regions, and specifically from the state of Maranhão, where the annual per capita GDP is consistently around one fifth of the national average. In all of the towns of birth, at least 30 percent of the total population lived in conditions of poverty, and in some cases, especially towns in Maranhão and others that featured most prominently in the lists, levels were closer to 60 percent. Our data on average wage levels for these locations similarly revealed substantially lower figures than the national average. For the 10 most prominent towns of birth, the monthly average wage was equivalent to 47 percent of the national average (Phillips and Sakamoto, 2011: 24). The role of economic need as both a motivator of decisions to migrate for work and a condition enhancing vulnerability to unfree labour relations is thus evident. It was indicated repeatedly in our interviews with rural workers that the risk of encountering severe exploitation and abuse was traded against the possibility of adequate remuneration, which would have been higher than the wages earned by non-migrant workers or those without the physical condition for intense manual work.
Similarly, in the Delhi garment sector, our household survey revealed that, consistent with the findings of other studies, the primary reason for the use of child labour was the need to supplement the household income. This reason was cited by 61 percent of all households included in the survey, and nearly 85 per cent of the child workers identified fell into this category. A full 40 percent of young children in the 5-11 bracket gave caring for siblings as the reason for their non-attendance, which again is associated with strategies adopted by households for freeing up adult members for wage labour. Yet our survey also revealed that households with child labour have substantially lower incomes than those without child labour: the per capita income of the former was on average 25 percent below the $2 per day poverty line, and that of the latter around 50 percent above this poverty line (Phillips et al., 2011: 23). It is thus clear that the use of child labour is more common in the poorest households, but in reality does little to improve their overall income position.

However, the full picture is more complex. The studies of both Brazilian agriculture and Delhi garments revealed that straightforward measures of income poverty are likely to be a poor predictor of vulnerability to unfree labour, and that it is the combination of income poverty with other dimensions of poverty that are pivotal in constituting this vulnerability. The first point is clearest in the profile of ‘slave labour’ in Brazil, where the affected workers tend not to be the poorest of the poor, for the simple reason that employers seek (young, male) people with the appropriate physical condition for extremely demanding manual work. Thus, the income profile of workers released from ‘conditions analogous to slavery’ often does not conform to indicators of extreme poverty (Phillips and Sakamoto, 2011: 27). Yet this fact in turn acts to enhance their vulnerability to exploitation, as these workers are more likely to slip through the nets of government social protection which are targeted at the poorest of the poor. Their dependence on precarious forms of employment and unstable sources of income is thus heightened, perpetuating their condition of chronic insecurity.

Equally, the human development indicators we compiled for the places of birth and reference for workers revealed the positive impact of targeted government social policies from the 1990s onwards in matters of child mortality rates, hospital beds and the coverage of primary education. But these do not give us an adequate understanding of the roots of adult workers’ vulnerability. In this respect the key variable that emerged related to education and literacy. A full 68.13 percent of workers released between 2003 and 2009 were either illiterate or had no more than four years of schooling. Overall adult illiteracy levels in the principal towns of birth, reference and work were substantially above the national average, in some cases exceeding 50 percent of the population (Phillips and Sakamoto, 2011: 24-25). Strong connections further emerged between the absence of education, workers’ experiences of child labour and 15 Examples of other studies include Basu and Van, 1998; Leiten and Rustagi, 2006; Degraff and Levison, 2009.
their vulnerability to ‘slave labour’ as adults (ibid., 2011: 26; Pyl, 2010). Yet, interestingly, the available data also indicate an improvement over time in the educational profile of freed workers, reflecting the impact of targeted social policies, which perhaps gives hope for a concomitant decrease in vulnerability to ‘slave labour’. This link remains to be established, and is complicated by both the difficulty of locating the most vulnerable workers in order to extend benefits to them, and the fact, noted above, that they frequently fall outside the target social groups for public welfare policy.

Child labour in Delhi garments is similarly fundamentally shaped by educational poverty. In one sense, this relates to the child workers themselves, for whom work excludes them from education entirely, foreshortens the time they spent in education, or else disrupts the educational process. There has been a significant increase in both school attendance and literacy rates in India since the 1980s, even though overall levels of education remain low, especially among the poor and among women, and real expenditure on education as a proportion of GDP has steadily declined (Drèze and Sen, 2002). Child labour, while still prevalent, more often than not occurs in combination with some schooling, at least for younger children who are less valuable in labour markets. Yet significantly, in our household survey, the illiteracy rate among working children was nearly double the level for all of the children in the sample, and the drop-out rate was considerably higher among working children. 20 percent of children aged 12-14 had dropped out of school, rising to 42 percent in the 15-17 age group, suggesting that child labour at an early age is strongly connected with premature suspension of education. This finding disputes the common argument (e.g. Ghose, 2004) that child labour during off-school time does not jeopardise a person’s future earning capacity or socioeconomic security.

In another, prior sense, the issue of educational poverty relates to the household in general. In our survey, average education levels were appreciably lower in households with child labour. In measures of the highest level of educational attainment of their members of households with child labour, 8.01 percent of such households fell into the illiterate category, compared to 2.5 percent without. In the case of primary and below primary category, the figures are 49.69 percent and 42.52 percent, respectively. (Phillips et al., 2011: 26).

In both of these contexts, educational deprivation emerges as a key factor facilitating adverse incorporation in general, and labour unfreedom in particular. While not all illiterate or poorly educated people work in conditions of unfreedom, nevertheless conditions of unfreedom attach overwhelmingly to illiterate or poorly educated workers. It also functions as a clear mechanism for the intergenerational transmission of poverty. In exploring the dimensions of poverty that underlie the circular dynamics of adverse incorporation based on unfreedom, therefore, a much wider perspective is needed on varied dimensions of ‘human development’ than the customary focus on income poverty as the indicator of greatest vulnerability – and by extension as the key public policy issue.
4.2 Discrimination and social categorisation

In addition to issues relating to income poverty, education, literacy and so on, the key factors shaping the dynamics of adverse incorporation relate to what, following Charles Tilly (1998), can usefully be termed ‘social categorisation’. This process refers to the ways in which markers such as gender, age, race, caste, religion and so on are used in order to entrench a particular set of power relations in a given society, which themselves give rise to and structure patterns of poverty and marginalisation. Specifically, Tilly refers to the ways in which those who possess social power use these markers in order to establish their own exclusive control over ‘value-producing resources’, and to hoard to themselves opportunities within a society, thus entrenching particular patterns of ‘durable inequality’. As such, we return to the key dynamic between inclusion and exclusion that we noted at the start of the paper. In the dynamics of adverse incorporation, mechanisms of social categorisation, which perpetuate exclusion and marginalisation, intersect with particular modes of inclusion, which perpetuate exploitation, to produce and reproduce chronic poverty and insecurity. More specifically, social categorisation shapes vulnerability to unfree labour. They are intrinsically interwoven with other forms of disadvantage to heighten the propensity of particular social groups to severe exploitation, and moreover to put in place the conditions by which this exploitation is socially sanctioned. The full range of unfreedoms in the global economy – and indeed more broadly in societies – is inextricable from social and cultural norms and practices which mark out particular groups as available for (and indeed suited to) exploitation and unfreedom.16

The range of markers used is extensive, but those which emerged most strongly in the context of our research relate to gender, caste and race. The gendered dimensions of adverse incorporation are particularly central to child labour in Delhi garments, associated as it is with the systematic discrimination against and marginalisation of women and girls. The relationship between women’s work and child labour has been extensively recognised (Degraff and Levison, 2009), and takes particular forms in this context. As noted earlier, child labour occurs in the non-factory, home-based segments of garments production, in which women workers are overwhelmingly preponderant. Their positioning as home-based workers is reinforced by cultural and social norms which restrict women’s mobility outside the home, precluding them from accessing higher-paid work in the factory sector, and ensuring the vulnerability that arises from social isolation. Equally, both the income and the earning potential of women workers is, in general, considerably less than those of men, and, again, the norms associated with discrimination mean that women workers lack the power effectively to negotiate with employers, contractors or suppliers to improve conditions, wages

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16 For interesting discussions of this point, see ILO 2005 and 2009.
Unfree labour and adverse incorporation in global production networks: comparative perspectives on Brazil and India

or rights (Phillips et al., 2011: 25). All of these mechanisms of social categorisation combine to reproduce particular vulnerabilities among women (home) workers in garment production, and indeed to generate a tight connection between home-based work and persistent poverty (Doane, 2007).

The connections with child labour are immediately manifest in the fact that its incidence is higher in female-headed than in male-headed households – some 73 percent of the former reported the use of child labour in our survey, compared with 59 percent of the latter. Female-headed households tend to be poorer. The per capita income of male-headed households was some 1.5 times higher, while wages for home-based workers (overwhelmingly women) are much lower than factory-based workers (overwhelmingly men). At the same time, gender dynamics occur within the child labour process itself, where, in our household survey, girls in the 5-11 age group attended school much less regularly than boys or dropped out after enrolling. They were also more likely to do so in order to take on caring responsibilities or, in the case of older girls, in response to cultural norms which restrict women’s mobility for reasons of ‘safety’. Boys too are subject to gendered processes of social categorisation, which emphasises their income-earning responsibilities and ensures their propensity to drop out of school prematurely, often to work in household enterprises (Phillips et al. 2011: 28-29).

The other markers which emerged especially prominently in our research related to caste and race. Space prevents a full discussion, but it suffices to note the very different ways in which socially constructed perceptions of racial, ethnic or religious inferiority are used to sanction the exploitation and unfreedom of workers. In Delhi garments, households classified as belonging to other backward castes (OBC) and the scheduled caste community (so-called dalits) made up 60 percent of the total which reported the use of child labour in our survey, indicating the concentration of these kinds of exploitation in the most socially marginalised sections of the population (Phillips et al., 2011: 26). Similarly, in Brazil, the workers identified as working in ‘conditions analogous to slavery’ were overwhelmingly from the poorer north-eastern regions of the country, with corresponding racial characteristics. The use of these markers to institutionalise patterns of discrimination feeds directly into the greater vulnerability of these workers to adverse incorporation on the basis of extreme exploitation and unfreedom.

Such processes are thus central to the organisation of labour markets, institutionalising, as Tilly (1998: 14) points out ‘authoritatively organised categorical differences’ across the areas of actual performance, rewards for performance (wages, conditions), and the acquisition of capacities for performance. In this respect the issues noted earlier relating to education should also be drawn into an understanding of social categorisation, inasmuch as levels of educational attainment themselves constitute a key axis of categorisation – they are not ‘biological’ characteristics, as in the case of gender, age, and so on, but are nevertheless used as the basis for exclusion from ‘value-producing resources’. David Mosse (2010: 1163)
further observes that ‘it is among poorer, illiterate and unskilled labour that identity effects operate most forcefully through referral-based recruitment used by employers … as the means to guarantee trust and incentivize loyalty’. The final point to highlight is that these processes of social categorisation also feed into varied forms of political exclusion, wherein poor workers are unable to achieve participation in civil society, political processes or indeed labour processes associated with unionisation or other kinds of labour organisation. These combined forms of exclusion are thus central to the organisation of labour markets and the means by which an exploitable, disposable work force – including an unfree work force – can be continually reproduced.
5 Conclusions

I started out in this paper by highlighting what I see as significant blind spots and conceptual mis-steps in debates around both the social foundations of the global economy and contemporary unfree labour. By advancing an understanding of unfree labour as a form of adverse incorporation, I hope to have made a persuasive argument both for rectifying the inattention to these extreme forms of labour exploitation in analyses of GPNs, and in turn for illuminating the study of unfree labour through greater attention to wider debates in global political economy, especially those concerning the nature of GPNs and the global dynamics of poverty. I have suggested that an excessively rigid theoretical attachment to a categorical distinction between unfree and free labour causes us collectively to miss the point about the kinds of labour relations that emerge in GPNs, which can entail elements of both ‘freedom’ and ‘unfreedom’, and about the contemporary forms that those unfreedoms take in this context. Our attention is therefore more fruitfully directed to understanding the nature of the unfreedoms experienced in different parts of the global economy by different social groups, than to trying to construct a single category located on one side of a theoretical dividing line. By extension, it is clear that residual assumptions about labour unfreedoms being external to the functioning of GPNs inhibit a proper understanding of the contemporary global economy – how it works, its social foundations and the social consequences. These assumptions also constrain the development of appropriate policy responses, rendering them incapable of attending to the root causes to the problems, as opposed simply to their symptoms (Phillips and Mieres, 2011).

Four key conclusions from the discussion deserve to be highlighted. The first is a general point about the nature of adverse incorporation based on unfree labour and its links to poverty. We have seen that the imperative to create and maintain a disenfranchised and vulnerable work force, on which the accumulation process rests, relies on the possibilities of exploiting existing vulnerabilities which arise from conditions of chronic poverty, and in turn perpetuates them. The result is that workers (and producers) are locked into patterns of adverse incorporation because of the absence of viable alternatives for survival. As Harriss-White (2006: 1242) puts it, in her discussion of pauperised production, ‘most producers are involved in markets from which they cannot possibly withdraw without becoming destitute’. It is a point that also applies to the workforce in general. The process of impoverishment through adverse incorporation is thus foundational to the accumulation process within GPNs. By extension, the unfreedoms of labour are constituted as much (and fundamentally) by the continual threat of destitution – a threat which is actively perpetuated within accumulation processes – as by ‘direct’ mechanisms of abuse and coercion exercised against the worker by employers and recruiters.

The second point concerns the interactions between inclusion and exclusion in constituting adverse incorporation, which we flagged at the start of the paper. I have explored the ways in which varied patterns of marginalisation and exclusion are central to the social relations of
poverty and vulnerability, and thus to the social foundations on which accumulation within GPNs rests. The point was also extended to political exclusion, noting that exploited workers (including those in conditions of unfreedom) invariably lack possibilities for participation or representation in civil and political society or in labour processes, as a result of both dominant practices of social categorisation and the prevailing manner in which labour relations are constructed and managed. This suggests a direct link from social marginalisation and political disenfranchisement to adverse incorporation in the socio-economic sphere, including those forms associated with unfree labour.\textsuperscript{17}

Third, it has been implied at many points in the discussion that unfree labour is itself a key intervening factor in perpetuating the circularity of adverse incorporation. The core ‘disposability’ of the unfree labour force, and the effects of non- or under-payment of wages, extremely low wage levels and forms of debt bondage, all of which are most pronounced in unfree labour relations, are pivotal in creating chronic insecurity of work and income and, consequently, the chronic vulnerability of workers. The consequences for children and young adults in terms of education are central to the long-term and intergenerational dynamics of chronic poverty. The forms of work associated with unfree labour also entail a wide range of physical and health dangers, resulting in a much greater likelihood of injury, disability and even death. Physical damage and incapacity in turn act to create and reinforce poverty as workers lose the physical attributes necessary for viability in the labour market, and particularly in contexts where disability carries social stigma (Harriss-White, 2006: 1244). The unfreedoms of labour that we have explored in this paper therefore represent not only a particular form of adverse incorporation in GPNs, but also a key mechanism of its perpetuation.

The final point needs little elaboration as it has formed one of the paper’s motifs: that unfree labour is not a problem confined to small-scale or localised production, nor to non-market activities. I have challenged such arguments on theoretical and empirical grounds, showing that unfree labour relations can and do occur within the supposedly ‘advanced’ markets associated with GPNs. I identified outsourcing, the nexus between informality and mobility, and the centrality of labour contractors as being among the key facilitating factors in the contemporary organisation of production. I also noted that, while private and public forms of regulation in GPNs may well be more extensive than in other arenas of production, they are on the whole organised in such a way as to leave undisturbed both the tiers of production in which the problems arise, and the groups of workers who are most vulnerable to unfree labour relations and the associated forms of exploitation.

\textsuperscript{17} I am grateful to Sam Hickey for encouraging a more explicit formulation of this point.
References


The Chronic Poverty Research Centre (CPRC) is an international partnership of universities, research institutes and NGOs, with the central aim of creating knowledge that contributes to both the speed and quality of poverty reduction, and a focus on assisting those who are trapped in poverty, particularly in sub-Saharan Africa and South Asia.

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