

AUSTRALIAN GRADUATE SCHOOL OF MANAGEMENT

BUSINESS ETHICS

The Kader Fire

On the afternoon of 10 May 1993, a fire broke out in a four-storey factory complex owned by Kader Industrial Toy Company in Nakhon Pathom Province near Bangkok. More than 150 women and children were killed. The Kader factory supplied toys under sub-contract to leading American producers. Just before Christmas 1994, journalist Bob Herbert wrote a commentary on the fire published in *The Australian*. He did not mince words in apportioning responsibility.

In the United States, toy company executives are immersed in the sweet season of Christmas. It is jackpot time and they do not want the holiday mood spoiled by reminders of the Kader horror. These executives know that their profits come from the toil of the poor and the wretched in the Far East; they can live with that — live well, in fact. But they do not want to talk about dead women and girls stacked in the factory yard like so much rubbish, their bodies eventually to be carted away like any other industrial debris.

It is just for such occasions that God gave us the gift of denial. Much better to think of the happy American shoppers clutching the stuffed animals and other toys as they wait in line at the register. Nearly half — about 45 per cent — of all toys sold in the US are produced for brand-name companies by contractors in China, Thailand and other countries in Asia. The toy companies have embraced the Far East sweatshops for the same reason as other industries: there is an enormous supply of semi-slave labourers, including legions of poor and ignorant women and young girls, who will work for grotesquely low wages in disgusting and extremely dangerous conditions.

US executives keep the misery at a distance through the mechanism of contracts and subcontracts. They act as if they bear no responsibility for the exploitation of the men, women and children upon whom so much of their corporate profits rest.¹

While Herbert concludes that corporations will always chase profits, no matter how tragic the circumstances in which they are generated, he hopes that consumers will be more ethically sensitive than corporate executives to scandals like the Kader fire. He believes that when consumers realise that the lives and health of child labourers are at risk in the production of toys they buy for their own children they will not buy them.

Are US executives excused from moral responsibility for such tragedies by their distance from them or by their roles?

Are consumers really the responsible overseas parties here?

¹ Adapted from Herbert's report reprinted in K. Woldring (ed.) *Business Ethics in Australia and New Zealand*, (Melbourne: Nelson, 1996), pp 191-2.