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Externalisation, Globalised Value Chains, and the Invisible Consequences of Social Actions

Bernd Sommer[*]

Abstract: *»Externalisierung, globalisierte Wertschöpfungsketten und die unsichtbaren Folgen sozialen Handelns«*. Recently, advanced political economies have been described as externalisation societies whose relatively well-off majorities live off the resources, labour forces, and life chances of others. This paper illustrates social processes of externalisation by referring to the example of globalised value chains for the production of common consumer goods, in particular, cars and clothing. Drawing on Norbert Elias' figurational sociology, globalised value chains can be described as chains of interdependence. Elias identifies the growing length and complexity of chains of interdependence as one of the central social preconditions that contribute to the civilising of behaviour and emotions, including increased foresight and growing empathy with people independent of their group affiliation. Zygmunt Bauman provides an alternative perspective to theorise externalisation processes related to the current formation of value chains: Due to the length and complexity of functional dependencies, significant consequences of social actions recede from the sight of actors. Conceptualised this way, globalised value chains are no social prerequisites for an increased foresight and scope of mutual identification, but – on the contrary – undermine these processes. The paper critically discusses both theoretical perspectives on the behavioural and emotional implications of the globalisation of value chains.

Keywords: Externalisation, global value chains, globalisation, habitus, figurational sociology, empathy, pollution, consumption.

1. Introduction[1]

The German sociologist Stephan Lessenich (2016) has described advanced political economies as "externalisation societies" whose relatively well-off majorities live off the resources, the labour forces, and the life chances of others. According to Lessenich,

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> the model of socioeconomic development of the advanced capitalist economies in the Global North […] rests on the principle of practicing a way of life, a mode of producing and consuming, that is all but generalizable: The Global North can live, produce, and consume as it does because others do not – and cannot – do so. (Lessenich 2015)

This paper illustrates processes of externalisation by referring to globalised value chains for the production of common consumer goods. First, the two key concepts of this paper – "externalisation" and "global value chains" – are going to be briefly introduced. In the following section, the globalised value chains related to the production of automobiles and clothing are schematically described. This comprises the description of practices and processes of externalisation associated to these particular value chains. It is argued that the extensive length and high complexity that is characteristic for most of today's value chains is constitutive for the current externalisation of the negative social and environmental impacts related to the production of consumer goods. In recent years, a growing interest in the field of "global value chains" (GVCs), "value chain analysis" and "value chain upgrading" as well as corresponding research could be witnessed. Along with academic research institutions[2] these examinations are driven by international organisations, such as the Organisation for Economic Co-operation and Development (OECD), the International Labour Organization (ILO) or the World Bank as well as development and human rights non-governmental organisations (NGOs). In addition to academic sources, the following depiction also draws on so-called grey literature, i.e. materials and research produced by government departments, international organisations and NGOs. While international organisations as well as the leading research institutions working with the global value chain framework rather stress the economic benefits and potentials of participating in global value chains – for instance increased economic growth rates and employment – NGOs predominantly focus on harmful social and environmental impacts associated with the globalisation of value chains.

In the fourth section of this paper, the extensive globalisation of value chains is theorised from the perspective of Elias' figurational sociology as well as Zygmunt Bauman's conceptualisation of modernity. These two alternative ways of theorizing the behavioural and emotional implications of globalised value chains and processes of externalisation are elaborated and it is argued that empirically both theoretical mechanisms can be witnessed simultaneously.

[2] Leading actors and institutions applying the global value chain perspective are organised in the network of the Global Value Chains Initiative (GVCI) that was founded by the Center on Globalization, Governance & Competitiveness (CGGC) at Duke University, the Institute for Development Studies at the University of Sussex, and the Industrial Performance Center at the Massachusetts Institute of Technology (GVCI 2017A).

2. Externalisation and Globalised Value Chains

2.1 The Concepts of "Externalities" and "Externalisation"

In economics, the discourse about "externalisation," or more precisely, so-called "externalities" has a relatively long tradition. Externalities are defined as "indirect effects of consumption or production activity, that is, effects on agents other than the originator of such activity which do not work through the price system" (Laffont 2008). The origins of the concept can be traced back to Henry Sidgwick (1838-900), who first articulated the idea of "spillover effects," and to the British welfare economist Arthur C. Pigou (1877-959), who receives most of the credit for elaborating the concept (McConnell et al. 2009). Building on the distinction between spillover costs and benefits, economists usually analytically distinguish between negative and positive externalities (Jaeger 2005, 76). For instance, air pollution can be regarded as a *negative externality* associated with automobile use: without political intervention, neither the producers nor the users of cars cover the costs of air pollution. Beekeeping for honey is an example that is associated with *positive externalities* (ibid.). A spillover effect linked to beekeeping is the pollination of flowers; the economic value generated by the pollination may even exceed the value of the harvested honey. These examples already illustrate that economists usually focus on the economic value of externalities. A prime example for focussing on monetary aspects of externalities is the so-called "Stern Review," in which Sir Nicholas Stern described anthropogenic climate change as "the greatest and widest-ranging market failure ever seen" (Stern 2006, i) and argued that "early action on climate change outweighs the costs" (ibid.).

From a sociological (and other non-economic) perspective(s), this focus on monetary issues appears to be insufficient. For instance, considering traffic accidents as another externality related to automobile use, the analytical boundaries of describing externalities solely by "costs" and "benefits" become evident: Of course, for a society also the economic costs of traffic accidents can be calculated (Parry et al. 2007, 383). However, it should be obvious that this is only one aspect and a very limited perspective on the harmful societal consequences related to traffic accidents. The same holds true for most kinds of environmental degradation caused by human induced pollution. Though it is possible to estimate the monetary loss associated, for instance, to sea level rise due to climate change; the loss of people's homeland entails many more societal dimensions than financial aspects.

Stephan Lessenich put forward two more shortfalls related to the economic understanding of externalities: (1) On the micro economical level, Lessenich criticises the focus on individual decision making in the economic externalisation discourse (Lessenich 2016, 46). For instance, according to a standard eco-

nomic argument, negative outcomes of economic activities result from so-called information failure, i.e. poor decisions made with faulty or incomplete information. (2) Applying the concept of externalities to the macro level, according to Lessenich, economists equate societal processes with market processes, as if the whole society functioned according only to the market principle (ibid.).

In contrast, Lessenich's sociological understanding of externalisation comprises the dimensions of "structures," "mechanisms" and "practices" (ibid., 50). "Structure" refers to *power* asymmetries between certain societies and groups (ibid., 52). The "mechanism" of externalisation is, according to Lessenich, *exploitation* (ibid., 57f.). Lessenich emancipates the concept of exploitation from Marxian theory that focuses one-dimensionally on the appropriation of surplus value by capitalists. His concept of exploitation also includes other modes of one-sided concentration of benefits in a social relationship, such as the utilisation of natural resources, cultural capital, and the lives of others (ibid., 58). Finally, the "practices" of externalisation follow a specific *habitus*, which members of externalisation societies share (ibid., 60f.). All three dimensions of externalisation – structure, mechanism, and praxis – are inherently interwoven: Only due to past and present power asymmetries within the world society, transnational exploitation has become possible (for instance, "land grabbing," extracting natural resources, and making use of pre- or early-industrial forms of labour conditions in the Global South). Members of the powerful externalisation societies habitualised (i.e. incorporated) specific social practices that rest on various forms of exploitation and are highly exclusive (for instance, maintaining a level of consumption that can only be fulfilled by using the ecological resources and sinks of other world regions). A specific feature of this habitus is that living off of expenses of others is taken for granted by the members of externalisation societies and thus becomes (partially actively made) invisible on an everyday level (ibid., 181).

According to Lessenich, the externalisation society is no novel phenomena of the 21st century. On the contrary, processes of externalisation have been a characteristic feature of global capitalism from the very beginning (ibid., 31). The economically extremely successful model that developed within the so-called early-industrialised societies during the last 500 years was *ab initio* based on the support of labour forces and the influx of resources from "outside," especially (former) colonies (Mauch 2014, 35). This paper shows that *nowadays* due to globalisation of value chains, the externalisation of harms to the "outside" of the relatively powerful societies can be achieved: globalising value chains is currently a key feature of externalisation processes, i.e. of shifting the negative consequences of certain social practices from the centres of contemporary capitalist economies to social groups and individuals living in their periphery. In other words, globalising value added processes are a mode

in which the exploitation of labour and nature is organised in today's world society.

In the following description of the externalisation processes related to the production of cars and clothing, and especially in the section that theorises these empirical examples, not only the mechanisms of externalisation (exploitation) but also its structures (power relations) and practices (and their corresponding habitus) are repeatedly addressed. However, before elaborating the empirical cases and their theoretical implications, the concepts of "value chain" and "global value chain" are briefly introduced.

2.2 Global Value Chains (GVCs)[3]

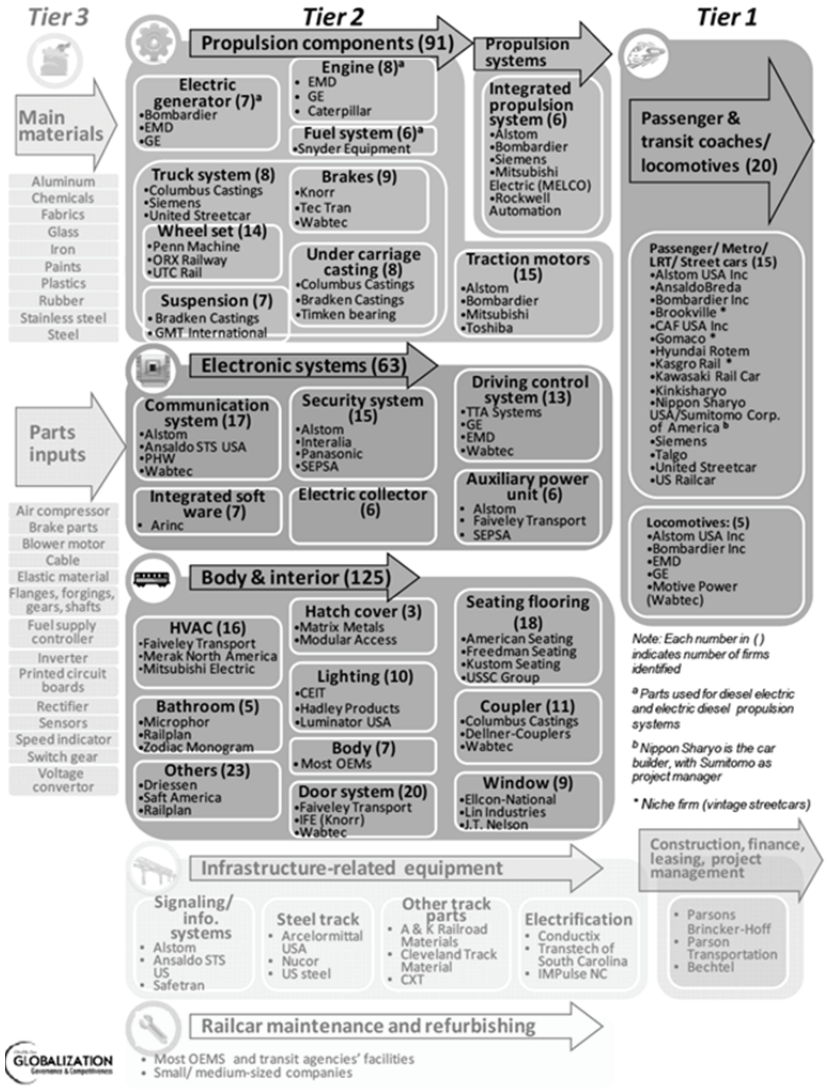
According to *The Global Value Chains Initiative* at Duke University "the value chain describes the full range of activities that firms and workers do to bring a product/good or service from its conception to its end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer" (GVCI 2017B). The International Labour Organization (ILO) provides a similar definition: "A value chain describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production and delivery to final consumers, and final disposal after use" (ILO 2015). A *global* value chain is described as "divided among multiple firms and geographic spaces" (GVCI 2017B). So-called lead firms, typically Transnational Corporations (TNCs), coordinate the dispersed tasks and activities within such transnationally fragmented value chains (UNCTAD 2013, 125). Theoretically, it is possible that "a value chain [is] contained within a single geographic location or even a single firm (think about a fruit that is grown, packaged, sold and consumed within one country)" (GVCI 2017B). However, in recent years it has become a distinctive feature of value chains that they are spatially extensive, organisationally fragmented, and highly dynamic (ibid.). To give an example, Figure 1 shows a value chain for passenger and transit rail vehicles in the USA.

Even without counting tier three companies for the production of train vehicles (including the supply of main materials and parts inputs) as well as infrastructure-related equipment, maintenance and refurbishing, the value chain comprises contributions of approximately 300 companies and manufacturing locations in 35 US states and various countries outside the USA. It goes without saying that the analysis of such a value chain is an extremely complex and extensive endeavour. Therefore, the following exemplary description of value chains for cars and clothing will be highly schematic and claims in no way to

[3] Sometimes "Global Value Chains" (GVCs) are also referred to as "Global Commodity Chains" (GCCs), however in corresponding research, GVCs is the more recent concept (Blair 2009, 1).

be a systematic analysis of the corresponding transnational production networks.

Figure 1: US Value Chain for Passenger and Transit Train Vehicles



Source: Lowe et al. 2010, 27.

2. Two Examples of Globalised Value Chains and Related Mechanisms of Externalisation: Cars and Clothing

2.1 Example I: The Global Value Chain for Cars

Roughly, the global value chain for a car can be described as followed: the first step of the value chain comprises the extraction of various ores and minerals required for car production, such as copper, iron, or bauxite, predominantly in countries of the so-called Global South. In the case of copper, for instance, prime producing countries are Chile or Peru (Müller 2017, 8). Every single car contains up to 28 kg of copper; German car companies only needing an estimated 300,000 tonnes per year for their car production (BfdW 2016, 9). Afterwards, during the second step of the value chain, these ores are processed, for instance from iron into steel, or from bauxite into aluminium. This mostly takes place in so-called newly industrialised countries and emerging economies such as China or India (Müller 2017, 10). The third step of the value chain consists of the production of individual components or entire systems; such as breaks or batteries by a network of various supply companies. To give one example, according to their own information, *Volkswagen* relies on 40,000 suppliers in 58 countries (BfdW 2016, 15). These suppliers work with requisite subsuppliers of their own, and so on. Finally, the lead firms assemble the components – often in the country of their origin – and produce the actual car.

Drawing on the sociological understanding of externalisation as presented by Lessenich, the focus of the following description of the externalities related to the value chain of cars lies on what economists call "negative externalities." Further, bearing the insufficiency of the economists' analytical reduction to monetary aspects in mind, this account is carried out in a rather qualitative manner.

During the first two steps of the value chain, negative externalities appear to be especially severe; for example, in its various forms, mining accounts for numerous human rights abuses around the world (Spohr 2016). Often, connected to mining activities, local and indigenous communities are expelled or resettled without adequate compensation, with local authorities frequently criminalising protests against mining projects. Currently, it is estimated that one million children work in mines across the globe. Additionally, extraction activities in so-called developing countries are regularly accompanied by the violation of social and environmental standards as well as incidents of corruption (Müller 2017, 1). Copper mining in countries of the Global South constitutes no exception from these developments (ibid., 2).

The processing of these materials in the refineries and steel works – the second step of the value chain – equally comprises early-industrial forms of labour exploitation, such as child labour or labour conditions without social security,

etc. (BfdW 2016, 9ff.). Workers of refineries regularly report about health issues such as pneumonia, breathing difficulties, and tuberculosis. Additionally, processing ores and minerals can also be highly damaging to the environment (ibid.). For instance, for one ton of aluminium, 2-3 tons of toxic mud are produced (ibid.). If this mud is not professionally disposed of, severe environmental and health risks arise.

During the third step of the value chain, these materials are processed, again mostly on the production sites of so-called emerging economies, making use of pre-Fordist forms of labour exploitation, as well. For instance, the German development agency *Brot für die Welt* ("Bread for the world") reports about working hours with up to 80 hours per week and relatively low salaries. Even if local minimum wages are respected, in many cases this does not guarantee a sufficient income, as often local minimum wages are simply too low (ibid., 12). The "lead firms" within the value chain often request compliance with the Fundamental Principles and Rights at Work of the International Labour Organization (ILO). However, due to their complexity and length, compliance within the entire global value chain cannot be sufficiently monitored. For instance, *Bosch* – one of *Volkswagen*'s suppliers – declares to *Brot für die Welt*:

> Due to the high numbers of suppliers and sub-suppliers within the value chain, for Bosch, comprehensive monitoring of the related process steps is not possible. (ibid., 14)[4]

Volkswagen, the company that finally assembles all components, declares something similar:

> The supply chain in the car industry, with the multitude of parts that are used for every individual car, is very complex […]. Therefore, the complete monitoring of every gram of every natural resource that is used for car production poses a great challenge. (ibid., 15)[5]

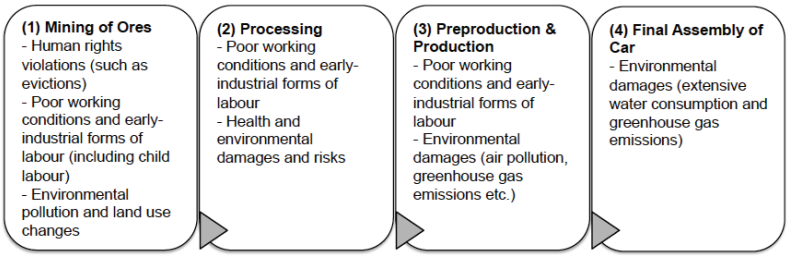
However, it becomes apparent with every further step in the value chain – especially if the assembly sites of the lead firms are located in the Global North – that the externalisation phenomena linked to production gradually diminishes. Based on his research concerning the value chains for automobile production in the Argentinian region of Córdoba, Klaus Dörre describes that working conditions become increasingly precarious the further they are detached from the lead firms that finally assemble the cars (Dörre 2014, 32). Due to the globalisation of the value chains, the same companies that are regulated in a Fordist

[4] Own translation of the following German original: „Aufgrund der hohen Anzahl von Lieferanten und Unterlieferanten sind der vorgelagerte Teil der Lieferkette und die damit verbundenen Prozessschritte für Bosch nicht flächig zu überwachen" (BfdW 2016, 14).

[5] Own translation of the following German original: „Die Zulieferkette in der Automobilindustrie bei der Vielzahl der Teile, die in einem Auto verbaut sind, [ist] sehr komplex [..]. Daher ist ein lückenloser Nachvollzug eines jeden verbauten Gramms eines jeden einzelnen Rohstoffes eine herausfordernde Aufgabe" (BfdW 2016, 15).

mode in their countries of origin – with strong unions and employee participation, relatively high wages and social security – are able to make use of pre-Fordist modes of labour exploitation in peripheral and semi-peripheral countries of the Global South (ibid., 29). Again, *Volkswagen* serves as a good example: While mining in Peru or Indonesia often goes hand in hand with human rights abuse and extremely poor working conditions, members of the permanent staff in Wolfsburg work 35 standard weekly hours, are of the best paid manual workers in Germany, and enjoy relatively high social security and safety standards as well as further benefits. Mainly environmental impacts – especially the emission of greenhouse gases or extensive water consumption (Jungmichel et al. 2017, 25) – remain to be detected at this tier of the value chain. Figure 2 schematically depicts the value chain for cars as well as related phenomena of externalisation.[6]

Figure 2: Schematic Summary of the Value Chain for Cars and Related Mechanisms of Externalisation



Source: Own Graph.

Next, the value chain for clothing production is outlined. Due to limited space and many similarities to the previous example, the various steps of the value chain and related externalisation phenomena will be described simultaneously.

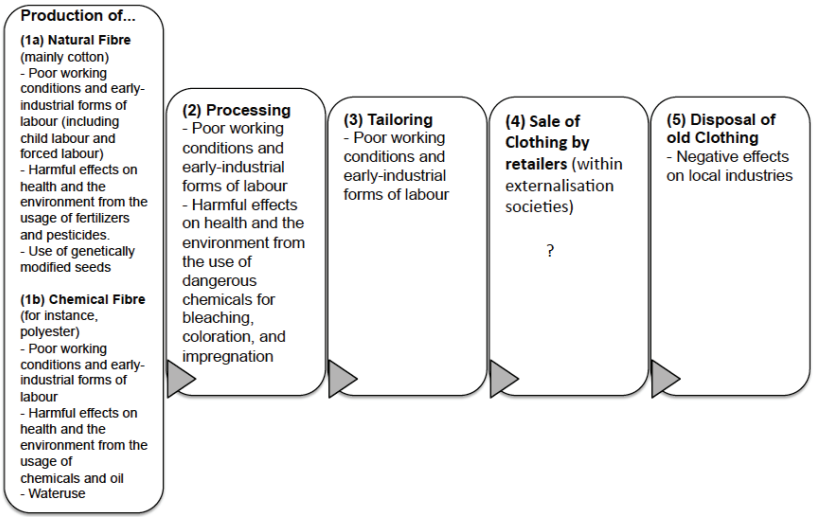
2.2 Example 2: The Global Value Chain for Clothing

Today, most clothing is manufactured in China, Bangladesh, India, Sri Lanka, Turkey as well as other developing countries and emerging economies (AFWA/CCC 2014, 11). During the first three tiers of the value chain (the production of fibre, processing, and tailoring) pre- and early-industrial forms of labour are dominant; including forced and child labour for the production of cotton

[6] The externalisation phenomena associated with automobiles are not sufficiently described by solely focussing on the *production* of the vehicles and its value chain. Negative externalities stemming from the *usage of automobiles* further include local and global pollution, oil dependence, traffic congestion, and traffic accidents (Parry et al. 2007).

(BfdW 2016, 23). Extensive working hours, payment below the living wage[7] as well as the prohibition of unionisation are no exception. According to the *Asia Floor Wage Alliance* (AFWA), an international alliance of trade unions and labour rights activists; the minimum wage in Bangladesh and Sri Lanka covers only 19% of the living wage, in Cambodia 25% of the living wage, and in India 26% of the living wage (ibid., 31).

Figure 3: Schematic Summary of the Value Chain for Clothing and Related Mechanisms of Externalisation



Source: Own Graph.

According to the Fair Wear Foundation, wages for sewers only make 1% of the T-shirt price when sold by retailers in the Global North (BfdW 2016, 28). Safety at work poses a particular problem; made especially visible to the global public when in April 2013 a clothing factory at the Rana Plaza in Dhaka, Bangladesh, collapsed, leading to the death of more than 1,100 employees and approximately 2,500 injured people. Moreover, particularly within the first two tiers of the value chain – the production of natural and chemical fibre, the bleaching, coloration, and impregnation – are accompanied by severe health risks for the employees and often cause serious environmental damages (ibid., 25). European or US companies predominantly organise marketing and transport. Finally, globally produced clothing is sold by retailers such as Wal-Mart, Primark, Hennes & Mauritz, C&A, etc. for less than the price of a cup of good coffee to consumers of externalisation societies. Here, almost no direct

[7] "Living wage" refers to the income necessary for employees to meet their basic needs.

environmental impacts are recorded (Jungmichel et al. 2017, 13). After usage, rag traders collect old cloths and resell them, for example on the African market, where it obstructs the development of local industries (BfdW 2016, 29).

2.3 The Global Value Chain Economy as a System of "Organised Irresponsibility"

Both value chains could of course be described much more thoroughly. This description does not claim to cover the complete value chains and all related negative externalities, but attempts to give a rather broad overview. Before theorising the globalisation of value chains and associated aspects of externalisation from the perspectives of Eliasian and Baumanian sociology, some features of the development of the global economy shall be carved out that become manifest by these examples: The global value chain economy constitutes a new level of globalisation. Of course, transnational trade is anything but new, and phases of globalisation and de-globalisation alternate in the course of history (Wolf 2014). However, the degree of trade within global value chains – where thousands of components are traded globally, in order to produce one good – which developed during the last twenty years, marks a new point of economic globalisation. This trade has only been made possible by innovations in communication technologies as well as in the transport sector. José Ángel Gurría, general secretary of the OECD, phrases it as follows:

> Since the late nineties, international trade and investment have undergone accelerated changes with the emergence of global value chains (GVCs), which have had important consequences for enterprises and governments, as well as a bearing on the activities of trade and investment promotion agencies. Enterprises now locate different stages and activities across the globe. The process of research and development, design, assembly, production of parts, marketing and branding are no longer concentrated in one location, but are instead increasingly located across different countries. (OECD 2012)

As mentioned above, organisations such as the OECD and the World Bank promote a rather affirmative perspective on the globalisation of value chains. Bearing in mind the empirical cases of value chains for cars and clothing, as well as their implications, a diverging estimation is possible, too: Organising production processes in globalised value chains systematically exploits lacking or lower social and environmental standards in certain world areas. It seems that only due to globalised value chains, many consumption goods can be sold at today's low prices. In other words, "absolute cost advantages" – gains from international trade that have already been described by Adam Smith – are *nowadays* realised by internationally diverging social and environmental standards, combined with the absence of functioning governance structures at production sites worldwide. Due to the lack of transparency, which seems to be constitutional for highly globalised value chains, so-called "lead companies" cannot sufficiently monitor the compliance of ecological and social standards within

the value chain (see the examples of *Bosch* and *Volkswagen* above). In short, the globalisation of value chains constitutes a key feature of externalisation mechanisms in today's world economy; it enables the exploitation of labour forces and nature in the Global South, makes the consequences of these activities grossly invisible and allows members of the externalisation societies in the Global North to buy common consumer goods for relatively low prices. Referring to Ulrich Beck's *World Risk Society*, the global value chain economy constitutes a system that is characterised by "organised irresponsibility" (Beck 1999, 6).

3. Theorising Globalised Value Chains and Externalisation

3.1 Elias: Process Sociological Perspectives on Global Value Chains

In the context of globalised value chains,

> firms and workers in widely separated locations affect one another more than they have in the past. Some of these effects are quite straightforward, such as when a firm from one country establishes a new factory or engineering centre in another country, and some are more complex, such as when a firm in one country contracts with a firm in another country to coordinate production in plants owned by yet another firm in a third country, and so on. (GVCI 2017B)

Drawing on Norbert Elias' figurational sociology, global value chains can be described as "chains of interdependence" (Elias 2012). Through the current formation of value chains on a global scale, not only enterprises, but also private individuals become dependent on numerous transactions with others in order to meet their daily needs. However, bearing the previously outlined examples of value chains for cars and clothing in mind, one might wonder if these chains rather represent "chains of dependence" than chains of *inter*dependence. Of course, the power chances that become manifest in these examples are distributed extremely unequally.

For instance, contemporary value chains are described as highly dynamic because "lead firms" react instantly to price shifts by changing or diversifying their suppliers and developing alternative supply in order to make their supply chains more resilient (OECD 2012). However, according to Elias' figurational sociology, in *every* social relationship mutual dependence can be witnessed – even in a relationship that is as imbalanced as the relationship between a newborn and its parents (Elias 1996a, 77). Only if the ties between individuals completely break down do mutual dependencies vanish. According to Elias, the diverging *degrees of dependence* also define the power relations between interconnected actors: If one actor – let's say a baby boy – is more dependent than his counterpart – let's say his mother – his chances to influence the behaviour of the actor he forms a relationship with are relatively small; babies obviously

influence their parents' behaviour; but their potentials are limited, which regularly results in frustration and a lot of crying on the side of the baby.

Transferring these theoretical insights from figurational sociology to the case of globalised value chains, it can be argued that only due to the unequal degrees of dependencies between "lead firms" in the Global North and suppliers in the Global South and their asymmetric power relations the various harmful impacts of production can be externalised. However, having Elias' theoretical understanding of power in mind, the term "externalisation" itself becomes problematic to a certain extent: from the perspective of figurational sociology there is no such thing as "external" or "outside" within in a social relationship. It is precisely due to the imbalanced dependencies between actors that the processes of "externalisation" – the exploitation of the labour forces – become possible.

In his civilising theory, Elias identifies the growing length and complexity of chains of interdependence as one of the main social mechanisms that contribute to civilising behaviour and emotions, including increased foresight and growing empathy with people independent of their direct group affiliation (Elias 1995, 410).[8] Following this reasoning, at first glance, the globalisation of value chains is supposed to lead to an increased global empathy with people in the Global South who suffer from pre-modern working conditions in order to produce consumer goods for relatively well-off societies in the Global North. However, it is important to note that Elias distinguishes between the "possibility" and "necessity" of social development (Elias 1996a, 178), meaning that societal development is by no means deterministic or even goal-directed. Although a later stage or phase of societal development requires a certain preceding development, this does not mean that an earlier stage of development does necessarily lead to a specific, corresponding later stage. For the issues discussed here, this means that the lengthening and widening of chains of interdependence *could* lead to the lengthening of the scope of identification and accordingly to processes of civilization. However, the pure lengthening and widening of the chains of interdependence *does not necessarily* lead to the growing of empathy between human beings. Indeed, on an everyday level, identification with people negatively affected by exploitation within global value chains remains relatively low.

In his essay "Changes in the W-I-Balance" Elias (1996b) further elaborated on the divergence between developments on the societal and emotional level of individuals. Elias described a "drag effect" (Elias 1996b, 281) of habitus, referring to social phenomena when people's perceptions and emotions lag behind the actual degree and scope of societal interdependencies. His prime example was the factual integration of humanity on a global scale; while we-images of

[8] The other major social process that, according to Elias, contributes to the civilising of behaviour and emotions is state formation (Elias 2012).

individuals and processes of identification remain primarily related to the level of the nation state. In the context of global value chains a similar "drag effect" seems to be noticeable. The fact that cars from *Volkswagen* (just to stick to the established example) are labelled as "Made in Germany" and that many people really believe that these cars are "made in Germany" points to a situation where perceptions lag drastically behind the factual degree and scope of interdependence.[9] Also on an emotional level, the case of globalised value chains illustrates that individuals are often not able to experience the human suffering and environmental degradation that is structurally incorporated into the production of common consumption goods. In the light of Elias' figurational sociology this is not surprising, since today's global value chains are characterised by highly imbalanced dependencies (see above).

3.2 Global Value Chains from the Perspective of Baumanian Sociology

Zygmunt Bauman provides an alternative model to understand theoretically externalisation processes related to the current formation of value chains. In *Modernity and the Holocaust*, Bauman describes the "invisibility of casual connections in a complex system of interaction" (Bauman 1996, 26) as a characteristic feature of modern societies. Bauman explains:

> With most of the socially significant actions mediated by a long chain of complex casual and functional dependencies, moral dilemmas recede from sight, while the occasions for more scrutiny and conscious moral choice become increasingly rare. (ibid., 25)

Bauman regards this mechanism as central for a sociological understanding of the Holocaust. However, the crucial point is that Bauman considers this mechanism as not limited to the case of the Holocaust or other genocidal processes, but as a characteristic of modernity or modern societies in general. This does *not* mean that in modernity genocidal and other highly destructive developments are inevitable. Bauman, however, detects something distinctively "modern" in the phenomena of mass violence in the 20th century:

> Having emancipated purposeful action from moral constraints, modernity rendered genocide possible. Without being the sufficient cause of the genocide, modernity is its necessary condition. (Bauman 1991)

Bauman himself also provides a more contemporary example for "moral blindness" triggered by long chains of complex functional dependencies:

> To understand how that astounding moral blindness was possible, it is helpful to think of the workers of an armament plant who rejoice in the 'stay of execu-

[9] Cosmopolitan organisations such as the World Trade Organization (WTO) seem to adopt a more adequate perspective concerning contemporary production structures and speak of "Made in the World" in the context of global value chains (WTO 2017).

> tion' of their factory thanks to big new orders, while at the same time honestly bewailing the massacres visited upon each other by Ethiopians and Eritreans; or think how it is possible that the 'fall of commodity prices' may be universally welcomed as good news while 'starvation of African children' is equally universally and sincerely, lamented. (Bauman 1996, 24)

Conceptualised this way, growing chains of interdependence (as they manifest themselves among others in global value chains) are no social preconditions for an increased foresight and scope of mutual identification, but – on the contrary – undermine these processes.

Recently, the German economist Niko Paech also drew on Bauman in order to describe the behavioural consequences of functionally and spatially differentiated production networks (Paech 2016). According to Paech, splitting complex production processes into numerous strictly separated tasks leads to a situation in which every actor is guided by a specific instrumental rationality ("Zweckrationalität") that is only related to his/her specialised function (ibid., 136). Thereby, the consequences of the complete production process – especially its environmental consequences – remain hidden for every single actor involved (ibid.). Since in modern economies production and consumption are two entirely separated spheres, according to Paech, the systemic fading out of all ethical and non-economic effects even includes consumers, who become blind to the results of their own consumption habits (ibid., 137).

Bauman himself supports his argument by the reasoning of the philosopher John Lachs, who described in his work similar phenomena:

> The remarkable thing is that we are not unable to recognize wrong acts or gross injustice when we see them. What amazes us is how they could have come about when each of us did none but harmless acts. (Lachs 1981, 13)

Here the parallel to the presented empirical cases of global value chains and related phenomena of externalisation is striking: Many people were truly shocked when learning from the news about the collapse of the clothing factory in Dhaka in April 2013. However, most of them cannot imagine that their last shopping tour to *Benetton* or *Primark* could have anything to do with it.[10] The processes of externalisation described here for the value chains for cars and clothing are in no way exceptional. Similar descriptions could and have been put forward for the value chains of smart phones and other information technology (Carolan 2015), meat consumption (BfdW 2016; HBS/BUND/Le Monde Diplomatique 2014) and the production of many other everyday consumer goods. Thus, they form a constitutive part of social practices in modern "externalisation societies" (Lessenich 2016). Building on the insights from Bauman, it becomes understandable how externalisation societies, due to the globalisation of value chains, are able to establish a "regime of invisibility"

[10] According to media reporting, clothing for these two companies – among many others – was produced in the collapsed factory (Forbes 2013; USA Today 2013).

(ibid., 181f.) concerning the devastating consequences of their mainstream practices.

4. Conclusion

This paper linked the concept of global value chains to the current sociological discourse on externalisation. It showed that the globalisation of value chains is connected to the key mechanism of externalisation, i.e. exploitation, and helps to obscure its consequences: Natural resources are extracted mostly in relatively powerless countries of the Global South. These materials are processed on the production sites of so-called emerging economies, making use of pre- or early-industrial forms of labour exploitation. Consequently, they are sold as various consumption goods to a global consumer class that predominantly lives in the early-industrialised countries of the Global North. Finally, the often hazardous waste of production and consumption is disposed of in subordinated countries, or – as in the case of carbon dioxide – dumped into the atmosphere or the oceans.

Additionally, this paper has presented two alternative ways of theorizing the behavioural and emotional implications of globalised value chains and processes of externalisation. But how do we now make sense of these alternative views? Do growing chains of interdependence and complexity in society *potentially* lead to an increased foresight and scope of mutual identification, or – on the contrary – do they undermine these processes? Empirically, both can be witnessed: On an everyday level, "moral blindness" where people are not able to oversee the consequences of their decisions, is dominant. On a more institutional level, however, growing foresight and empathy can be witnessed, too: The many reports of the NGOs and development agencies, from which empirical material was drawn for this paper, can serve as indicator for this. They intend to make the suffering visible and lobby for political action to change the situation. Another example: after the collapse of the factory at the Rana Plaza in Bangladesh an "Accord on Fire and Building Safety in Bangladesh" was established by international and nongovernmental organisations and has been signed by over 150 global fashion brands. Furthermore, the German government founded the so-called *Textilbündnis* (Partnership for Sustainable Textiles), which aims at increasing social and environmental standards along the whole value chain. Independent of the concrete impact of such initiatives, they are an empirical manifestation of an extension of the scope of identification.

However, the length and complexity of current value chains as well as a "drag effect" of habitus hinders members of the externalisation society to become fully aware of their own interconnectedness with the exploitation of labour and nature, related to the current mode of production and consumption. This also includes a lack of identification with the related human suffering and a relative-

ly weak support for the promotion of policies and political change that might alter this situation. Presumably, only if the mutual dependencies within globalised value chains become less one-sided, a substantial improvement of the working conditions will occur. Only then will it no longer be possible to externalise the negative consequences of one's own lifestyle, and to live off the life chances of others. In other words, the current formation of value chains and related phenomena of externalisation are just *one* manifestation of what we call modernity. If social relationships on a global scale become more balanced, i.e. less unequal, a more "civilised" (in the Eliasian understanding) modernity could be possible, too.

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