

Wrongful Beneficence: Exploitation and Third World Sweatshops

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Much of the merchandise produced by U.S. companies and sold to U.S. consumers is manufactured by workers in third world countries who earn as little as 12 cents per hour drudging away in harsh and even dangerous work environments. Such workplaces are referred to as sweatshops and are especially common in the apparel and shoe industries and in toy making. Many critics object to sweatshops on the grounds that they harm the workers or violate basic human rights. These moral objections are aimed at certain sweatshop practices such as coercion, unsafe working conditions, deception, paying workers less than promised, etc. These practices are not seriously defended by many people, if any. But the "sweatshop" label can still apply to jobs that do not involve any of these more obvious moral atrocities. A difficult job with long hours that pays very little may still be referred to as a sweatshop job and, I will argue, may still be morally objectionable. The question I want to consider is whether it is morally justifiable to pay the very low sweatshop wages for the very arduous sweatshop labor even if there is no coercion, deception, or direct causing of harm. Some defenders of capitalism and supporters of free-market economics have defended sweatshop wages on the grounds that they benefit the desperately poor workers of these impoverished countries who are very glad to get the work. In an important and widely reprinted paper, Ian Maitland argues that "the appropriate test [for fair wages] is not whether the wage reaches some predetermined standard but whether it is freely accepted by (reasonably) informed workers."¹ In this paper I will criticize the defense, as well as the practice, of (excessively low) sweatshop wages. In particular I will challenge the claim that one cannot wrong someone by benefiting her, especially if she consents to (and prefers to receive) such treatment.

In order to avoid some obvious objections to the thesis that I am defending it is important to distinguish my position from other less plausible positions. I am not arguing that it is morally wrong to hire poor workers in third world countries. This position is more reminiscent of the kind of protectionism that motivated the "Always Buy American" campaign of the 1980s than the contemporary anti-sweatshop movement. Also, I am not arguing that workers in poor countries should get paid the same as workers in wealthy industrialized countries. This position is not only unrealistic but would have the same outcome as the protectionist movement. Paying workers in faraway places the same as workers make at home would generally cost more money and so such a requirement would result in fewer if any jobs for poor countries, and thus would actually harm those workers who would be denied a

paying job. What I am arguing is that there is *some* limit to how low wages can be and still be morally acceptable. I will not attempt to determine exactly what that limit is. Determining what level of pay is a minimally fair wage, below which is inadequate and exploitative, is an interesting and important question for philosophers and economists to try to establish, but it is outside the scope of this paper.² By analogy one could argue, as Kant does, that excessive punishment aimed at deterring crime is morally wrong in that it involves treating the guilty merely as a means to promote the good of others (potential criminals and their potential victims). Respect for the criminal requires punishing him because, and only to the extent that, he deserves it; and thus he should be punished only proportionately to his crime. Such an argument does not require presenting a formula for determining proportionate punishment or a list of sentencing guidelines.³ What I am attempting to show here is that we do need to find out what this level of fair wage is. For according to the defenders of sweatshop wages there is no such thing as an unfair wage—or if there is it is determined by whatever the worker is willing to accept, not by philosophers and economists no matter how careful they are in their arguments and analyses. I am arguing against the principle that the market alone should determine what constitutes morally acceptable wages and that no wage is too low as long as it is freely accepted by the worker. I will show that such arguments assume basic principles that can be shown to be false.

Beneficent Exploitation

There is a more general thesis I want to argue in this paper: that it is possible for someone to be wrongly exploited even if that person benefits from the exploitation and even if the person prefers the exploitation over all other options. This notion of beneficial exploitation could apply to other instances of “driving a hard bargain” with desperate people, such as price gouging, etc.

This possibility of wrongfully (exploitatively) benefiting another seems to be easily overlooked. I speculate that there are two main reasons for this oversight. One reason why exploitative benefiting is overlooked is that paradigm cases of exploitation involve some kind of deception (or at least manipulation) and typically involve some loss or detriment to the exploited (a harm or a violation of rights). Though beneficent exploitation is nonparadigmatic case, it is possible under a proper conception of exploitation and there are more examples than one might think (though it is certainly less obvious). Secondly, the concept of exploitation is often mistakenly or inadequately interpreted in a consequentialist or a rights-based framework. The consequentialist conception of exploitation analyzes it in terms of harm to the exploited, and a rights-based conception analyzes exploitation in terms of coercion or deception. Exploitation is more appropriately understood in terms of fairness rather than in terms of harms or rights. The exploiter benefits from his use of the exploited in a way that is unfair, for example, by benefiting disproportionately to the contribution of the exploited.⁴

A quick glance at the writings on exploitation of underdeveloped nations by multinationals reveals the prevalence of these inadequate analyses of the concept of exploitation. Ian Maitland, in defending the low wages of inter-

national sweatshops, states that he will “proceed by examining the specific charges of exploitation from the standpoints of both (a) their factual and (b) their ethical sufficiency.”⁵ However, all of the evidence that Maitland provides involves matters of consent to benefits/harms. Specifically, he argues that sweatshop workers welcome these jobs and that they are much better off with them than without. I will grant that the workers may be benefited by the jobs, and that they would be worse off without them; but nevertheless, they are being wrongfully exploited. Maitland never mentions issues of fairness that seem central to the concept of exploitation and the sweatshop debate. Similarly, Richard DeGeorge, in arguing *against* sweatshop labor and other cases of exploitation of poor countries, appeals to human rights and to obligations not to harm. Take, for example, his treatment of extracting industries such as oil drilling, mining, and forestry. The extracting multinational corporations “are vulnerable to the charge of exploitation unless they can show two things: that they do more good than harm to the host country, and that the work they do benefits the people of the country.”⁶ If these two conditions are sufficient to justify a practice then beneficent exploitation is impossible according to DeGeorge’s claims, or at least not morally objectionable. With regard to sweatshop labor, DeGeorge appeals to human rights, specifically to one of his general principles “G4” which states that “multinationals should respect the human rights of their employees.”⁷ Although the violation of rights is an important part of the complaint against sweatshops, it does not seem adequate for addressing the problem of excessively low wages and exploitation. One problem with appealing to rights with regard to fair wages is that it seems to rely on a positive human right to subsistence. Such positive rights are controversial because it might not be feasible to provide adequate subsistence (or a job with adequate compensation) to every human being. If they have a *right* to it then we are obligated to provide it. But we cannot be obligated to do the impossible. Furthermore, rights are generally thought of as protected liberties (such as freedom of religion or freedom of speech) or as claims on others. Thus one is free not to exercise one’s rights or not to assert one’s rightful claim. For example, although property rights might make it wrong for another to take my possessions, I can nevertheless give them away if I wish. Thus it seems that one does not violate another’s rights if that person consents to it (freely and with proper information), just as you do not violate my property rights if I ask you to take my things. One can consent to being exploited, but as I will argue this does not make it morally acceptable.

A better understanding of exploitation must appeal to some notion of fairness. Joel Feinberg gives an account of exploitation that appeals, at least in part, to fairness. He suggests that a person (A) exploits another person (B) when A takes advantage of B (or a characteristic of B or B’s situation) and benefits unfairly by doing so.⁸ Feinberg, like others, claims that exploitation usually involves deception or some harm to the exploited⁹ and that normally there is no exploitation if the person used either gains from being used¹⁰ and/or consents to it.¹¹ However, Feinberg does allow for the possibility of exploitation even if the person used gains from being used (and consents) if the user gains disproportionately more than the person used.¹² Unfortunately, Feinberg does not develop this category of exploitation. Although I agree with

much of Feinberg's analysis of exploitation, he claims that in cases of harmless or beneficial exploitation the person used is still exploited but is not wronged.¹³ Such acts are what he calls "free floating" evils, or victimless wrongdoing. My examples will show that harmless or beneficent exploitation can still involve a victim, even if it is a willing victim.

Arguments in Defense of Sweatshops

Typically, sweatshop defenders hold the view that markets are self-regulating and that they lead to optimal results for everyone if left alone.¹⁴ Thus, only the market should determine wages, and a fair wage is whatever the employer is willing to pay and whatever the worker can successfully bargain for. Artificially high wages, so the story goes, result in less investment and thus fewer people employed.¹⁵ With low wages, more workers are employed. As these workers spend their paychecks the economy improves, their consumer activities increase demand, which thus increases employment since more production is needed to meet the increased buying by growing numbers of consumers with money. When employment increases competition arises for workers who can then demand higher wages.

It is questionable, first of all, whether in fact laissez-faire open markets are the best way to economic prosperity for a developing nation.¹⁶ Free market supporters typically appeal to anecdotal evidence. Maitland and others will cite well-chosen examples of economies, such as those of South Korea and Taiwan, that have improved after decades of sweatshop labor. But such growth as a result of sweatshops is not universal. Many underdeveloped nations have had sweatshops for years with no significant increase in the overall economy or in working conditions and wages. In Latin America wages have only increased by 6% in the last twenty years, and wages in former Eastern Block countries have actually dropped after having adopted a free market system.¹⁷ On the other hand, it may be better than any alternative available to the poorest countries, but perhaps we should offer them other alternatives.

At any rate, mere appeal to the virtues of the free market is not enough to justify sweatshops and so most defenders of sweatshops acknowledge the need to present other arguments. Even if these claims about the free market are correct, it is important not to confuse laissez-faire economics with laissez-faire ethics (i.e., "anything goes" moral nihilism). Reasons that support a free market system do not necessarily justify abandoning all moral obligations. Many who support free trade nevertheless object to the buying and selling of human organs for profit, or hunting whales. And few defenders of free market would argue that it justifies selling weapons to groups who are known to be intending to use them for genocide. Those who defend sweatshops are not committed to approving any and all commercial enterprises, and most would probably disapprove of certain business practices even if they maximized profits and were in accord with free market principles. Defense of free market might justify pursuing one's own self-interest in business, but it does not necessarily justify *only* pursuing one's own self-interest at all costs. Moral obligations place constraints on our behavior and on the extent to which we can

pursue our own self-interest. This is true in our everyday lives as well as in business. The free market principles at best only indicate that the sweatshop workers are benefited from these jobs despite the low wages, but obviously the fact that someone is benefited does not necessarily prove that she is not wronged.

Of course, one could argue that these other moral problems (unlike sweatshops) are not a part of any particular economic system or of any particular plan of economic development. One might insist that whale hunting or providing weapons to killers is wrong independently of the economic system; such acts would still be wrong if they were done outside of any business transactions, such as hunting whales for sport or donating weapons to ethnic cleansers. Nevertheless, there are still moral questions that need to be asked about this particular free market plan in defense of sweatshops. For one thing, it is not obvious that there is nothing morally wrong with exploiting one group of people in order to benefit another group. Thus one might object to the plan to exploit workers now in order to benefit the next generation of workers twenty years down the road. Some workers might be willing to make such sacrifices for posterity and for their country, but perhaps they should not be required to do so.

For these reasons, the more sophisticated defenses of sweatshops include arguments beyond the theoretical fairness or overall utility of the free market system. They usually do so on the grounds that such jobs benefit the workers¹⁸ and are entered into freely and even enthusiastically by the workers. Workers in sweatshops are usually very happy to have the work and strongly prefer working in the sweatshop to any of their other alternatives.¹⁹ These arguments can be summarized into the three following claims.

1. The workers are benefited (they are better off with the job than without), and they are paid the wages promised to them (i.e., they are not cheated).
2. The workers freely choose to work in the sweatshops (they are not coerced or deceived).
3. The workers prefer the job to all other alternative options (the offering of a sweatshop job offers an option that is at least as good as any other previously existing option and does not take away any other options).

For these considerations to provide a defense of sweatshops we must assume three corresponding basic principles.

- P1. It is never wrong to benefit someone (even if the benefit is very small), unless the recipient is entitled to more (by, e.g., law or contract).
- P2. One cannot wrong someone if she consents to the treatment (assuming she does so without coercion and is adequately informed).

This may be true even if the person consenting is harmed, and so the second principle is independent of the first principle. To be harmed is not necessarily to be wronged; if, for example, I harm myself through my own carelessness (such as carelessly agreeing to a bad deal) I am not necessarily wronged.

P3. It is not wrong to offer someone an option better than any of her already existing options (as long as one does nothing to limit her options and is not responsible for her being in the situation she is in).²⁰

There might be some debate as to whether or not these should be taken as individually sufficient conditions (and thus any one alone would be enough to justify the practice). However, this question does not matter because I will show that they are not even *jointly* sufficient. In other words, an act can satisfy all three of these principles and still be morally wrong.

Although these principles may hold generally as rules of thumb, we can generate a case that serves as a counter-example to all three of them. There are certain situations in which one can wrong someone without harming her, even while *benefiting* her—and this can be so even if she consents to it. These actions can still be wrong because they constitute *exploitation*. Exploitation does not require that the exploited party be harmed, nor does it require that the person exploited is coerced or manipulated. Indeed, it is even possible to exploit someone with her cooperation, and even at her request. Such benefiting can be wrong because it involves unfairly taking advantage of others (or their situation), benefiting from their misfortune, and benefiting disproportionately to their contribution.

I will illustrate the possibility of wrongful beneficence with an example in which someone is wrongly exploited even though (1) she is benefited; (2) she consents to the treatment; and (3) she prefers the option offered to her over all other options (and her exploiter in no way limited her options and did not contribute in any way to her difficult situation).

An Example of Wrongful Beneficence: The Desert Exploiter

Suppose Carole is driving across the desert on a desolate road when her car breaks down. After two days and two nights without seeing a single car pass by, she runs out of water and feels rather certain that she will perish if not rescued soon. Now suppose that Jason happens to drive down this road and finds Carole. He sees that her situation is rather desperate and that she needs (or strongly desires) to get to the nearest town as soon as possible. So Jason offers her a ride but only on the condition that she allow him to sodomize her first. Jason does not force her into anal sex, nor does he manipulate her (he does not even try to convince her, he simply makes the offer, take-it-or-leave-it). This offer (being sodomized and then rescued) is clearly better than Carole's other options such as waiting for another car to drive by (which is unlikely to happen) or die of dehydration. Furthermore, Jason has only added to her options, he did not remove any of her options, and he had nothing to do with her being stranded out in the desert—he did not drive her out there and abandoned her or sabotage her car so that it would break down. Under these conditions, Carole accepts the offer, allows herself to be sodomized, and then afterward, true to his word, Jason drives her to the nearest town, and she is grateful.

It seems clear to me that Jason has wronged Carole by taking advantage of her desperate situation, and that his offer is morally repulsive. Further-

more, it is not merely his character that we disapprove of. It is not simply his willingness to turn someone's desperation into profit that is repulsive. We also disapprove of the action itself. One may object that it is the sodomy itself that we disapprove of and not the unfairness of the exchange (and thus the example relies heavily on intuitions about certain sexual practices or on "shock value"). In that case we could simply change the example to an exchange that is objectionable only in magnitude, not in kind: we could imagine Jason demanding from Carole her entire net worth, the title to her house and car, all of her money in the bank, and half of her earnings for the next ten years. This also seems morally objectionable. Furthermore, it seems that Carole is a victim, and not just a victim of her unfortunate situation but also a victim of Jason's exploitation. Carole is wronged even though (1) she is benefited—not by the sodomy (or the excessive payment) but by the ride into town, and insofar as being rescued far outweighs the humiliation, pain, and feeling of degradation of submitting to the sodomy (or the loss of all of her wealth), she is *overall* significantly benefited. Furthermore, Carole is wronged even though (2) she consented to the sodomy (or highly unfavorable exchange). Jason did not force her; she could have declined, though that might have meant dying of dehydration. Finally, (3) although Carole otherwise would strongly prefer not to be sodomized, under these conditions she strongly prefers being sodomized and then rescued over being left out in the desert. We might even imagine her pleading with Jason for a ride saying, "I will do [or give you] *anything* as long as you give me a ride back to town." She might be willing to do anything, and offer to do anything. Nevertheless, that does not make it morally acceptable to take her up on her offer and *demand* anything (though it certainly might be acceptable to demand *something*, such as gas money or a free dinner).

One might object that Carole does not really consent to the sodomy (or to giving away all her money), that this is a case of forced consent. It is similar to an armed robber saying "your money or you life!" The victim may choose to give the robber her money but that is hardly a case of consenting—the money is not freely given in any meaningful sense. Thus it may seem that Jason's offer is a case of extortion more than a case of exploitation and thus is not analogous to the sweatshop case. However, this objection fails to recognize an important difference between Jason and the armed robber (and an important similarity between Jason and sweatshops). The armed robber differs from Jason (and from sweatshops) in that the robber takes away one of his victim's options (*viz.* keeping both her money and her life). This is done through threat of future action though it could also be done through past action such as putting the victim in peril and then demanding her money in exchange for saving her from that peril. But Jason did not (and is not threatening to) take away any of Carole's previously existing options, he simply adds another option. He did not abduct her and abandon her in the desert, nor did he sabotage her car so that it would break down. Thus the desert example satisfies the principle (which I am arguing against) that a person is not wronged if she is not harmed and one is only adding to her options. Jason is not harming her in that she would be no worse off had she never encoun-

tered him, whereas the robbery victim clearly would be better off had she never crossed paths with the robber.

The Analogy with Multinational Corporations: The Desert Rescue Service

One might object that this case is not analogous to third world sweatshops. Jason differs from for-profit organizations in significant ways. It seems plausible to claim that Jason, or any person who happens along stranded people in the desert, should offer assistance free of charge without demanding or expecting anything in return, or at most requesting minimal compensation (e.g., gas money). Such Samaritans might not be morally obligated to go to extravagant lengths. Taking Carole into town and getting her car towed and repaired and paying for it all would probably be beyond the call of duty. But it seems that one's minimal obligation is to bring her out of the desert, which requires no extraordinary effort.

However, the defender of the free market could argue that a corporation is an institution whose primary purpose is to produce goods or services in order to make a profit. Certainly they cannot reasonably be expected to help the poor in third world countries by, for example, paying them "wages" without anything in return (which would not really be wages at all but simply a handout). It may be the case that *someone* should help the desperately poor people in other parts of the world, and should do so without expecting any gain. But this seems like the responsibility of charitable organizations whose mission or purpose is to provide aid to the poor. Perhaps it is also partly the responsibility of governments of wealthy nations to provide aid in the form of debt cancellation and famine relief. Furthermore, Jason happens to be in the desert already for his own reasons when he happens upon Carole. It requires minimal effort to rescue her since he is already there and is already headed back into town. However, it seems less plausible to insist that Jason be required to go into the desert looking for stranded passengers. Even if he knows or suspects that someone might be stranded there, why should he be required to take the day off from work and drive around the desert on patrol for some stranger who might have gotten stuck on a desolate road? Suppose it is a very common occurrence, people get stranded in this desert about once per day, and they usually die before anyone finds them. It does not seem that Jason should dedicate his life to making daily trips across the desert rescuing people, especially if this would require significant sacrifice such as giving up his career, neglecting his family and friends, etc. Perhaps *someone* should provide rescue services, but it seems to be the responsibility of the government or charitable organizations. Similarly, businesses only go into third world countries in order to hire workers and should not be expected to close down profitable factories in the U.S.A. or Europe in order to open unprofitable factories in the third world out of charity.

This response, however, is based on a misunderstanding of the position I am defending and the argumentative strategy I am employing. I am *not* arguing that hiring the poor and hungry in underdeveloped countries is wrong because it is failing to benefit them sufficiently. I am arguing that it is

wrong because it is taking advantage of their desperate situation and benefiting disproportionately from their labor. In short, it is exploitation, not harm or failure to benefit. Furthermore, this is not an argument by analogy, and I do not need to claim that this case is analogous to that of third world sweatshops. My strategy is first to show that the defense of sweatshops assumes a basic principle or set of principles (viz. that one cannot be wronged if she is benefited, consents to the treatment, and prefers this treatment). Then I show this principle to be false by use of a counter-example. Nevertheless, the free market defenders can still make the objection. Instead of arguing that the example is not analogous they might modify the principles defending sweatshops so that the desert exploiter case does not serve as a counter-example. The modified principle might say that an action cannot wrong someone if (P1) she is benefited, (P2) she consents to the act, (P3) she prefers that the agent perform that act, *and* (P4) the agent would not be in a position to help (and thus not obligated to help) except for the potential benefits to be gained from doing so. This might seem ad hoc, but perhaps sweatshop defenders could formulate such a principle more eloquently than I could.

At any rate, the criticism that the case of the desert exploiter is not analogous to third world sweatshops still fails. We only need to adjust our example to make it analogous to the corporate sweatshop case (or to make it a counter-example to the modified principle). Imagine that Jason, knowing that people are stranded almost daily in the desert, decides to go into business as a professional desert rescuer and opens a trans-desert taxi service. So he buys a dependable vehicle and loads it up with a C.B. radio, extra gas tanks, first aid kits, etc. and heads out into the desert patrolling for stranded people expecting to make a profit by charging them a fee. No one could reasonably fault him for this. Of course, we might not be inclined to praise him either in that he is doing his rescue work for the sake of a reward (though we *might* praise him if, e.g., he gave up a more lucrative career or made some other sacrifice).

Now suppose that Jason's standard fee includes not only a charge of \$100 to cover costs and provide him with a reasonable profit, but also includes one session of sodomy with each stranded person (man, woman, or child) before boarding the truck (or he charges them each their entire net worth, etc., in case one objects to the sodomy example). It is true that Jason is a businessman, and that it is his desire for profit (and/or anal sex) that brought him into the desert and without this motivation the stranded travelers would be out of luck. (Thus his action satisfies the modified principle in that he would be in no position to help were it not for the motivation of expected benefits to be gained.) However, this does not make this exchange any less morally repugnant. Furthermore, appeals to free market principles (that he can charge whatever people are willing to pay), and the fact that these passengers are not coerced and are willing to pay the costs to be rescued and are overall benefited, does not defend the practice. Our condemnation of Jason's business practice is based, at least in part, on the fact that he could charge the nominal fee of \$100, or perhaps even more than that, and make (what he considers to be) a reasonable profit without the exploitative sodomy. One might even argue that Jason's actions as a businessman are worse than when he merely

happened upon Carole. For as a businessman he is seeking stranded victims in order to demand sodomy (or excessive fee) from them, and so this exploitation is systematic and premeditated.

One might object that the desert rescue service is still not analogous to international sweatshops because there are elements that are not parallel. My thesis is that there is some wage that is low enough to be morally objectionable. However, in the desert case what is morally objectionable is the sodomy (or demanding the person's entire wealth), but this is not the benefit; whereas in the sweatshop case it is the benefit (the low wages) that is morally objectionable. There are two possible responses for this objection. We could try to adjust the example to make it more analogous to the sweatshop case by imagining, for example, that instead of sodomy Jason demands some labor which is not itself demeaning or excessive in exchange for some inadequate compensation. Perhaps he has Carole wash his car and rotate his tires and offers only a sandwich and a bottle of water in return (leaving her in the desert). Carole might be very willing to accept this offer if she is hungry and/or thirsty enough, even though it is insufficient to save her from her desperate situation. However, I do not think that such adjustments of the analogy are necessary or desirable. Such a move merely invites the critic to insist that the analogy is still not exact, and if we continue to adjust it we will end up with a case that is exactly the same as the sweatshop situation and thus no help at all. This is one problem with arguments from analogy, and it is one reason why I do not intend for my example to serve as an analogy. The desert example is intended to serve as a counter-example to the principles that are assumed by the sweatshop defenders. The lack of analogy between the original example (in which Jason merely happens upon Carole) and sweatshops was more problematic because the sweatshop defender could claim that there is some fourth principle which will make Jason's offer wrong but not the sweatshop wage (thus the need for the rescue service example). But this second lack of analogy calls for a different response. Instead of changing the example we should insist that this lack of parallel is not relevant. In the rescue-service example it is a decent benefit in return for an excessive demand and in the sweatshops what is demanded is not itself unreasonable but the benefit in return is excessively small. Either way it is an *exchange*, it is an exchange that is unfair and that no one would agree to in normal situations. The exploited only agrees to it because the one making the offer is taking advantage of the victim's desperate situation. There is no extra principle defending the sweatshop type of exchange (reasonable demand for inadequate compensation) and not defending the desert type of exchange (excessive demand for a reasonable benefit). In order for the disanalogy to support a critique of my argument one would have to formulate some plausible principle showing the difference to be morally relevant.

As in the case of the trans-desert taxi, I am not necessarily arguing that there is anything wrong with corporations opening factories in underdeveloped countries, nor am I arguing that we must pay them the same wages as workers in wealthy countries (especially considering the cost of living is often much lower in poor countries). Although \$100 for a ride out of the desert seems rather high compared to city taxis, this potential for high profit might

be necessary to motivate Jason to open his rescue service and so might be justifiable on these grounds. Nevertheless, there is *some* fee that would be morally objectionable such as sodomy (or charging the customer his or her entire net worth). Similarly with sweatshops, what is objectionable is not the wages that are lower than U.S. standards, which may be necessary to lure multinational corporations to the third world. It is the *excessively* low wages and the *excessively* long hours that are objectionable.

Responsibility

Of course one can only be obligated to do something if it is possible for one to do it. (For example, we could not reasonably demand that Jason give Carole a ride out of the desert if he happened upon her while riding his *bicycle* across the desert.) It is one thing to say that sweatshop workers should get paid more and quite a different thing to say that some particular party is obligated to make it the case that they are. We could similarly say that no decent person should have to suffer through some particular agonizing disease such as cystic fibrosis, but that does not mean that anyone is obligated to do anything about it. No one is responsible to prevent the suffering because no one is in any position to help; there is no cure or treatment. If there were a cure for the disease it would then be someone's duty to administer the cure. But it would not be everyone's duty. Most people lack the necessary knowledge and access to prescription medicine and so are not able to do anything about it. The responsibility would lie with the hospitals and doctors who are capable of treating the disease.

The same applies to the sweatshop case. It is certainly possible for the sweatshop workers to get paid more, but whose responsibility is it to make it the case that they are paid more? It is certainly not the duty of underdeveloped countries to demand higher wages for their citizens because they are in no more of a position to demand higher wages than are the workers themselves. They must compete with other poor countries just as the workers cannot demand higher wages because they must compete with, and can be easily replaced by, other poor workers. Most sweatshop factories are not owned or operated by the multinationals but by local entrepreneurs. It is their obligation to pay the workers more if it is possible for them to do so. However, usually those who own and run the sweatshop factories are in a similar position to the sweatshop worker. They must compete with other factories in their own countries and in others and operate at the smallest of profit margins. Their labor costs often make up a large portion of their expenses and so even a small raise will be costly for them. The responsibility then lies with the multinational corporation. Though they do not set the wages or pay the workers directly, they can be held responsible for the morally objectionable practices of their agents (those who operate the sweatshops for them).²¹ Of course if it is impossible for the corporation to insure that workers receive morally acceptable wages then they could not be required to do so. But this would only be the case if a company's profits were equal to or less than the minimum necessary for the company's survival (in the long run). The corporation's plan to maximize profit is not a blind force of nature; the company

can choose not to maximize profit as long as the profit it can make is greater than the minimum profit necessary to survive. The thought that companies cannot raise the wages of sweatshop workers seems to assume that companies pay the workers as *much* as they can without significantly hurting profits. But in fact, on the contrary, they pay workers as *little* as they can get them to work for, and sometimes what they are willing to work for is less than what it is morally acceptable to pay them.

Of course, one might point out that if the corporation has obligations to any parties other than the shareholders then it probably has obligations to many different groups including customers, domestic workers, etc. Whatever profit the company makes above the minimum for survival is going to be finite and perhaps rather small. They cannot benefit everyone. Why should the company benefit the sweatshop workers instead of any of these other groups? The answer to this question is simple: the sweatshop workers are almost certainly the worst off of any of these groups. Their needs are the greatest and so their needs should have priority. This principle of prioritizing the needs of the worst off has been famously defended by Rawls, but could also be supported in this case by a simple cost-benefit analysis. The workers would benefit the most from the smallest costs to the corporation. Raising their meager salaries would cost little (since their salaries are so small) and yet benefit them immensely.

Consequences of Higher Wages

Defenders of sweatshops object that if corporations pay higher wages then it is the workers of poor countries themselves who will suffer. As Maitland argues, "higher wages and improved labor standards are not free. . . . If labor in developing countries is made more expensive . . . then those countries will receive less foreign investment, and fewer jobs will be created there. . . . Minimum wage and other regulations discourage formal employment by increasing wage and non-wage costs."²² Higher wages would lead to less investment and thus fewer jobs. Thus some workers who would have benefited from a sweatshop job would not get one. If a country requires higher minimum wages then companies will leave for other countries with lower minimum wages.

Paying the workers more would not necessarily require reducing jobs. Raising wages would cost money, but there are others places in the corporation that could absorb these costs, including the profit margin. Sometimes morality is demanding, sometimes it requires making a sacrifice. It is unrealistic to think that if a moral obligation conflicts with self-interest (or with profit) then it is excessively demanding and cannot reasonably be morally required, or that it is impossible to do. Raising wages would not necessarily mean hiring fewer workers. The number of workers hired depends more on needs of production than on some fixed budget. The demand for the products would not diminish significantly just because the workers are paid slightly more (especially considering the small portion of the overall cost of the commodities constituted by sweatshop wages). And no reasonable company would decrease production when demand is constant. Why would

any manufacturer make fewer products than it could reasonably expect to sell?

The increased cost of the commodity resulting from doubling or even tripling the salaries of some of the lowest paid sweatshop workers in underdeveloped countries would be minimal. The typical third world shoe factory pays only about one U.S. dollar for labor for each pair of Reebok shoes.²³ Typical Reebok basketball shoes retail for around \$100.²⁴ If the shoemaker passed the increase directly on to the consumer it would only raise the price of a pair of Reeboks from \$100 to \$101. This 1% increase would be unlikely to dissuade very many potential buyers. When I looked at Reebok shoes online most of the suggested retail prices ended in \$_9.99 (e.g., \$99.99, \$129.99, etc.). It might be that, as a matter of some remarkable coincidence, the actual value of each different style of shoe (however we might calculate it²⁵) just happens to come out to \$_9.99, but more likely Reebok and its retailers round up (or down). Assuming this is so, the margin of error between the value of a pair of shoe and the price charged is significantly more (approximately five times more) than the labor cost for the sweatshop workers. Similar portions of labor costs exist for other commodities made with sweatshop labor. Bangladeshi garment workers make 1.6 cents for each Harvard baseball cap that later sells for \$17 in Cambridge, and 5 cents for each Disney T-shirt that eventually retails for \$17.99 back in the States.²⁶ Furthermore, the manufacturer would not have to pass the entire cost of increased wages on to the consumer. For one, improvements in working conditions and wages have been known to increase productivity.²⁷ Better-paid workers would be stronger, healthier, and they would have better morale. Thus, some of the increased cost of shorter workdays and better pay would be gained back by increased output. Also, and more importantly, the increased costs could easily be absorbed elsewhere in the corporation. One possibility is in marketing and advertising—especially with well-known brands and products. This is not to deny the importance of marketing for increasing sales. But Mattel spends thirty times more to advertise a toy than it spends on workers' salaries in China to make that toy and in 1992 Nike paid Michael Jordan more than the combined income of the 30,000 Indonesian workers who assembled the shoes he advertised.²⁸ However, I would suggest starting with the salaries of upper management. The average salary of a C.E.O. of a publicly traded apparel manufacturer is about \$2 million. A measly 10% pay cut could double the salaries of 250 Guatemalan sweatshop workers. Given the astronomical disparity between the pay rates of top management and their third world employees the excessively low wages seem to be more the result of spite, or at best cruel indifference, rather than mere profitability and competition.

Notes

¹ Ian Maitland, "The Great Non-debate Over International Sweatshops," *British Academy of Management Annual Conference Proceedings*, September 1997, reprinted in *Ethical Theory and Business*, 6th ed., ed. Tom Beauchamp and Norman Bowie (NJ: Prentice Hall, 2001), 603.

- ²Denis Arnold and Norman Bowie suggest a “living” wage and provide a rough guideline for determining what a living wage is. “Sweatshops and Respect for Persons,” *Business Ethics Quarterly* 13 (2003): 221–42. The U.S. Economic Policy Institute also has a formula for determining the poverty level, though there are criticisms that the formula depends mostly on food and does not account for housing costs. There are, of course, other ways.
- ³Of course, Kant does argue for a formula of proportionate punishment, viz. that the punishment should be equal to the crime, or an eye for an eye. But one could reject his arguments for equal punishment while still accepting his argument against excessive punishment. Kant, *The Metaphysics of Morals*, trans. Mary Gregor (NY: Cambridge University Press, 1991), 140–5.
- ⁴This of course does not mean that exploitation cannot be shown to be wrong within a consequentialist approach. Rule-utilitarianism would certainly support norms against exploitation, and even act-utilitarianism can provide grounds for disapproving of exploitation by appealing to the greater needs of the exploited, the long-term consequences, etc.
- ⁵Maitland, *Ethical Theory and Business*, 595.
- ⁶Richard DeGeorge, *Competing with Integrity in International Business* (NY: Oxford, 1993), 74.
- ⁷*Ibid.*, 51.
- ⁸Joel Feinberg, *Harmless WrongDoing: The Moral Limits of the Criminal Law* (NY: Oxford, 1988), 178.
- ⁹*Ibid.*, 177.
- ¹⁰*Ibid.*, 192, 204.
- ¹¹*Ibid.*, 200.
- ¹²*Ibid.*, 192. He uses the example of colleges exploiting athletes from the ghetto.
- ¹³*Ibid.*, 212, 214. Although he admits it is true that if B consents to the exploitation A is still responsible for his actions and may be guilty of wrongdoing, he claims that, nevertheless, A is not answerable to B.
- ¹⁴“Such market imperfections [as high unemployment and grossly unequal bargaining power] seem to call for more reliance on market forces rather than less.” Maitland, *Ethical Theory and Business*, 603.
- ¹⁵“Attempts to improve on market outcomes may have unforeseen tragic consequences.” Maitland, *Ethical Theory and Business*, 603.
- ¹⁶Jessica Collins and John Miller raise many questions about misleading data and dubious interpretations of statistics in their article “Know-Nothings and Know-It-Alls: What’s Wrong with the Hype About Globalization,” *Dollars and Sense* (September–October 2000).
- ¹⁷For more details on the mixed results of sweatshop economies see Pete Engardio, Elizabeth Malkin, et al., “Global Capitalism: Can It Be Made to Work Better?” *Business Week*, 6 November 2000.
- ¹⁸“In 1996, young women working in the plant of a Nike supplier in Serang, Indonesia were earning the Indonesian minimum wage of . . . about \$2.28 each day . . . [J]ust earning the minimum wage put these workers among higher-paid Indonesians.” Maitland, *Ethical Theory and Business*, 599.
- ¹⁹Maitland cites the long lines for sweatshop jobs outside of factories in Guatemala and Honduras. *Ethical Theory and Business*, 599.
- ²⁰David Henderson argues that “you do not make someone better off by taking away the best of her bad options,” in “The Case for Sweatshops,” *Fortune*, 28 October 1996: 48. Of course, no one is suggesting that we should eliminate their jobs. Presumably he would accept the converse claim: you do not make someone worse off by merely adding a bad option to her already existing worse options. And I would agree that she is not worse off for the offer, but is she wronged?
- ²¹Michael Santoro makes this argument in *Profits and Principles: Global Capitalism and Human Rights in China* (Ithica: Cornell University Press, 2000), 161.
- ²²Ian Maitland, *Ethical Theory and Business*, 601–2.

- ²³ Aaron Bernstein, Michael Sheri, and Elizabeth Malkin, "A World of Sweatshops," *Business Week*, 6 November 2000, issue 3706, 84.
- ²⁴ Reebok "Question Mid" and "ATR Vertical" both retail for c. \$100. The "Answer IV" costs about \$65 and the "Answer VI" goes for about \$130.
- ²⁵ If one accepts a labor theory of value such as that of Adam Smith and Karl Marx, the value would be calculated by adding up all the labor time put into a pair of shoes—from taking the raw materials from the earth all the way up to putting the shoes on the customer's feet. But if this is too abstract we could simply add up all of the costs of labor and materials and add whatever would be the optimal profit margin (the profit level that would make the most money per shoes without hurting sales enough to lower the net profit for all shoes). There might be other ways to calculate the value as well.
- ²⁶ Tom Hayden and Charles Kernaghan, "Pennies an Hour and No Way Up," *New York Times*, 6 July 2002.
- ²⁷ Bernstein, et al., *Business Week*, 84.
- ²⁸ John Cavanagh and Robin Broad, "Global Reach: Workers Fight Multinationals," *The Nation*, 18 March 1996, 22.