PRESS RELEASE

Globalization’s cheap labor policy, deregulation to blame for food contamination

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Partido ng Manggagawa

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Globalization’s unregulated world of production and the transnational corporation’s TNCs) predilection to outsource cheap labor to reduce production cost and optimize profits is to blame for the recent global scare of food contamination.

This view was expressed by the Partido ng Manggagawa, a militant labor party, following the release yesterday of initial results of the test conducted by the Department of Health and the Bureau of Food and Drug on selected milk and dairy products from China believed to be possibly contaminated with melamine.

The test found another product from China, the JollyCow Slender High Calcium Low Fat milk (1 Liter), positive of melamine contamination. That brings the number to three of 52 products tested positive, according to the DOH.

Partido ng Manggagawa chair, Renato Magtubo, said that while the test results confirmed the scale and frightful reality of food contamination, the hard part of this problem-solving exercise is where to demand accountability and identify policy instruments that gave rise to this kind of problem.

“The government can easily ban the sale, importation and distribution of Chinese made products as a preventive and corrective measure. But how can we prevent the re-emergence, or the appearance of a new problem, which are largely due to the current global production pattern and the world’s plunge to a deregulated regime,” lamented Magtubo.

The former partylist representative explained that under globalization, production and movement of products are ‘internationalized’, so complex yet interwoven. On the other hand, the free market regime freed these products from the usual and stringent regulation, thus jeopardizing quality and obscured accountability on the part of the producers.

“The tale that God created the world and everything else is made in China, is no longer a funny joke. It is a reality that the world must confront. TNCs rushed to China to outsource their production because of cheap labor,” said Magtubo, adding that globalization had made it possible “to de-link their product brands from its national identity, while outsourcing cheap labor from the world’s sweatshops ensured lower production costs and therefore higher rates of return for TNCs.”

Same with the problem of the global financial crisis, the Partido ng Manggagawa also sees the need to re-regulate the global production and trading system by reversing the policy of free market which ensures corporate greed and profits rather than the workers and peoples’ welfare.

Corporate branding

The Partido ng Manggagawa also shared the view of the International Union of Food workers (IUF), a world-wide federation of trade unions representing workers in agriculture and plantations, food and beverages, that behind the melamine milk scandal lies an emerging crisis in 'corporate branding'.

According to IUF, one of the reasons for the heavy promotion of "global" brands was so that consumers wouldn't know (and would eventually stop caring) where products are made.

The UIF said the major transnational food companies spent the 1980s in a frenzy of mergers and acquisitions, buying up local brands and grabbing bigger market shares. By the mid-90's companies like Nestle, Unilever and Kraft had built up extensive brand portfolios and held the largest market shares in a range of food products — everything from cooking oil to ice cream, instant coffee and biscuits.

By the end of the 1990s the new logic of financialization set in. The brands themselves became valuable financial assets and their value could be boosted through a blend of Wall Street wizardry and aggressive marketing rather than better manufacturing.

"So there was an irrational shift to rationalization: cutbacks, restructuring and consolidation. Less is more. Now fewer brands were better. By focusing on a few global brands in overseas markets, the financial value of these brands would skyrocket. Nestle and Unilever called these their "billion dollar brands", while Kraft would "shrink to grow" — with just 10 global "power brands" by 2008," said the IUF in its editorial posted at www.iuf.org/www/en/.

The IUF contends that the global brands location no longer mattered. Production was relocated overseas (and relocated again and again) while aggressive brand marketing ensured that consumers continued to believe they were buying a locally made product with a global identity.

"The power of the global brand for companies like Nestle, Unilever and Kraft lies in their ability to shift production to countries like China, while loyal consumers believed it was the same product. As an added bonus, the companies could trumpet their 'green' credentials and commitment to tackling global warming while loading up the products with thousands of additional food miles. Supposedly behind the familiar local brand stands a caring, concerned global company," said the IUF.

The IUF also noted that the finance-driven global branding encouraged a tidal wave of casualizing and subcontracting work within the companies' own operations so that even quality control personnel are managed and hired as casual employees through labor hire agencies.