INDUSTRIAL POLICY
A Scientific Journal Dedicated to Economic Development and Industrial Policy

OPEN ACCESS

DOI: 10.61192/indpol.1612551 www.indpol.org

IndPol, 2025; 5(1): xx-xx

Are the Fast-Fashion TNCs Locomotive of Development

Fatma GENC UNAY[a]

İstanbul University, Institute of Social Sciences, Ankara, Türkiye, ORCID: 0009-0001-6561-5829

Abstract

The global business of fashion today requires advanced, fair and sustainable mechanism of governance instead of irresponsible mass production and consumption. This goal could be achieved by investing more in national law of trade in LDCs developing more balanced relationships with all actors in the industry to be protected from exploitative behaviour and to increase national production and export capacities of the LDCs to prevent exploitative behaviours of the TNCs. In this regard, dependency theories put forward by critical development economists to explain the dynamics of economic growth in core and peripheral countries still maintain their validity today and are important in the literature on fast fashion mainly through two streams of thought. One explains the dominant role of globally powerful TNC's which establish economic and cultural dependency bonds between developed and underdeveloped countries, paving the way for exploiting the resources of weak countries in line with historical facts. The opposite view rejects the idea of dependency theories and blame the domestic institutional weaknesses in these countries for causing underdevelopment. In addition to dependency theories, theories of international trade and capitalism are also linked to the behavioural patterns of the TNC's by questioning whether the fast-fashion business actors act as the locomotives of consumption based global capitalism. This approach strives to analyse the role of global major fashion brands' operating facilities or subcontracting strategies in underdeveloped countries. Unlike dependency theories, theoretical approaches that stress economic rationality and efficiency of any business enterprises and regulation environments have been dominant driving the logic of industry in today's world. Today's businesses mentality praises this mind and behaviour of the TNCs to engage in FDI in order to gain competitive advantage by setting up production units as well as retail networks in different countries for organizing from production to distribution through a chain of agreements with the subcontracting firms. It is also common practice to organize different stages of design with physical and human aspects of economic activities. This article first identifies the theories of dependency and institutional growth with reference to dominant behaviours of TNCs operating in the LDC's. It then explores how underdeveloped countries can regulate these dependency relations caused by asymmetric power and capital resources of the TNCs in the light of international trade theories. The fast fashion TNC's are perceived as the key agents and discussed as one of the main engines of the expansion of global capitalism in the light of the constantly changing nature of fashion as well as hidden tools of global hegemony. As these TNC's act as engines of desires of novelty, alteration and newness of fashion commodities they can be seen as catalysts of increased international trade and signifiers a of global cultural hegemony by the Western world on the basis of exploitative economic relations.

Article History
Received;
January 3, 2025
Revised;
January 26, 2025
Accepted;
February 9, 2025

Keywords
Dependency, Development, Underdevelopment, FDI, TNCs, Fast-Fashion Industry (FF), Sustainability

JEL Codes
O12

1. Introduction

Economic development is generally described as a process in which sustained growth in production and output levels lead to income increases over long periods of time (Yülek and Santos, 2022: 158). Although developing countries designed various strategies of economic development in order to catch-up with the industrialized countries and to eliminate the

CONTACT Fatma GENC UNAY fatmag21@ogr.iu.edu.tr

productivity as well as income gaps, most of them found themselves in low- and middle-income traps (Felipe, Abdon and Kumar, 2012: 46) This study presents a brief literature review and theoretically informed analysis into modern corporate capitalism in the light of dependency theories applied to fast-fashion industry by putting the spotlight on fast-fashion production in underdeveloped countries. By arguing that underdeveloped countries are left to fall systematically dependent on the superiors, it evaluates different perspectives on the causes of underdevelopment and dependency in the periphery of the world system. It also underlines various approaches to the poverty trap and forms connections with the Transnational Corporations (TNCs) which are perceived as the main agents of the current forms of fast-fashion business. Defining these large corporations as the pioneers of neo-imperialism in the today's world of globalization, the study highlights how the fashion industry is dominated by various powerful actors and how the fast fashion corporate companies foster relations of economic dependency in the Least Developed Countries (LDCs). To start the literature review on the causes of underdevelopment; renown American economist Paul A. Samuelson (1915-2009) who developed positive economics has underlined that uniting the four main components of economic progress namely labour, capital, resources and innovation present significant difficulties for developing countries. He stated that challenges related to each component reinforce one another in a vicious poverty cycle, that shows how one obstacle can lead to another in underdeveloped countries through a negative multiplier effect in a sense. Low-income levels cause low levels of savings which slow the expansion of capital across many industries. Limited investment also limits the introduction of new machinery and quick increases in output as inadequate output results in inadequate income which fuels poverty. Poverty is accompanied by a self-enforcing cycle of lack of academic achievement and talent which in turn restricts the implementation of cutting-edge innovations and hinders increases in productivity. Due to these structural obstacles, it is impossible to obtain the ideal development equilibria for countries plagued by such a vicious cycle because it leads to various equilibria that results in poverty (Samuelson and Nordhaus, 2010). On the other hand, Paul Rosenstein-Rodan (1902-1985) who represents the Austrian tradition, developed the Big Push Theory of growth to break this vicious cycle and argued that overcoming the poverty trap requires coordinated effort on many fronts. As known after the end of the World War II many underdeveloped countries in Asia, Latin America and Africa gained formal national independence from their former colonial masters. The persistence of chronic poverty in these countries raised the need for special and coordinated economic development strategies so as to support the new political regimes with strong legitimacy. In this context, Rosenstein-Rodan's (1943) groundbreaking article on the "Problem of Industrialisation of Eastern and South-Eastern Europe" claimed to provide a solution to low investment equilibria by suggesting that governments should fill the investment vacuum for industrial development. Accordingly, if a country is fortuitous, synchronized actions to increase investment, modernize health and education support talented skills, and reduce population growth can end the vicious cycle of poverty and stimulate accelerated economic development (Kartika, 2014). Likewise, Estonian American economist Ragnar Wilhelm Nurkse (1907-1959) identified the "vicious circle of poverty" as the main obstacle to economic development in underdeveloped countries. This circle suggests a set of forces that interact and feed off one another in a way that retains an underdeveloped country in a condition of acute poverty. However, for each country in question, a large portion poverty can also be explained by the absence of sufficient machinery and equipment, which can be caused by a lack of incentives to invest as well as a limited national capacity to save. The issue of capital formation in the world's most impoverished regions is a circular one that affects both demand and supply sides of the economic structure equally. From the perspective of supply, there is a limited national capacity for savings due to the limited level of real income, which is a consequence of low productivity and the shortage of capital. As one aspect that unites both circles is the limited real income, which in turn reflects limited productivity in the concerned cases. In the development literature discussions of the supply side typically gets all the attention, however capital issues do not indicate the whole picture. There seems to be a widespread perception that in order to break the vicious cycle and increase productivity and real income to a level that allows for any substantial margins of saving, underdeveloped countries must first increase their capacity for domestic savings. This initial increase in productivity and real income is thought to be necessary in order to break the vicious circle of development (Katte, Kregel, and Reinert, 2009). In the same analytical tradition, German-American economic historian Andre Gunder Frank (1929-2005) who is seen as one of the founding fathers of dependency theory focused on issues of poverty and underdevelopment in Latin America in his ground breaking article "Latin America: Underdevelopment or Revolution" (1969). Frank questioned both FDI and foreign aid as different forms of exploitation which resulted in economic imperialism. According to his view, economic resources were moved from the "periphery" of the world system, i.e. underdeveloped and impoverished countries to the centre (core) of developed countries, while benefiting the latter at the disadvantage of the former. He examined the metropolis-satellite structure at the global level and claimed that the core countries absorb capital or economic surplus from the satellites and reroute some of it the global metropolis hubs. As known most of the former colonies gained their formal independence by the 1960s, and yet proponents of dependency theory like Frank claimed that Western powers seemed to have no desire to support economic independence in developing countries. On the contrary, they had a fear of development of underdeveloped countries as they continued to take advantage of poverty by continuing to use these countries as a source of cheap labour and raw materials. Because of this intention, the affluent countries have a desire to maintain underdeveloped nations in a subservient place so they can continue to profit from their weak economies. Frank also explains by the term “the Emperor’s Clothes” that promoting the development of underdeveloped countries does not only rely on economic intentions but is done in the context of a cultural change strategy (Frank, 1969). In another popular book titled “Development of Underdevelopment” (1978) Frank followed a neo-Marxist perspective and questioned “Who is going to get the economic surplus?” explaining the process of capital accumulation, exchange relations between the core metropolis and the periphery in the light of changing production relations (Frank, 1978). Dependency theories represent a conceptual approach based on global relations of economic domination and exploitation by more powerful countries over the less powerful countries. They generally argue that as a result of the unequal distribution of power and resources, some countries have developed at a faster pace than others. Dependency authors believed that underdevelopment results from the unequal distribution of material resources and exploitation of the less developed countries by the more developed countries through the so-called “metropolis-satellite relations” (Chew and Lauderdale, 2010). From the same standpoint, economic historian and sociologist Immanuel Maurice Wallerstein (1930-2019) argued that a world capitalist system which began to take shape in the 1600s gradually bound less affluent regions to the more wealthy European nations as its heart in an unjust and exploitative relationship. The wealthy metropolis/core nations, which have the metropolitan power are at the one end of this interconnecting web of capitalism, while the underdeveloped satellite/periphery nations are at the other end. He explained how affluent countries accumulated enormous wealth by exploiting the natural resources of underdeveloped countries with investment and human capital. This in turn supported their industrialization, economic and social growth at the expense of the developing nations who were left in a state of poverty as result. For the purposes of this article, dependency and world system theorists saw the textile and fashion industries as exploitation hubs. Near the end of the eighteenth century, the importance of cotton as the source of raw material for western textile industry played a very important role in establishing networks for satellite or peripheral nations. The major textile corporations which emerged in Western Europe bought raw materials and formed channels of control over vast areas of cotton production in India, Ottoman Empire and China and manufactured goods were sold to these eastern lands (Wallerstein, 1988). American historian Sven Beckert, in his book “Empire of Cotton” emphasised cotton as the key material to understanding the origins of modern capitalism in the context of colonial imperialism. Beckert formed bonds between development of the world’s most significant manufacturing industry and its imperialist expansion and argued that Western industrial capitalists used the raw material to create imperialist networks in underdeveloped countries as a reservoir of cheap workers. At the end these exploitative behaviours of Western corporations crucially reshaped global industrial capitalism in the cotton industry and gave birth to a cotton empire while this corporate behaviour of capitalists class transformed the World system (Beckert, 2014). However, according to Masson, today the structure of this world system does not conform to the unipolar model of centre-periphery relations, but rather we observe a multipolar centre-periphery relations on a global scale. Therefore, the world system is not viewed as having always been composed of a single core and single periphery, but rather of an interlinked set of centre-periphery complexes and also including a “hinterland” joined together in an overall ensemble or whole (Chew and Lauderdale, 2010). American economic historian and modernization theorist Walt Whitman Rostow (1916-2003), in his famous book “The Stages of Economic Growth: A non-Communist Manifesto” in the 1960s, criticized dependency theorists and recognised that countries advance as they transform from traditional to modern economies and as they absorb the norms, attitudes, values and practices of the industrialized world. He asserted that economies grow in five linear stages as a result of innovative activities and identified the prerequisites of development from traditional society for take-off. He argued that a country must follow a plain linear path and development was viewed as a modernisation process (W. W. Rostow, 1960) The failure of the development theories was due their weakness in taking into account the working mechanisms of the capitalist system that actually cause underdevelopment by establishing and maintaining dependency networks. Although dependency theory has been criticised for its exaggeration of western colonism; it was right to indicate that there were reasons beyond a country’s political economy, socio-cultural elements, environmental concerns that undermine mutual development. Another dependency theorist, namely a Neo-Marxian American economist Paul Baran (1926-2001) argued in 1973 that Western capitalism harmed self-sufficiency of rural populations by undermining the centuries-old patterns of agricultural economy and dividing shifts to the cultivation of exportable commodities. He added that Western capitalism in all the nations where it had penetrated, immeasurably altered the fundamentals of pre-capitalist order and quickly enlarged and deepened the extent of commodity mobility. According to Baran industrial markets were created by eliminating all rural skills like apparel production in order to accelerate industrial development under the rule of capitalism. There would have been much less suffering if developed countries interacted differently with the underdeveloped world than they did, if they were involved in legitimate collaboration and indicate true support rather than just getting involved in oppressive trade. A fair transfer of Western cultural, scientific and technological advancement to the less advanced nations would have acted as a potential economic stimulus worlwide. However, their development was greatly and extensively disturbed by the Western capitalism's aggressive, catastrophic, opportunistic expansion to weak countries (Baran, 1973). Dependency scholars asserted that peoples and governments of underdeveloped countries have nothing to blame for their failure and lack of development, as the biased intentions of industrialized Western nations deliberately prevented these countries from development. This exploitative relationship was evident by the Western countries' dominance of international trade, creation of TNCs and the dependency of less-developed countries on Western aid. Indeed, most of the export products of developing countries include low value-added items such as primary goods with no manufacturing input; or assembled industrial products with considerably low technological, design nad branding levels. Moreover, the majority of global pricing mechanisms operate in monopolistic, rather than perfectly competitive markets. Hence, countries with monopolistic producers and exporters with price-setting power receive wealth transfers from developing countries (Yülek and Santos, 2022: 160). In fact, as argued dependency today took a different shape whereby exploitation continues via neo-colonialism which uses TNCs as a tool and takes advantage of underdeveloped countries in more subtle ways and through weak institutions. Owing to their worldwide impact or global reach and mobility, these giant-sized massive corporations can place pressure on developing countries to engage in a wage race where they give ever-lower salaries to win business. However this unfair competition has drawn widespread criticism since it does not promote development.

2. Are Global TNC's Tools in LDCs? The Aesthetic Face of Colonial Imperialism

According to H. See (1924), capital, in its modern sense, emerged at a time when stock/multi- partner companies developed and the birth of multi-partner companies is seen to provide substantial capital to commercial ventures and wealth, the most characteristic event of modern capitalism (See, 2021). In this regard today, it is critically important to understand whether fashion corporations in the current world maintain Western ancestors' corporate heritage in the case of Cotton Empires and use fashion as a modernized tool of exploitative behaviour. Alternatively the global fashion TNCs could be seen as corporations or rational actors in the international context of that development theories argued. As dependency theories argued, many Western fast fashion companies set up production facilities in underdeveloped countries in order to reduce labour costs and benefit from the reservoir of cheap labour and low production costs. Several economic dynamics could also trigger or prevent FDI decisions, thereby encouraging certain types of TNC behaviour. In this regard, there is a huge literature to explain the investment decisions and economic behaviours of the TNCs which are perceived among the most powerful actors of the world economy. However here we will consider a few of them. In the literature, the American economist Raymond Vernon's (1913-1999) article called "International Investment and International Trade in the Products Cycle" (1993) developed the international product cycle theory Vernon explained international movement of various products in the context of the process of change and defined the stages of change in domestic and foreign markets under certain conditions. Then he identified how production processes and FDI decisions by the US firms are made and how the TNCs are created. Accordingly in the first stage of the product cycle, a firm invests in Research and Development, design and manufacturing to create technologically sophisticated new products. In the next stage, the finished products are exported to other high-income markets and the firms become TNCs as they establish sales offices, production and distribution facilities around the world. In the final stage, as the product or the design and technology become more standardized and it seems more efficient to conduct production abroad, the production facilities are shifted to the target countries in order the benefit from the cheap labour costs they offer. In other words, the basic assumption of the theory is that an innovative product produced with a new technology emerge in a developed country and then spread to the market according to the development level of countries. The product comes from the country of origin and is sold to other developed counties, then to developing and then less developed countries and started to be produced in these countries. It would shift to other countries according to the level of development and meet the demand of that country (Vernon, 1966). However, the assumptions of the theory are criticized due to the emergence of three ideal firms and the countries other than the US which also carried out the innovation flag. Alternatively, the American economist Richard Caves (1931-2019) in his book called "Multinational Enterprise and Economic Analysis" analysed the FDI behaviours of third-world multinationals which fear to loose intangible assets that gave them competitive advantages and argued that the vertical and horizontal integration methods are used to create a TNC structure and keep the valuable know-how inside. The extent to which multinational enterprises tend to keep their innovational activities close to headquarters can be exaggerated. Multinational enterprises commonly do maintain some research and development facilities in countries other than the home territory (Caves, 2007). Canadian economist Stephen Herbert Hymer (1934-1974) explained the behaviour and the real intentions of TNCs which engage in FDI operations to gain monopoly position and monopolistic control of the industry in their international operations by exploiting foreign markets. However, he also argued that the TNCs' desire is mainly to gain monopoly power, exploit foreign markets depending on the strategic commodities such as oil. In other commodities such as cotton textiles, clothing, leather etc. there was no direct investment by the American TNCs. Since an American company concentrates on translating its international profits into dollars to pay its shareholders, this will influence how it behaves financially (Hymer, 1960). However, in the global retail and fast-fashion (FF) industry, it is argued that some brands monopolize the industry by various strategies to control a centralized production hub. Production and sales chain of the monopoly, produces and offers to the market with contracted subcontractors in countries such as Cambodia, Bangladesh and Vietnam where there are cheap labour pools. Such networks are often criticised by inhumane working conditions, employment of child labour and exploitation of its contracted subcontractors. In this regard, large-sized TNCs which act in global markets as a major economic force have generated vibrant academic debate since the 1950's focusing on whether the TNCs were among the main engines of expansion for global capitalism or the tools of global hegemony. The role of Western fast fashion and mass production corporations are perceived as the aesthetic face of colonial imperialism shifting from textile (cotton) to fashion (design), with diverse operations in the underdeveloped countries. It is also important to analyse the global fashion industry in the light of mainstream economic theories of trade and development.

3. The Nature and Logic: Economic Theories of Fashion

The essence of the industry has altered as clothing has progressed over time from being a basic human need to an artificial desire created by the vast fashion industry corporations for purely economic purposes such as increasing sales and profits. Because the term fashion is highly convenient to use as an economic tod for maximising profit, in addition to its historical development from political and socio-cultural distinction theories, its economic function needs to be taken into account beyond mere aesthetics of textile products. From the above-mentioned perspective all fashion products including wallets, glasses, skirts, t-shirts, shoes etc. were invented as very lucrative trade commodities rather than just pieces of clothing. For instance, a haute couture fashionable product such as a designed shirt or a suit could be sold for extremely high prices. In another example, a fast-fashion product such as a mass production skirt can be sold in large quantities because their distinctive designs set them apart from similar products utilising TNCs' market strategies. Regarding the relationship between economy and fashion, we primarily consider two schools of thought. In terms of the economic function of fashion, British physician and mercantilist N. Barbon (1640-1698) focused on the supply and demand effects thereby discovering the economic power of fashion as a change tool to stimulate trade. He argued that "the dress alters" and continued "...fashion or the alteration of dress is a great promoter of trade because…. the old ones are worn out: It is the spirit and life of trade. It makes a circulation and gives value by turns to all sorts of commodities…vanity of the new fashion and at the same time, commend the decency of the old one, forget that every old fashion was once new…the promoting of new fashion ought to be encouraged, because it provides a livelihood for a great part of mankind..." As seen, he stressed that the value of the commodities are primarily determined by the rules of demand and supply and fashion constantly creates demand for new commodities. Another crucial issue in his theory of fashion and trade concerns the reference to law of change. The fundamental economic driver for the fashion industry, in his perspective, was the demand for novelty and change. Therefore, in certain locations and times, the dress change was the engine of the economic dynamism. In that occasion he defined liberty as a free use of everthing created by the industry of the poor for the benefit of the body and mind the rich, describing liberty of fashion in the shape or form of apparel. Barbon (1690) was a rare economist to refer to unlimited wants or desires of the mind arguing that they permit a beneficial enhancement to the markets and mankind notwithstanding the potential ethical consequences. While he utilized the concept of "unlimited desires" to analyse fashion and luxury goods, he classified clothes in the context of body's restricted needs (wants) and fashion as the mind's endless wants. As a result, he discovered the economic theory underlying the fashion industry, which holds that the economics of fashion derive from the use, advantages and true value of fashion products as well as from continued consumption driven by limitless desires of the mind that encourage trade. He rightly stressed that constant demand was generated by the constant product purchases stimulated by the mind's desires for enhancing senses and making them more refined and capable of appreciating pleasure regardless of morality. In other words, he emphasised desires aimed at refined pleasure with no regard to morality. Regardless of nationality and cultural traits he argued that everyone desires "novelties" and that human minds function in a similar way. He also stressed the importance of international trade from the standpoint of local and foreign fashion products, stressing that consumers place a larger value on imported goods than those domestically produced overall. So, the consumption of domestic wares will be more advantageous for the nation and big companies will be able to easily increase the the supply of the same sort of products since the market would be oversaturated with foreign products (Barbon, 1690). Current research supports his viewpoint because constantly evolving consumers' desires of novelty introduced by new fashion trends and artificial scarcity generated by fast-fashion in the post-modern marketing era improve overall sales by continuously providing new goods at predetermined intervals. (Aksu, Bektaş and Karaboğa, 2011). Although Barbon's view on fashion based on constant change as an engine of trade is still valid today, ethical issues regarding mechanisms of mass production, marketing and consumption are still being questioned. From the consumption perspective, the German economist and sociologist Werner Sombart (1863-1941) in this book titled "Economy and Fashion" asserted that fashion has a crucial role in the economic system and is more than just aesthetics and sociological currents. He claimed that industry uses fashion as a tool to promote consumerism. Fashion is one of the main forces behind the capitalist system since it has an increasing impact on all spheres of economic life and continually generates innovation, destruction, more innovation and even more destruction. According to his claim, the emergence of the bourgeoisie, who set themselves apart from the lower classes by indulging in higher levels of luxury, was what caused the excessive expansion for luxuries. As a result, new markets were created and the demand for luxury goods surged even more. Modernism and capitalism both rose to prominence at the same time as material luxury, including fashion, did as well. In brief, he claims that because fashion encourages purchasing, capitalism promotes fashion; fashion supports capitalism as one of the greatest factors and fashion in turn, constantly provides capitalism with new energy. Fashion currents generate structured attraction for more mass purchasing and capitalist forms of individual prosperity maximizes consumption to enjoy novelty (Wubs and Blaszczyk, 2018). From almost the same perspective, the Austrian economist Joseph Schumpeter (1883-1950), in his book called "Capitalism, Socialism and Democracy", portrayed the ongoing process of "creative destruction" as having fashion as a component or even at its core by emphasising his theory of the entrepreneur. Because creative destruction is the fundamental mechanism of change in capitalism (Schumpeter, 1943/1976) the essence of fashion and capitalism intertwined both. In the opinions of Werner Sombart and Joseph Schumpeter, change or creative destruction constitute the driving forces of capitalism and the fashion industry. The commercial culture which is based upon the continuous creation of new products, fashions, stiles and tastes fuels economic dynamism. The economists who linked the fashion industry with economic structure and capitalism stress that both depend on innovation and change to succeed. Among these views, the Marxist tradition have diverged with its critiques of fashion and has connected it to economic subordination. It argued that the alterations and newness of fashion commodities as the catalyst of trade stimulate a circulation of consumption and gives a value by turning to all sorts of commodities. Karl Marx believed that the capitalist system needed endless stimulus to production and consumption and therefore required constant invention, novelty to maintain sales and profits which was described by the term "commodity capitalism". In this regard, it is necessary to make reference to research that examines labour exploitation in the Western World rather than peripheral countries to bring a different perspective to the arguments above. Issues of poverty and underdevelopment have also been addressed nearly a century ago in the literature on exploitation in the Western industrial societies. In this regard, political theorist and a Manchester mill owner Frederick Engels (1820-1825) was born as a son of large-sized cotton and textile factory owner and spent most of his life working in various branches of the cotton industry and family business. Engels worked with middle-class cotton producers (imperials) and conflicted with the Victorian mind of industrial modernity and criticized female and child exploitation in the cotton industry. Afterwards he began to explain the distinction between fixed capital (machinery) and variable capital (labour), presenting an early version of the "surplus value" hypothesis of employee exploitation that would later become a central idea in Das Kapital for fairly compensated labour-wage rates. Engels supported the critiques of capitalism in

"Das Kapital" written by German economist Karl Heinrich Marx (1818-1883) who explained the origins of capitalism with economic determinism. Both Marx and Engels linked capitalism which relied on the exploitation of industrial workers to boost profits and calculated the value of a factory worker's labour, explaining the economic law of modern society and the poverty trap from the perspective of surplus value. They contended that the workers only obtain a very little percentage of the product created by their labour, whilst the capitalists continue to amass more wealth (Hunt, 1974/2010). H. Eugene See, conversely argues that capital accumulation does not simply result in capitalism's existence because the coexistence of financial, commercial and industrial forms of capitalism characterizes modern market society. He also disagrees with the Marxian view that modern capitalism may be quickly overthrown due to the myriads of reasons given for its long-term resilience (See, 1926/2021). In the light of the developed country illustrations produced by Engels, we might claim that the underlying nature and logic of the fashion industry is suitable to produce exploitation-friendly behaviour no matter in which country it operates and what kind of organizational tools it uses. From the mass production of textiles to the modern fashion TNCs there are strong parallels between the underlying actors of fashion and the capitalist system to reach their own goals. Both aim to achieve maximum surplus through creating artificial needs, stimulating human desires and then inducing people constantly to produce and consume in mass volumes. Thereby, both fashion and capitalism place more importance on the sales value rather than the usage value and sales value is more important to ensure greater capital accumulation which is perceived as key for development.

4. For a Better World: The Fashion Industry's Role in Development and Underdevelopment

In recent years, a rich literature emerged in the context of endogenous growth theory indicating strategic development policies to improve long term growth and productivity performance. Accordingly, systematic policies to support research and development, innovation, entrepreneurship and human capital are recommended to developing countries to improve their productivity levels (Yülek and Santos, 2022: 156). One of the indispensable pillars of the capitalist system is *constant innovation and change* to sustain its economic legitimacy. However, it is clear that massive development differences between countries and nations whose historical roots go as far back as colonialism also create what Romer (1993) calls "idea gaps" and what Stiglitz and Greenwald (2015) describe as "knowledge gaps". Therefore, the nature and logic of fashion and capitalism contradicts the realities of the physical world. Thus, mass production of the modern fast-fashion industry, in the countries where the TNCs set up production facilities cause environmental sustainability and other problems. If the country's legal framework and institutional structures are weak, the problem is exacerbated. It does not seem conceivable to leave a sustainable world in the wheel of continuous and even endless mass novelty and consumption in a finite universe to satisfy unlimited wants for a better future. Examples of the TNCs operations give critical insight about clash or harmony between theory and practice, while indicating different factors such as the power of stakeholders, strong organisations and trade laws which eliminate the undesirable consequences of TNCs operations and dependency. For instance, Sudrajat (2018) in article on *"Indonesian Textile Exports Up Raising Competitiveness"* argued that the latest years have seen an increase in attention paid to the textile sector and significant impact emerged on the underdevelopment of some LDCs. Moreover Johansson, Karlsson and Ranweg (2019) also emphasized the importance of internal and external stakeholder power to remove obstacles. Another crucial issue at point is the issue of sweatshops and poor workplace security operated by global fashion brands. For instance, according to the Internation of Labour Organization (ILO)'s news report titled "Rana Plaza Accident and Its Aftermath", serious events happened in 2013 in Dhaka, Bangladesh, A massive production facility called *Rana Plaza* which comprised five textile companies collapsed as a result of ranging fire and at least 1,132 people lost their lives who were producing global fashion TNCs. The Rana Plaza disaster followed by the burning of *Tazreen Fashions factory* tragedy in Dhaka indicated the poor labour conditions and loss of lives by employees in the fast-fashion industry. The global TNCs did not paid Rana Plaza survivors any compensation as application of the Labour Code provisions on employer liability was voluntarily cancelled by local authorities. The lowest paid child and women workers in the world were also exposed to an unsafe workplace condition with a *high rate of workplace accidents and illnesses and fatalities.* Majority of the factories in these LDCs do not adhere to the requirements set by the legislation governing construction. Although the TNCs are quite price sensitive and focus on self-interest maximization, they are double-faced actors for underdeveloped countries. In some countries they tolerate the use of child labour and illegal refugees, in others they play safe and reject them which means that they have political strategies beyond pure economics. Following the catastrophic collapse of the Rana Plaza, a number of stakeholders such as labour unions and activists, exerted significant pressure on the government of Bangladesh to endorse The International Accord for Health and Safety in the

Textile and Garment Industry. The Commitment of the TNCs brands to protecting the labour rights of the garment industry was ensured by this Agreement which enabled to improve the safety of the working environment. The new Accord (2021) which is a binding legal contract between the TNCs brands and unions that can be enforced in courts if businesses do not fulfil their duties, enhance conditions on health and safety in the manufacturing regions (Chan, 2021). This Accord proved the importance of the significant role of the pressure from internal stakeholders such as Worker Unions and campaigners as actors of collective action to protect and raise self-confidence of the LDCs. As a result of political and economic developments, after the 1990's many giant-sized TNCs acquired the capacity to influence market dynamics and developed mutually beneficial relations with states because while the TNCs aim profit maximization through less regulation states bear responsibility to simultaneously protect their national interests and to offer a conducive investment environment. For instance, government rules offer a set of guidelines for the TNC behaviour to stop violations of labour laws and rules on corporate taxation, high or low tax rates are critical for creating satisfactory profit gains (Balaam and Dilman, 2014). This shows the importance of robust FDI regulations and strong public and civil organizations in the LDCs in order to balance the business plans of the TNCs. Although the fashion industry is frequently recognised as one of worst pollutants among the industries, worse secret of all is probably that some of fashion TNCs regularly destroy by burning their new or unsold goods. The new pretty usable products are burned or deconstructed into pieces as a business strategy whether in order to maintain brand reputation, preserve exclusivity through scarcity, or to protect merchandise from illegal sellers. To boycott this wastefulness is also the responsibility of external as well as internal shareholders (Lieber, 2018). However more important than boycotting is to raise the environmental awareness of the TNCs through enforceable public measures. The waste and exploitation of human efforts, material wealth and environmental sustainability should be prevented via collective resistance. Developing countries could attain more equitable terms of dealing with the global fashion TNCs if they act together and form alliances on international platforms such as the WTO and the ILO. However, As Balaam and Dilman (2014) emphasized there must be national and international regulations which might hold the TNC managements accountable in relation to the production methods and social responsibilities of their subcontractors. The NGO's efforts as stakeholders are targeting to improve working conditions in the supply chains of the TNCs to prevent sweatshops and unfair working practices. These should be supported through systemic, coordinated legal reforms aimed at proper regulation.

5. Conclusion

The fashion industry connects commerce and aesthetics by stimulating newness and continuous change. The continuation of the capitalist system is considered to be dependent on the same fundamentals as driving forces namely constant innovation and change when examined with the same logic as the fashion system works. So, fashion is in the heart of the economic system and recognized as a significant economic, commercial phenomenon as well as a social force. From the industrial revolution to the 20th century and today's digital fast-fashion (FF) movements, its relationships to both business strategies and economics have always been critical (Wubs and Blaszczyk, 2018). After all, a business enterprise is as important as its effect. The fashion industry has been subject to strong criticisms from various disciplines since the development of the global fashion system. From the vicious cycle of poverty to the surplus value theories it was recognized as a barrier to economic progress in underdeveloped countries and later linked to capitalism, leading to unequal distribution of resources and exploitation of LDCs. According to world system analyses, historically capitalism continually transfers wealth from the underdeveloped countries to serve the interest of the core countries and favors the Western economies over the rest of the world. The modernisation theorists, on the other hand criticised the conceptions of uneven development for not taking into account how the global capitalist system was a contributing factor to development citing examples from the Western TNCs. While the dependency theorists advocated harsh and destructive criticisms of Western capitalism for eroding the ability of rural communities to function independently and dramatically curbing independent development from material interests. In this context, giant sized global fashion corporations had been perceived as the locomotives of the expansion of capitalist relations in line with Western trade strategies. Their exploitative investment behaviours were seen as among the causes of acute underdevelopment in the LDCs. Because the major TNCs engage in FDI operations due to their desire to take advantage of their dominant monopoly position by using valuable resources like trademarked techniques. This leads to a form of imperialist pattern of conduct that does not promote local economic growth, but rather galvanizes of underdevelopment via monopolistic control, market manipulation, excessively low wages and abusive profits. These patterns of economic activity by the TNCs also apply to fashion brands operating in underdeveloped countries. The firms and economic relations are changing over time. In the course of history, the TNCs were the trade organizations which were perceived as a continuation of colonial imperialism because of their FDI patterns. Against exploitation and dependency approaches, new theories developed overtime about the FDI decisions of the TNCs which asserted that they take purely rational decisions such as cost minimization, profit maximization, ex-post success, transaction-costs and many other rational motives for their FDI decisions. However, these approaches were not enough to camouflage the fact that through the global fashion industry material and human sources of the developing world were exploited in all regions. Last but not least, it must be underlined that the very concept of "fashion" became the target of critical thinking from a political economy standpoint. The fashion criticisms aim to explain economic function of fashion which has been used by the Western TNCs as a vehicle for profit maximization and exploitation, as well as for cultural and ideological expansion. This also helps the Western fashion corporations to exploit resources and human capital in underdeveloped countries under the guise of international trade. This exploitative behaviour of global fast-fashion brands opens a door for the Western hegemonic states to remain in control of economic power and see underdeveloped countries, which were their old colonies, as garment manufacturing hubs. Nonetheless, despite the fact that textile industry is crucial for employment prospects in the developing world, the above-mentioned problems remain as the underlining caveats of working with the fast-fashion TNCs. Although the economic and political dynamics are constantly changing and as a result, the theoretical frameworks strive to generate assumptions about them, they sometimes conflict with the realities of the changing world over time. Moreover, sometimes they become insufficient to explain the phenomena of the real world and loose their validity. Based on the literature review elaborated throughout this article, it can be concluded that when it comes to evaluating the exploitation conducted by fast-fashion TNCs in underdeveloped countries, it is evident that the theoretical premises put in place by the Dependency School and Critical Theory in general are still significant to understand dependency relations but are not sufficient to grasp the whole picture. As a result, the proposal of the article is to focus on domestic institutional and legal reforms as a solution to manage the problems experienced in the LDCs. Developing country governments are ought to empower domestic legal systems and receive support from international institutions such as the ILO in order to empower their regulatory frameworks concerning the global fashion TNCs. In turn, improved rules might enable honest competition and prevent systematic exploitative behaviours by the giant corporations helping to generate fair trade agreements and transforming the industry with a common consensus. Accordingly, the global business of fashion today requires advanced, fair and sustainable governance instead of constant mass production and consumption by investing more to supress national trade laws of the LDCs. Developing countries must pursue product differentiation by focusing on high value-added areas through research and development, design and branding strategies. Positive spill over impact from learning by doing and learning by exporting will support these strategies (Yülek, 2018). Thus, raising their economic power and political autonomy against the global business interests via improved legal system might protect the LDCs from persistent dependency relations and facilitate more egalitarian partnerships with these corporations. The fashion industry should be willing to give up its exploitative habits and arrogant behaviour patterns characterized by the lack of principles. Therefore, only a joint initiate between company managements, governments of the LDCs and international institutions can bring a solution to the acute problems of the industry with vibrant civil society support. Otherwise, the imperialistic corporate culture of the fashion industry, will continue to stimulate the structural deficiencies of global capitalism as the cotton industrialists did in history. "The Emperor's Clothes" which Andre Gunder Frank used as a symbol of the transformation process, encourages not only material progress for societies but also a plan for cultural transformation across the board.

References

Abdourahamane Ly, "Fast Fashion: An Industry Built on Exploitation" Jan 27,
www.collectivefashionjustice.org

Andre Gunder Frank (1969), "Latin America: Underdevelopment or Revolution", Monthly Review Press, s.

Andre Gunder Frank (1978), "Dependent Accumulation and Underdevelopment", Palgrave Macmillan UK,

Ben Wubs and Regina Lee Blaszczyk (edt), A Hidden History of Colour and Trend Prediction, Bloomsbury Publishing, 2018

Athor Subroto and Kesia Adelina, The Development Model of Creative Industry in Indonesia: Fashion subsector with system dynamics approach, November 2018, Conference: The 32 International Business Information Management Association (IBIMA)

Balaam, D. N. and Dilman, B. (2014) "Introduction to International Political Economy", Pearson, Sixth edition, USA.

Henri Eugene See (1926), Modern Kapitalizmin Doğuşu, (Çev. Turgut Erim), Vadi Yayıncılık, İstanbul 2021.

Joseph A. Schumpeter, "Capitalism, Socialism and Democracy", Routledge, 1976.

Emily Chan, "Major High Street Players Are Committing to Protect Garment Workers In A Vital New Agreement", August 27, 2021.

Immanuel Wallerstein (1988), "The Modern World System III: The Second Era of Great Expansion of the Capitalist World-Economy, 1730s-1840s", Studies in Social Discontinuity, Academic Press, NY, s. 141.

Internation Labour Organization, “The Rana Plaza Accident and Its Aftermath”

www.ilo.org

Issue 424, socialistworker.co.uk.

Jesus Felipe, Arnelyn Abdon and Utsav Kumar, Tracking the Middle-Income Trap: What Is It, Who Is in It, and Why? Levy Economic Institute of Bard College, Working Paper No. 715, Appril 2012.

Kartika, Dwintha Maya, “The Big Push: Early Development Economics (1945-1975)”, The London School of Economics and Political Science (LSE) November 2014.

Kattel, R., Jan Kregel, J. and Reinert, E. (edt.), “Ragnar Nurkse: Trade and Development”, Anthem Press, London 2009, Downloaded from University Publishing Online material

Lieber, C., “Burberry, why fashion brands destroy billions’ worth of their own merchandise every year”, 2018, September 17,

https://www.vox.com/

Maha Mian (2019), The Economics of Fashion: Do Newcomers to the Industry Have a Chance?, Honors Theses

Malin Johansson, Malin Karlsson & Matilda Ranweg, (2019) “Sustainable development in the Indonesian textile industry- A qualitative study of drivers and barriers met by brand manufacturers”, Textilhögskolan, Högskolan I Boras

Michael E. Porter, (1998), Competitive Advantage of Nations: Creating and Sustaining Superior Performance, The Free Press.

Murat A. Yülek (2018), How Nations Succeed, Manufacturing, Trade, Industrial Policy & Economic Development, Palgrave Macmillan.

Murat A. Yülek and Gilberto Santos, Why Income Gaps Persist: Productivity Gaps, (No-) Catch-up and Industrial Policies in Developing Countries, Journal of Economic Issues, Volume LVI, No.1, March 2022.

Nicholes Barbon (1690), A Discourse of Trade,” inside A Reprint of Economic Tracts, (edt. By Jacob H. Hollander), 1905 The John Hopkins Press.

Paul A. Baran (1973), The Political Economy of Growth, Penguin Books Ltd.

Paul Samuelson and William Nordhaus, 2010, Economics, NewYork, McGraw-Hill

Raymond Vernon (1966) “International Investment and International Trade in the Product Cycle”, The Quarterly Journal of Economics, Vol. 80, No. 2 (May, 1966), pp. 190-207.

Rosenstein-Rodan, P. N. (1943), “Problems of Industrialisation of Eastern and South-Eastern Europe.” The Economic Journal. 53(210/211): 202-211 in Kartika, Dwintha Maya, “The Big Push: Early Development Economics (1945-1975)”, The London School of Economics and Political Science (LSE) November 2014, Munich Personal RePEc Archive.

Ranweg, M. (2019) “Sustainable development in the Indonesian textile industry- A qualitative study of drivers and barriers met by brand manufacturers”,Textilhögskolan, Högskolan I Boras

Richard Caves, “Multinational Enterprise and Economic Analysis, Cambridge University Press, 2007

Sing C. Chew, Pat Lauderdale (edt.), (2010), “Evolutionary Processes in World Politics: Theory and Methodology of World Development, The Writings of Andre Gunder Frank”, Palgrave Macmillan.

Stephen Herbert Hymer (1960), The International Operations of National Firms_ A Study of Direct Foreign Investment – Phd Theses, MIT Press (MA).

Joseph E. Stiglitz and Bruce C. Greenwald (2015), Creating a Learning Society: A New Approach to Growth, Development and Social Progress, Colombia University Press, New York.

Sven Beckert, Pamuk İmparatorluğu: Tek Bir Meta ile Kapitalizmin Küresel Tarihi, (Empire of Cotton: A Global History), (Çev. Ali Nalbant) 2014

Tristram Hunt (2009), Marx’s General: The Revolutionary Life of Friedrich Engels, Metropolitan Books, Henry Holt and Company

William Greider, One World, Ready or Not: The Manic Logic of Global Capitalism (New York: Simon & Schuster, 1997 in Balaam, D. N. and Dilman, B. (2014) “Introduction to International Political Economy”, Pearson, Sixth edition, USA, s. 445.

Walt Whitman Rostow, The Stages of Economic Growth: A non-Communist Manifesto, Cambridge At The University Press, 1960