

How Do You Measure a Lost Life?

One Man Takes on the Grisly Task of Tabulating the Value of the Killed and Ma

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DHAKA, Bangladesh—When disaster struck the garment industry in this sprawling city, Javier Chércoles got an urgent call.

His mission: place dollar values on the injuries and deaths of the garment workers.

Armed with mortality tables and tablet computers, the 48-year-old veteran of victim compensation started work for British discount retailer Primark days after the April collapse of the Rana Plaza factory building killed more than 1,100 people. He has devised formulas to calculate payouts for workers who died, lost limbs, or were buried under rubble for days. A pilot of Mr. Chércoles's program started last week. It could serve as the basis for [a \\$40 million compensation package](#) that four Western retailers, including Primark, agreed to on Tuesday, in conjunction with labor groups and the Bangladesh government.

What goes into the formula is similar to other major industrial disasters: lost wages, the cost of injuries, the number of dependents. Yet his modern-day abacus is designed to spit out a number in line with the cost of living in Dhaka, not in the Western countries where made-in-Bangladesh clothes are sold. It also takes into account religion and family relationships.

Under Mr. Chércoles's approach, a deceased worker's family would probably get several thousand dollars. His calculations are likely to fall short of labor unions' original demands of the more than two dozen retailers sourcing at Rana Plaza but it is the only offer on the table.

Mr. Chércoles's efforts could have broad implications for retailers as they grapple with the risks of doing business in Bangladesh after a series of deadly accidents. His research is being studied by the International Labor Organization for the compensation fund, which will apply to all six floors of factories in the Rana Plaza building, covering those who died and the more than 2,500 survivors.

The package, which the ILO is coordinating, "builds on a number of aspects of [Primark's] approach," says Janelle Diller, the ILO's deputy legal adviser.

Canada's Loblaw Cos., whose Joe Fresh clothing was found in the rubble at Rana Plaza, said last month that it would follow Primark's framework, and it signed the pact announced Tuesday.

But many retailers, including [Wal-Mart Stores Inc.](#), [WMT +0.10%](#) Benetton SpA, and Mango MNG Holding SL, are staying on the sidelines, saying they aren't liable for accidents that occurred thousands of miles from their headquarters and involve suppliers they hadn't hired directly.

Some retailers say the absence of a rule book for paying compensation in Bangladesh and other developing countries is a problem.

"It's not easy for companies to commit without knowing how much they're supposed to

pay," says Lorenz Berzau, managing director of the Business Social Compliance Initiative, which counts retailers such as fashion brand Esprit Holdings Ltd. as members.

Mr. Chércoles's involvement in victim compensation came via a wake-up call in 2005. An Irish labor activist was on the line to inform the Spaniard, who was head of corporate social responsibility for Zara parent [Inditex SA](#), (ITX.MC +0.98%) that a Dhaka factory making its sweaters had collapsed.

"You are a merchant of death," Mr. Chércoles recalls the activist telling him. Sixty-four workers were killed and more than 200 wounded.

It took six years for the widows of the Spectrum factory garment workers to receive long-term compensation. Each received an average of \$6,121 for her deceased husband.

The outcome disturbed Mr. Chércoles. A third of the widows disappeared after receiving their lump-sum compensation, workers' rights groups say. They suspect the women were killed for their money.

Compensation for the collapse was settled, but Mr. Chércoles pursued the topic. Last year, after leaving Inditex, he completed a Ph.D. at Spain's ESADE, examining the consequences of factory collapses on their communities.

"It is a social issue," Mr. Chércoles said over a breakfast of Bangladeshi pan-fried dough.

When Rana Plaza collapsed at the end of April, Mr. Chércoles had an opportunity to put the ideas from his thesis into practice. Primark, whose cropped pants were being made at the second-floor factory, New Wave Bottoms, knew of Mr. Chércoles's previous work. Katharine Kirk, Primark's head of corporate social responsibility, immediately sent him a ticket to Dhaka.

Most of the survivors and victims' families live hand-to-mouth in the slums around the factory. Taizul Islam's 19-year-old daughter Taslima was a seamstress at New Wave Bottoms when the factory collapsed. Mr. Islam's family, including his wife and three younger children, lived off his \$3-a-day wage as a construction worker and the \$95-a-month Taslima earned.

After Taslima was killed, Mr. Islam couldn't afford to send his next-oldest daughter to school anymore. Money for food was tight.

"Before, we ate meat once a week. Now, if we're lucky, we can think about eating it once every 15 days," said the 40-year-old father. (The Wall Street Journal paid transportation costs of \$1 for Mr. Islam to come to an interview.)

To help tide families over short-term, Primark, part of [Associated British Foods](#) (ABF.LN +1.30%) PLC, paid \$380, equivalent to about six months' pay without overtime, to all workers in Rana Plaza, regardless of whether they were making clothes for the brand.

For long-term compensation, Primark tasked Mr. Chércoles with finding an approach for the 550 New Wave Bottoms workers. Mr. Chércoles broke down the compensation evaluations into three main categories—but with more than five million possible combinations to his formula.

First, his team will gather basic biographical points, such as the worker's age, income, and if he or she was the family's sole breadwinner. To calculate lost wages, Mr. Chércoles relies on mortality tables he created. He culled actuarial data from European insurance companies and reduced life expectancy to match Bangladesh's, which means fewer years of lost wages.

The second part of the compensation assessment is a medical exam for survivors, which determines the impact of the injuries on their future ability to work.

Mr. Chércoles grouped hundreds of injuries into an eight-chapter guide. He took his inspiration from a scale of injury assessments developed after the Spanish Civil War. He ranks the injury with points from one to 100, from the most superficial to the most grave.

Each injury is placed within the context of garment industry work. The report attributes as many as 32 points for a "complete amputation of the first digit," for example.

"Seamstresses who lose their thumb can't use scissors," Mr. Chércoles explains.

The formula breaks down the injury into one of four groups. Group A is for the most severe diagnoses, such as multiple amputations or spinal damage that prevent the survivor from ever working again. Compensation for this group could be similar to packages for workers who died.

The third and most subjective portion of Mr. Chércoles's compensation assessment addresses the vulnerability that shocked him among the Spectrum widows. Mr. Chércoles came up with a survey of 220 questions addressing relations with in-laws, how often the women attend religious ceremonies or whether they wear bangles, which can signal religious conservatism.

For instance, one question asks whether a woman takes the bus or a rickshaw to the market. A rickshaw signals a pious woman, avoiding proximity to men, Mr. Chércoles says. That risk profile indicates such a woman might not defend her money if the men in her family seized it.

The vulnerability assessment will help shape whether each survivor or family member receives compensation support, such as financial-literacy training.

Kenneth Feinberg, a lawyer who administered compensation funds for disasters such as Sept. 11 and the Deepwater Horizon spill, warned that taking such individual factors into account can "promote divisiveness among the affected communities that you're trying to avoid."

Last month, Primark bought 60 Panasonic hand-held tablets to conduct its compensation drive. Now he and Ms. Kirk are training two dozen Dhaka University master's-degree students to survey the victims and next-of-kin. A Barcelona forensic team is accompanying them to conduct the medical exams.

Mr. Chércoles hopes his algorithms will serve as a blueprint for future disaster compensation. "You have to consider what will happen next," he says.