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ETHICAL CONSIDERATIONS IN BANNING AND/OR BOYCOTTING PRODUCTS MANUFACTURED IN VIOLATION OF WORKERS' RIGHTS

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INTRODUCTION

The concept of workers rights or labor standards is fairly nebulous but, as noted by one writer, labour standards are regarded by most people as akin to motherhood and apple pie, everyone supports it in principle at least (Freeman, 1996). An understanding of what it means will vary from country to country depending on its stage of development. The International Labour Organization (ILO), the main international organization that is concerned with labor standards, has adopted more than 400 formally binding conventions and formally non-binding recommendations covering a myriad of issues concerning labour. While the level of ratification/acceptance of these international conventions also varies, there is some level of general consensus (Thomas, 2002) that the term "core labour standards" can be narrowed down to essentially 4 rights, namely;

- (i) the freedom of association and the right to collective bargaining,
- (ii) the elimination of all forms of forced or compulsory labour,
- (iii) the freedom from discrimination (eg, gender or racial discrimination), and
- (iv) the effective abolition of child labour.

The status of these rights as core labour standards, which were already subjects of previous ILO Conventions, was confirmed at the World Social Summit in Copenhagen in 1995. The very same standards were later incorporated into the ILO's Declaration on Fundamental Principles and Rights at Work, 1998 ("FPRW Declaration"). While the first three workers' rights are clearly beyond the pale, the issue of child labour attracts more controversy, as there is a development angle to it. This will be discussed further below. There have also been calls for basic workers' rights to include the working conditions of workers such as minimum wage, working hours and health and safety safeguards at work. Needless to say, this has also been controversial and has

been heavily resisted by developing countries. The paper will take a multi-stakeholder perspective in examining the ethical considerations in banning and/or boycotting products manufactured using child labour or by workers under “difficult” working conditions mentioned above. OK.

Before getting into the discussion on the ethical considerations involved, it would be pertinent to examine both sides of the debate on these two issues ✓

ARGUMENTS FOR AND AGAINST BANS AND BOYCOTTS

Best alternative for child vs Short-termism

There is a need to tread carefully when it comes to the problem of child labour. Blanket bans or customer boycotts on products made with child labour can be counterproductive. Any form of prohibition on child labour, if enforced strictly, restricts the set of alternatives available to that child. If, in doing so, the child’s best alternative is removed, this prohibition itself may be both inefficient and exploitative of the child (Swinnerton, 1997). For example, restricting the purchases of products made by children may cause more hardship, as it will cause them to lose jobs in export-related industries. It is unlikely that they will return to school, if that were the desired goal of the sanctions and/or boycotts, and the likely result is that they will be driven down into hidden sectors of the economy, where conditions will probably be more degrading and remunerations much lower (Rollo & Winters, 2000). Even if the above argument was to hold, such views are surely very short-term in nature. In so far as child labour is concerned, by spending a large chunk of their time working, an entire generation of children will be condemned to a bleak future in menial jobs without the opportunity to advance themselves due to lack of education. Furthermore, if they are working in potentially dangerous industries, this could lead to an entire generation of malnourished children with other accompanying medical conditions that burden their society. ✓

Hypocrisy of the developed world vs Legitimate source of competitive advantage

Critics also condemn the blatant hypocrisy of citizens of the developed world when it comes to the issue of child labour and difficult working conditions when it is seen that developed countries like the UK and the US relied heavily on similar if not harsher labour practices as fodder to drive their Industrial Revolution (Hindman & Smith, 1999). The argument therefore goes that developing countries should be allowed to rely on these "resources" too on their road to development. On the other hand, it is charged that business and governments in the developing world are trying to get away with human rights abuses behind the mask of free trade. The question which must be addressed is whether the concept of sweatshops and the usage of exploitative child labour are legitimate forms of competitive advantage. The systematic abuse of workers can be truly appalling. The price of a standard pair of Nike shoes in the US is about \$65, out of which only \$2.43 (or less than 4%) goes to pay factory workers (Suranovic, 2002). These low wages result in deficiencies in household food, supplies, inadequate medical care and other problems associated with poverty. The International Herald Tribune ran an article about two 16-year old Chinese girls who worked in factory in Anshan, China, earning US\$24 a month, working 14-hour shifts in virtual prison-like conditions making false eyelashes (International Herald Tribune, 3rd October, 2003). ✓

Protectionism vs Genuine Concern

One of the main criticisms that is often heard about advocates of such bans or boycotts is that that protectionism lies at the heart of their crusade, ^{and hence} their concern not really being with workers in developing countries that are being exploited. According to this argument, their main aim is to merely raise the prices of the products originating from developing countries, wipe out any competitive advantage that they may enjoy because of cheaper labour and make products from their own industries more competitive (Thomas, 2002). However, it is argued that all calls for international standards stem from protectionist goals is a little simplistic. Motives in this regard may be purely altruistic as in the case of the objection to the usage of child labour. This objection stems not from the fear that using young workers provides a competitive advantage but

by whom?
avoid the passive voice.

that it endangers children and prevents them from attending school (Thomas,2002). Enhanced communication has turned the world into a global village and allows citizens in developed countries to witness almost first hand the way workers in developed countries are treated (Addo, 2002). Furthermore, it cannot be argued that developed countries stand to gain new jobs by disciplining child labour in 3rd World Countries (Rollo & Winters, 2000). Most industries in developed countries do not compete with products manufactured in developing countries. Most of these industries have already decamped from high-wage countries to lower wage countries like China (Polaski, 2003). ✓

Capital flows and Foreign Investment vs Race to the Bottom

Lower production costs and access to cheaper labour is the very reason why some MNCs relocate or outsource to some of these countries in the first place. To remove this advantage may mean that these MNCs may see themselves better off staying in their home countries. The negative consequences of this for the developing world would be unemployment, lack of foreign investment and development and all the other benefits of international trade. Since David Ricardo's theory of comparative advantage, there has been little doubt that in total, free trade generates the maximum wealth, most efficiently allocates capital on a global basis and also maximizes the economic interests of every country engaged in it. Put simply, the world on the whole will be a poorer place with such measures in place. On the flipside, from an economic perspective, countries that have lax labour rights will have an undue cost advantage in their export trade as private costs will not properly reflect social costs. These "costs" may be "charged" to higher standards countries in terms of capital flight, investment relocation and lower wages in these countries (Brown, Deardorff & Stern, 1996).^① This "race to the bottom" is detrimental to developing countries as well as it enables highly mobile MNCs to play one developing country against another (Polaski,2003). If left purely to market forces, countries with vast pool of labour and unemployment such as China and India will be able to "outbid" other developing countries. Thus a low-labour-standards strategy as a source of competition will not work. Furthermore, MNCs, in the context of globalization, should not only be concerned about ✓

footnote?

the ethical standards within their own organization but should also play a key role in building up the so-called "background institutions" such as trade unions, health and safety standards and other rules, regulations and standards that help protect workers' rights. (Spar & Yoffie, 1999; Scherer & Smid 2000). In other words, they do not just have to take for granted the existing poor employee rights infrastructure in the short-term, they should also influence the improvement of these conditions in the long-term. (De George, 1995). ✓ *OK*

ETHICAL CONSIDERATIONS

Now suppose that we have a product that has been known to be manufactured either using child labour or in a sweatshop where working conditions are difficult. What are the ethical considerations involved? These considerations will be examined from the following perspectives:- (i) Workers and their family, (ii) Employers including subcontractors and distribution channels and (iii) Consumers. ✓ *OK*

1. Best alternative for child vs Short-termism

1. a. Workers & Their Family: Short-Term vs. Long-Term

Workers and their families need to earn their daily bread and, without a better alternative, they are forced to work in sweat shops and, in some cases, their children are required to work as well. Should consumers boycott products made by firms using sub-standard working conditions, children will be laid off leaving the family worse-off given that the family's income increases as more hands are helping. While education will provide a better future for children in the long-term, parents find it a difficult option to send children to school due to their financial predicament. Furthermore, parents may not even view education as being that important, given the lack of education from the parents themselves. This will negatively affect the children's future because for each two years less education that the child has, it represents 20% less salary that they can potentially receive when they become adults (International Education and Resource Network, 2000). Hence, education is still the most important intervention against child labor (Crisis Reports: Child Labor, 2009). ✓

perhaps, although often ill-schooled parents count less for their kids.

Utilitarian: Giving education to children is good for children, family, community in the long-term. If the goal is to improve the welfare of the children, removing them from work is only part of the issue. The larger question is how to provide them with better alternatives. Stopping child labor without doing anything else could leave children worse off. If they are working out of necessity, as most are, stopping them could force them into prostitution or other employment with greater personal dangers. The most important thing is that they be in school and receive the education to help them leave poverty (Wasserman, 2000). ✓

Kantian: Children have the right to education. Paul Hunt, a member of the Committee on Economic, Social and Cultural Rights once wrote: "*Education is at the same time a fundamental right in itself and one of the keys in exercising other rights inherent to the human being.*" Moreover, he identifies education as the main tool for allowing economically and socially marginal adults and children to get out of poverty and to obtain the means to fully participate in community life (Babadji & Hénaire, 2000). ✓

Golden-Rule: If there is an option, children prefer to be children. From their stand point, they want to go to school in the same manner as children in developed countries do, increase their knowledge, realize their full potential while at the same time have fun with their schoolmates. ✓

1. b. Employers including subcontractors and distribution channels: Individual vs. Community

When consumers boycott the product, subcontractors are forced to lay off the children. ✓ The first thing we need to keep in mind is that children do not normally *choose* to work. ✓ Most have that decision taken for them, mainly by their parents. Moreover a great majority of working children are employed in the family business, most often a farm, or in the household itself such as looking after younger siblings, and generally substituting for adult members in the performance of domestic chores (Cigno, Rosati, & Guarcello, 2002). Hence, we must understand why children work. If consumer boycotts diminish the earnings power of children, then the incidence of the boycott can be on the poorest of the poor. In this sense, a consumer boycott of products made

but if they
company

with child labor can be equivalent to a consumer boycott of poverty relief for both child laborers and their families. ok

Utilitarian: Companies should stop hiring the children and instead, pay appropriate wages to the adult workers. In effect, this will improve their quality of life and allow them to send their kids off to school. This will not only secure a better future for the children but for society as well.

Kantian: Consequences of laying off children can't be foreseen accurately. Not having children as work in factories doesn't automatically imply that they are in school receiving proper education. Hence, there is always the risk that children may end up in the streets or working in worse conditions. Therefore, it's better for the children to work in factories. hmm - ok

Golden-Rule: From the children's standpoint, what would they want their employers to do? Children and their family needs to earn money for their daily sustenance. At the same time, children themselves want to attend school to secure a better future. Can employers provide both? ok

1. c. Consumers: Justice vs. Mercy

Boycotting products that are manufactured using child labor is one of the many ways to force companies to change their unethical practices. As a result, manufacturers, subcontractors and distribution channels stop handling these products, but this may not solve the root cause of the issues, as children will lose their job and sometimes end up working in a worse conditions. By buying these products, consumers can indirectly support the children and its family.

On the other hand, consumers need to start by remembering that they are not just consumers: they are also citizens of countries and of the world. They can lobby school boards, municipal governments and universities to adopt ethical purchasing policies that require apparel suppliers to disclose factory locations and evidence that there are serious efforts to improve conditions. They can write letters to companies when workers' rights are violated and in support of workers' efforts to organize. And they can put pressure on governments to adopt policies and regulations that make companies accountable when they fail to address flagrant and persistent violations of workers' rights (Jeffcott, 2007). ✓

Utilitarian: If the consequence of the boycotting the product will lead to the children being worse off, rather than prevent children from working, consumers should find ways to influence policy options to improve the conditions in which children work. *OK*

Kantian: Rule is to care about others and to support each other, but the problem is how? Is boycotting the product supporting them or making the situation worse? *OK*

Golden-Rule: If you are in their shoes, do you want people to buy the product or boycott the product? Chances are that these laborers would want people to buy the product in order for them to keep their jobs and earn a living. *OK*

2. Hypocrisy of the developed world vs. Legitimate source of competitive advantage?

2. a. Employers including subcontractors and distribution channels: Justice vs. Mercy

Utilitarian: Incorporating labor standards into a trade agreement should not be done as it results to a negative-sum game for employers. This is because all other things being equal, employers will tend to hire the most efficient workers first. They will hire less efficient workers only if they cannot get enough hours of labor out of the more efficient workers. Adopting maximum-hour laws for example means that employers will not be able to hire the most efficient workers for as many hours as would otherwise be the case. Thus, they must hire less efficient workers sooner. The result is that more efficient labor is exchanged for less efficient labor. Overall, labor efficiency will decrease, thus reducing profit margins and the ability to compete (Yoon & McGee, 2003). Moreover, Workers and employers in developing countries stand lose their competitive advantage with the adoption of higher labor standards (Ricardo, 1817) given that increasing labor standards also results to increased cost of labor. In effect, these nations will not prosper since products coming from developing countries will not be able to compete with products manufactured by developed nations. *Examine*

Kantian: Due to coercive actions, which violate human rights, labor standards should not be included in trade agreements and should also not be written up as separate agreements. As a result, developing nations are given time to adjust their own labor standards to the western level. Outlawing child labor for example violates the children's right unless you argue that they do not

have one. Any rule that prevents an individual of any age from entering into a contract of employment violates the contract rights of both the potential employee and employer. It also violates their property rights, since the worker has the right to sell his labor and the employer has the right to exchange the cash he has for the labor he wants. Thus, the imposition of labor standards would be enforced by sanctions which would punish the very individuals the labor standards are supposedly trying to help (Yoon & McGee, 2003). OK

Golden-Rule: General ethics mandates: Do no harm, protect others from harm or to provide assistance to improve their conditions (Kline, 2005). Hence, companies in developed countries have an obligation to protect the welfare of workers in developing nations. ✓

3. Protectionism Vs. Legitimate source of competitive advantage?

3. a. Employers including subcontractors and distribution channels: Short-Term vs. Long-Term

Utilitarian: Stop selling the cheaper products in the developed country may be good for the businesses in the developed countries, but is it good for the developing countries? The employers need to provide jobs to people in the developing country, and it may help to support the economy of the developing country in a long term. Moreover, businesses demanding protection and seeking to limit competition is often against the interest of the public given that protectionism violates the sanctity of free trade and more practically-some people allege-denies consumers of developed nations have the right to cheaper goods and the ability of industries in poorer countries to compete in the global market (Malachowski, 2001).

Kantian: Exploitation is unacceptable under any conditions. Some activists argue that companies who manufacture products using sweatshops are exploiting workers. Exploitation, roughly defined as *taking unfair advantage of someone else's vulnerability*, is a potent moral category and to engage in exploitation is, by definition, wrong and its wrongness is supposed to be self-evident, and no further ethical analysis is required (MacDonald, 2009). Hence, exploiting workers to gain competitive advantage is morally wrong. Is this a concern for human rights or

for competitiveness? Protectionism is not the answer to concerns about labor standards nor is it acceptable for nations to improve their competitive position through deliberate exploitation of the vulnerable sectors of the labor force. ✓

Golden-Rule: The developing countries should not trade off the future of children for economic prosperity. The developed countries should not make use of workers in the developing countries to acquire competitive advantages. ✓

3. b. Consumers: Justice vs. Mercy

Utilitarian: Boycotting the product may help the businesses in the developed countries, but does it result to the greatest good for the greatest number? We also need to care about the people in the developing country and the consequences of boycotting products manufactured in sweatshops. ✓

Kantian: "Love thy neighbor" implies that we should not just care about the businesses in our own country. We need to care about our neighbors as well. We need to ask ourselves if boycotting and banning the product will really help them or not. ✓

Golden-Rule: If we want others to care about us and support us, we need to care about others and support others too. Again, we need to ask the same question. What will really help them? Is the boycotting and banning the only way stop sweatshops and child labor? ✓

4. Capital flows and Foreign Investment Vs. Race to the bottom

4. a. Employers including subcontractors and distribution channels: Short-Term vs. Long-Term

Utilitarian: Since MNCs are receiving several benefits from manufacturing and selling their products to developing countries, they should give something back to them. MNCs should assist the independence of the economy of developing countries by supporting the local enterprises so that they can be self sufficient without the employments from MNCs. ✓

Kantian: Companies should have a sense of duty to alleviate poverty. ✓

Golden-Rule: MNCs should match its labor standard in the developing countries to the labor standards of its home country. For instance, if providing the same wage is close to impossible, then they should at least ensure that working environment and condition is at par with those in their home country. ✓

4.b. Consumers: Individual vs. Community

Utilitarian: Consumers should make a purchasing decision based on non-price criteria in order to avoid races to the bottom. A suggested method for avoiding races to the bottom is moral purchasing. Moral purchasing can influence decisions at the level of individual buyers, or it can involve forbidding or applying heavy tax, tariff and trade sanctions to nations that permit the export of offensive goods, re-directing revenues raised from such tax or tariff to combating abuses. ✓

or ethical

Kantian: Consumers should think about the consequences of their purchasing decisions. Purchasing the products, which were manufactured under inappropriate conditions, may imply that you support and contribute to the acceleration of the race to the bottom. ✓

Golden-Rule: One needs to care about others. Spending extra dollars purchasing fair trade products supports workers in the developing countries. ✓

CONCLUSION

As highlighted in this paper, the issue of employing bans and boycotts in the fight against child and sweatshop labour is controversial. There may be occasions that, although motivated by good intentions, more harm may result. There is much cultural relativism that impacts upon these issues and much of this cultural divide can also be seen as a developed-versus-developing-country divide. Consumers, governments and businesses in developed countries often see the

debate as a black and white issue using rules-based decision-making criteria. However, from the developing country perspective, the issue is more often than not mired in many shades of grey. Perhaps one solution will be to target such bans/boycotts *only* at exploitative practices. In this sense not all child or sweatshop labour need be abolished but only those that are exploitative. Such a rule while providing a perfect solution on paper may be difficult to implement in reality without the danger of under or over-culling such practices. ✓

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