Child Labor Exploitation

Outsourcing Our Ethics?

Child labor is a longtime staple of the American chain of supply. It at times has prompted both disgust and outrage from the public for its exploitative nature; however, the free-market values of our culture dictate that driving prices down by any means ultimately benefits the consumer. Does that benefit outweigh the detriment to those outside the country? Despite its benefits for the consumer, the exploitation of children is hard to justify in a nation that considers human rights a philosophical bedrock.

Children working and making money is not a problem in itself. Many youth in developing and in developed countries do household chores, help out on family farms, or work part-time to add to their families’ income. In order to allow for such practices, the most basic definition of child labor is work that disrupts a child’s education and/or is hazardous to the child’s wellbeing. The International Labor Organization (ILO), a specialized agency of the UN, defines 15 as the youngest age a child should stop attending school, meaning that any work performed by a child younger than 15 that disrupts the child’s education is child labor. For jobs such as mining and chemical processing, the minimum age of entry is increased to 18 to account for the physical and developmental risks of the work. Half of all child laborers work in jobs which pose these risks.

Child labor is instrumental to delivering low-cost goods to the American market. Many American’s feel that their government’s first responsibility is to its own citizens, not those of other countries, and that the price hikes caused by shifting labor standards on imported goods could hurt the most vulnerable populations in the US: low-income families and small business owners. Even changes in safety standards cost enough money to radically affect the lifestyle of low-income American consumers. When our government’s policies are expected to serve the interests of its citizens, it can be hard to justify damaging their budgets for an improvement to some lives abroad.

Countless personal stories are tied up in the exploitation of child labor. Alejandra, 12, from El Salvador, searches for mollusks in the swamp for 14 hours a day in order to help her parents support her seven younger siblings. Hamisi, 11, from Tanzania, was unable to pay for schooling, so he left his home to work 18 hour days in Tanzanite mines with just one meal per day. Sandy, an underage Dominican worker, is separated from school by geographic barriers, and must instead farm vegetables with nearly no equipment to help support his family. For the 168 million victims of this system, these stories are all very familiar – a systemically enforced reality.

However, despite often employing children in unsafe conditions, sweatshops still offer income to the many people who otherwise would face unemployment. Augmented labor standards could ultimately mean lost jobs or diminished income, both abroad and at home, with very little benefit to match. Ultimately, if broader means of reform are not pursued, then restrictions on child labor carry the risk of robbing these children of a source of income, worsening their destitution rather than relieving it. With these possibilities in mind, any policy approach must balance restraint and caution with any reforms it seeks to implement.

No matter the actor, the most critical question remains: How should we reduce child labor exploitation in the world today?
This issue guide offers three approaches for addressing child labor. Each approach is based on a different set of concerns and offers its own unique policy options, downsides, and tradeoffs. The aim is to avoid the technical side of legal debates and policy prescriptions, and instead prompt an accessible public deliberation based on common values.

- **Approach One** holds that national governments, including that of the US, should hold businesses that operate within their borders accountable for any child labor in their chain of supply to reduce its exploitation.

- **Approach Two** values consumer choice above all else, suggesting that the market will edge out labor exploitation while protecting domestic businesses and consumers.

- **Approach Three** recognizes that a comprehensive approach is necessary to truly end child labor, particularly by addressing its root cause of poverty.

At the end of this document is a summary of the policy options and potential consequences or trade-offs with each option.

The Weingartner Initiative on Deliberative Democracy
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The purpose of this initiative is to facilitate nonpartisan deliberations to find common ground between citizens of the world.

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For more information on the Weingartner Global Initiative, please visit www.wm.edu/charlescenter
Approach One: Regulate Corporate Accountability

The businesses responsible for exploiting poor working conditions have an obligation to improve the situation. National governments need to hold these businesses accountable for their actions, and pressure them to improve the working conditions of workers abroad.

US corporations have been given ample opportunity to self-regulate, but without government oversight, they have proven unable or unwilling to take effective action. A 2006 National Labor Committee (NLC) report found that child labor was employed in Bangladesh by common brands such as Hanes, J.C. Penney, and Wal-Mart to sew clothing at a factory called Harvest Rich. The report detailed conditions of regular beatings, 19-20 hour shifts, and wages of 6.5 cents an hour, among other gross abuses. Ten years prior, scandals from Nike and a Wal-Mart clothing line from Kathie Lee Gifford had sparked increased scrutiny on production chains and the creation of Worldwide Responsible Apparel Production (WRAP), a nonprofit designed to act as a self-monitoring watchdog for American apparel vendors. Harvest Rich was certified by WRAP, and not one company that contracted with Harvest Rich noticed or acknowledged the blatant underpayment maintained by threats of increased violence towards the child workers.

Shortly after its 1996 scandal, Nike also created an NGO called the Global Alliance for Workers and Communities (GAWC), a reporting group which developed ties to the International Youth Foundation, among others. In 2001, the NLC showed that GAWC’s reports omitted such events as suppression of collective bargaining, worker strikes, and terminations. The Institute for Global Labour and Human Rights has also criticized GAWC for intentionally ignoring and downplaying problems of human rights by using insufficient research methods, ones which discouraged workers from trusting researchers to a sufficient degree to give meaningful, honest feedback.

The federal government is better-equipped to monitor the condition of overseas labor than businesses. Consequently, the task of holding these businesses accountable for their actions would fall to the government. This is a justifiable extension of federal power to prevent human rights abuses in production, and frequently laws are passed to allow the same for domestic manufacturing. This approach examines how national governments could effectively monitor and incentivize the behavior of the corporations commonly associated with human rights abuses in factories abroad.
Carrot and stick

As a steward of its country’s business footprint in the world, a national government should take an active role in the labor standards of its companies, both at home and abroad. The US and other national governments have a history of fining businesses that step out of line. The multinational oil company British Petroleum could be fined up to $13.7 billion for environmental damage caused by an oil spill in the Gulf of Mexico in 2010, and the British government has imposed over £30 billion worth of fines upon major banks deemed responsible for the 2008 financial crisis. By fining businesses that operate within their borders and exploit child labor in other countries, these national governments would create a strong deterrent by making the exploitation of child labor much less profitable. This would require the establishment of a reliable watchdog government agency that would monitor labor practices in the supply chains of businesses.

On the flip side, national governments could offer tax breaks to businesses for good behavior. The US government currently offers federal tax credits to US businesses that use energy efficient practices. National governments could offer similar tax credits to businesses that use fair labor practices in their supply chain. This would take the pressure off of national governments to enforce labor standards by incentivizing businesses to prove that they use fair labor practices. This policy option has the added benefit of less immediacy, so private reforms would hopefully be less rushed and more thoughtful than in the event of a fine.

What we could do:

Approach One seeks to curtail the presence of child labor in businesses’ chain of supply through action toward businesses by national governments. In practice, these policy options could follow from this thinking:

- We could pressure national governments to levy punitive fines on companies that are found in noncompliance with a set of labor standards established and enforced at the federal level.

  But in consumer countries, fines could cause job losses and price hikes on goods critical to daily life due to businesses’ need to make up lost revenue. In producer countries, removal of child labor jobs would take away vital income from those who need it most. Also, enforcement would depend on government bureaucracy and government funds to establish a watchdog agency.

- We could encourage national governments to offer tax breaks to companies that comply with labor standards.

  But tax breaks could lessen valuable sources of income for the government or force it to increase taxes to make up lost revenue. It would rely heavily on businesses accurately reporting their labor practices, which would be hard to monitor. Again, this would take away much needed income from the most vulnerable populations of the world.

- We could pressure national governments to force all US businesses to publish a yearly labor standards report.

  But it would be hard to determine the accuracy of the reports and they may not be effective in actually curbing negative business practices.
Approach Two: Empower Consumer Choice

In the global economy, change begins with the private sector. When given enough information, both consumers and businesses can act on their consciences to improve working conditions abroad without sacrificing choice or hurting consumers at home.

In 1996, Life magazine ran a story on sweatshop labor featuring an image of a very young Pakistani boy sewing a soccer ball on the cover. The characteristic swoosh of the American brand Nike was clearly visible on a completed soccer ball. Public outrage was so enormous that Nike undertook what is arguably the most high-profile attempt by an American business to prevent child labor exploitation in its foreign factories. In the same year, the NLC revealed that Kathie Lee Gifford’s clothing line at Wal-Mart was being produced primarily by 12 and 13-year-olds in Honduras, and the scandal that followed temporarily ended child labor exploitation altogether in the American garment industry’s supply chain. The message from 1996 is clear: consumer pressure is an effective method of improving business practices that doesn’t obstruct the free-market economy the way government intervention does.

Since then a number of changes have been made in response to growing consumer criticism. For example, WRAP has been formed, companies have conducted more audits than ever in their factories abroad, and Nike in particular has invited the Fair Labor Association to randomly inspect Nike factories at any time.

None of these many reforms were mandated by the national government; rather, they were self-imposed by corporations clearly eager to stay on the right side of their ethically-minded consumers. This approach argues that the current free market system has its own checks on child labor exploitation in factories abroad.
Individual empowerment

This is not to say that the government can play no role whatsoever in the market, only that its primary role should be to inform and empower the consumer. The government has had great success in the past helping consumers buy according to their health needs. In 2008, the Food and Drug Administration (FDA) found that around 54% of consumers read food labels closely before buying products, a drastic increase from a similar study in 2002. This percentage has been steadily growing while food labels have been mandated, and the U.S. Department of Agriculture (USDA) organic certification is now growing in a similar manner. If consumers can adjust their buying habits by inspecting the labels of their products for health reasons, they can do the same in order to buy according to their conscience.

Implementing a simple grading scale (e.g. from A-F) that was a mandatory description of the working conditions for foreign-made products would play to the strengths of the free market. Another way the government could unobtrusively help consumers decide their response to this issue is through a series of public service announcements (PSAs) explaining the nature of labor abuses in overseas factories, giving people the information they need to make their own decisions.

A grading system would also give companies a new way to market their products just as “organic” and “fair trade” are currently. The label “ethical” could help sell products to consumers who make socially-conscious purchases and want to avoid goods produced under unethical conditions. The birth of a pseudo-brand identity around ethical labor practices which respect the rights of workers at all levels of production could be a powerful means of promoting such practices. Should identity politics come into play on this issue, few individuals would wish to distance themselves from ethical labor practices if they could help it, lending product labeling a great deal of weight.

NGOs also have an important role to play in this awareness campaign with the power to raise awareness on a local level. While the federal government can only spread information over the airwaves or through fine print on product packaging, NGOs can organize rallies, distribute fliers, and conduct email/phone campaigns to efficiently educate individual citizens on the American chain of supply. NGOs tend to be composed of ordinary citizens who are passionate about their causes, which is often far more appealing to the everyman whose conscience is more easily swayed by peers than by far-off government officials. This sense of homegrown activism that surrounds them could serve as a powerful inspiration to alter buying habits based on labor ethics.

At the same time, a sizable portion of the American population has no leeway in their budgets to allow for conscience-based consumerism, and this approach protects those people as well. Without forced immediate action, prices of goods will change gradually allowing American wages to adjust to any hikes in the cost of living. Businesses, too, would not be forced to lay off employees or close their doors if they could avoid immediate price changes. The private sector is well equipped to combat child labor without hurting small business owners and low-income citizens as a consequence.

What we could do:

Approach Two values the free-market economy while still leaving open the possibility of improving the conditions of foreign workers in the American chain of production. Here are some policy options that follow from this line of thought:

- We could boycott the purchase of products from corporations known to abuse child labor and poor working conditions abroad, voting with our dollars to send a clear message that labor abuses are unacceptable.

  But organizing a boycott on any large scale is complex, and would require broader public engagement than these causes can usually create. Also, cutting off the income to the factories would serve only to put their underprivileged laborers out of a job that they need to provide for themselves and their families.

- We could pressure the government to implement a labeling system requiring products to indicate the standard of labor conditions under which they are produced, making the issue highly visible and leaving consumers in control of what they buy.

  But many consumers do not have the means to buy more expensive products based on externalities and many more do not care enough to do so. Furthermore, companies do not get reliably correct results when self-analyzing their labor practices abroad.

- We could support nonprofits centered on reducing child labor and spreading awareness of the issue, creating a structured means for citizens to support labor equity in the American chain of production.

  But so many nonprofits with this goal already exist that they compete with one another for vital resources. Even with a structured means of policing labor practices, apathy would still remain a significant issue, as well as ensuing unemployment and deepened poverty if the nonprofits fail to address the underlying causes of child labor.
The UN describes poverty as “the most compelling reason why children work.” The most impoverished households of developing nations frequently need the income that the labor of their children provides merely to survive. Other factors, such as lack of access to affordable education, sudden reductions in income, and ineffective enforcement of laws also heavily influence the prevalence of child labor. Greater scrutiny from individual governments or consumers alone would merely address the symptoms without touching the root causes of poverty and lack of education. Ultimately, no matter how much better the business practices of multinational corporations become, the true causes of child labor and other labor abuses would continue to fester, only now safely hidden from the eye of the conscientious citizen.

**A comprehensive approach**

The ILO lists the four major policy arenas from which to fight child labor as “legislation, education, social protection, and labor market policy.” Legislation and social protection involve local and national governments taking steps to protect the rights of children and improve the living conditions of families through appropriate policy action. How exactly they could do this through their laws and processes is much less intuitive. Often poverty is reinforced by policies backed by the wealthy elites of poorer countries - who both benefit from the institution of wage slavery and are able to exercise substantial political pressure within their legislatures. Even less obviously, a country’s national resources may
be insufficient to combat its poverty no matter how committed its lawmakers, and the question of which direction to take to improve living conditions—decreased government spending, increased aid programs funded through strict taxation, and so on—has no clear answer when the country’s other needs such as debt and military concerns are taken into account.

Education is possibly the most intuitive of the arenas, as increased access to affordable local schooling is a clear means of keeping children out of the workplace. Not only that, but its benefits must be made obvious to families that may otherwise wish to voluntarily withhold their children from education in favor of another source of income. One suggestion is to increase the number and visibility of jobs requiring educated workers, incentivizing such families to view educating their children as an investment to give them brighter futures and more lucrative opportunities than they would have had previously. Even then, helping each country to establish free, high-quality education in enough locations to enable universal attendance is a monumental task for the international community.

Finally, labor market policy involves tightening the scrutiny upon companies to uphold the rights of their workers. Of particular urgency is the need for a focus on reducing occupational hazards. Even if child labor cannot be fully eliminated in the short term, reducing the number of children working under hazardous conditions is a top priority.

**Agents of aid**

Such a multifaceted set of tactics to combat child labor would require action from countless members of the international community at all levels, and we as a citizenry would have a role to play in each. At the highest level, the member states of intergovernmental organizations (IGOs) such as the UN would need to collaborate to introduce these sweeping changes to regions with high rates of child labor. Such action would require political pressure from the public within those states. Furthermore, these efforts could be greatly aided by the participation of NGOs, which rely on private contributions to operate.

On a national level, states would need to examine the behaviors within their own countries that may contribute to the exploitation of child labor, be it officials turning a blind eye to poor labor conditions or suspiciously-cheap outsourced manufacturing. For a nation such as America, efforts could be made to incentivize the gradual phasing out of exploitative labor as the economic conditions of the host nations of child labor become more hospitable. For those host states, tightened labor regulations with consistent enforcement along with social safety nets for impoverished households would be a strong means of reducing the number of minors in the workforce.

At the local level, in communities where child labor is prevalent, efforts would need to be made to support families who are considering using a child as a source of income. Efforts to expand educational access could be shared by local governments and volunteers in the community, possibly with the aid of NGOs. In other communities, personal contributions to such NGOs and awareness campaigns are a powerful tool for change. Though the influence of the average citizen appears to begin and end with political pressure, small contributions in the form of volunteering or donations to this cause would add up swiftly if sufficient awareness could be raised.

**What we could do:**

The goal of this approach is reversing the trends of poverty which lead to child labor and flagrant human rights abuses in the manufacturing of goods in much of the world. Policy options that embrace this approach include:

- We could pressure coalitions of international governments to force the gradual phasing out of child labor by using trade preference and formal sanctions. But the participation of individual nations in what would certainly be a team effort is not guaranteed. Any sanctions would only further damage vulnerable populations and could disproportionately affect developing countries.

- We could push for labor standards of a certain caliber as well as their uniform and effective enforcement as a hard requirement for entry into various IGOs. But this could limit opportunities for improvement and growth of nations that are incapable of implementing or enforcing such laws, which would in turn hurt the citizenry.

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- International aid designed to promote universal access to affordable education could be given to the countries with high levels of child labor in order to make education a viable option for disadvantaged youths. But even if education is available, not all families will be able to forgo the additional income that their children can provide.


**Should we push for the removal of child labor from the global labor market or coexist with it out of economic necessity? A hike in costs of many goods would hurt the most vulnerable families in America, and the failure of large corporations to output the same volume of products could create scarcity and job losses. Few Americans would explicitly condone the forced labor of children, and their deprivation of an education as a direct result, yet preventing it could risk the lifestyles they have painstakingly assembled in a turbulent economy. Also, getting rid of child labor could mean taking income away from a part of the global population that needs it desperately.**

To catalyze a deliberation towards an active, informed decision on the matter, here is a summary of the three major approaches introduced in this issue guide, along with a small list of relevant policy options and their possible consequences:

### APPROACH ONE

**Regulate Corporate Accountability**

Businesses are responsible for the conditions of workers abroad in their chain of production just as they are for local laborers. The government should use sanctions to hold businesses accountable for their actions and to discourage further abuses. Alternatively, the government could reward good behavior with tax breaks to encourage businesses to mend their ways.

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<td>Punitive fines could be levied on companies that do not meet certain labor standards, even for outsourced labor.</td>
<td>Trying to quickly shift the existing system like this could have economically-damaging effects on large companies that rely on the lower cost of outsourced labor which could lead to layoffs and closures.</td>
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<td>Tariffs for products from nations that act as common sources of child-labor-produced goods could be raised to discourage systemic outsourcing of production there.</td>
<td>This approach could further hurt the economies of those nations, and even if it discouraged our own businesses from exploiting that situation, it could still hurt the citizens.</td>
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<td>Tax breaks could be given to businesses that meet certain labor standards for outsourced labor, encouraging gradual improvement in order to receive these benefits.</td>
<td>The U.S. government is already critically underfunded and debt-ridden and reducing its income from large corporations could be an economically risky venture.</td>
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<td>The American government could try to stimulate domestic manufacturing as a viable alternative to outsourcing, creating jobs while giving corporations a reason to keep the process at home without exploiting vulnerable populations.</td>
<td>Any money for stimulus would have to come from somewhere, and it could damage the service economy to take it from some domestic sources. The national deficit and the many underfunded sectors of government are a concern.</td>
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**APPROACH TWO**

Empower Consumer Choice

Free consumer choice is an essential component of American capitalism and offers a means of seeking change without creating inefficiencies in the economy. The market has its own forms of activism and self-betterment—consumers just need to be given the proper tools. Requiring labeling of products with an easy-to-understand score based on certain ethical criteria for its labor practices would allow consumers to choose to avoid products which fell below a threshold that they considered moral and preserve the status quo of the successful American free-market economy.

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<td>Concerned citizens could collectively boycott companies that use child labor and other abusive practices abroad and raise awareness for the cause.</td>
<td>Many people would be unable to or unwilling to take part in a public awareness campaign. If the boycott were successful, it would take income away from the child laborers who need it most.</td>
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<td>The government could require labeling of products with a grading scale to signify to what degree child labor was used in its production, allowing consumers to make informed choices.</td>
<td>Many consumers do not have the means to choose anything but the cheapest available products, and many more would simply ignore the labels.</td>
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<td>Nonprofits could promote the cause by pressuring companies to reduce the use of child labor in production and by raising awareness of the issue.</td>
<td>NGOs already do promote this cause but they have a negligible effect on the apathetic consumer body and powerful corporate structure of America.</td>
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<td>The government could start a series of PSAs to raise awareness of the severity of the issue among consumers to reduce apathy and encourage shopping based on ethical factors.</td>
<td>Most PSAs that do not directly affect the individual are simply ignored, and the cost of such a campaign is significant.</td>
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**APPROACH THREE**

Seek Broad Reform

Retributive justice and preservation of the status quo are both distractions from the fact that there are still children being exploited by a system that needs fundamental reform. International legislative bodies need to aggressively fight poverty to undermine the institutionalization of exploiting the most vulnerable members of society. Countries that struggle with reducing poverty must be aided rather than penalized and further disadvantaged.

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<td>The UN or another IGO could create financial aid programs that would be made available to struggling countries only if they tightened their own labor standards to a satisfactory degree.</td>
<td>The enforcement of these improved labor standards would be very hard to monitor and could place the country in even greater financial hardship were the aid not significant enough to offset the cost of a greatly-diminished workforce.</td>
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<td>Nations could work together to bring increased access to affordable education to the underprivileged populations of poorer countries, giving the children an opportunity to join the workforce at an appropriate age as more skilled workers.</td>
<td>Even if the education was affordable, this large investment would still require the child’s guardians to forfeit a source of income, which is not always possible. Additionally, such a degree of international cooperation could be difficult to secure.</td>
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<td>Prominent trade organizations and other high-profile IGOs could make compliance with certain labor standards a hard requirement for membership.</td>
<td>This could damage the chance for improvement and growth of some countries that need it most, and some may simply accept not being members of some treaties.</td>
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<td>The UN or another IGO could create income replacement programs to provide families that send their children to school with the income they would have received from their child’s labor.</td>
<td>This would require a lot of international cooperation, and many countries would not be willing to provide funding for these programs.</td>
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