

## On Sweatshop Labour and the Dangers of Trade Restrictions

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In 1997, economist Paul Krugman wrote, "Several thousand men, women and children live on that dump... enduring the toxic waste in order to make a living combing the garbage for scrap metal and other recyclables." (Slate, March 21 1997). Krugman's argument was that sweatshops are an alternative to foraging through garbage dumps, toiling in rice paddies, or pulling rickshaws through dirty and dangerous streets. This lack of understanding of the true economic and social benefits of sweatshops is at the heart of all leftist outrage. As with all outrage, it clouds facts with tears of indignation. In Cambodia, children live, work and play on large garbage dumps where they are at risk of disease and being hit by garbage trucks (New York Times, January 14, 2009). Say what you will about factories; but at least they are not garbage dumps.

It is not only a misrepresentation of sweatshops and their virtues that the left promotes, but also a misunderstanding of poverty itself and its causes. Poverty is subjective. A family on a combined income of 60,000 may as well be millionaires in the eyes of a Bangladeshi factory worker, or the people of the Manila garbage dumps. To them, every one of us is part of the so called one percent; and when we debate whether those people should lose their jobs and lose out on the benefits of free trade, we are as bad as any exploitative monopolist.

It is important to understand that sweatshops are a symptom of poverty, not a cause. They are the lesser evil in third world nations where the greater evil is slaving in a field for a bowl of rice. They are a symptom, yes, but this symptom is a sign that the sickness is abating. Indeed, despite the rhetoric of the left, and the member for South Australia in particular, sweatshops are a sign that, economically, things are getting better. As Krugman writes, poverty has always existed (Slate, March 21 1997). It is not something created by capitalists to get a laugh out of the suffering of peasants and plebs. Contrary to popular opinion, sweatshops are a step in the road towards economic security. They represent economic evolutionary progress.

A major argument against sweatshops is that workers are often underpaid. There are a couple of things wrong with this assertion. The first being that what is called a fair wage by the left is in fact something that is subjective and, at worst, entirely fictional. Putting aside the fact that there is no right minimum wage, the workers who in iPhone and other technological factories are paid a wage that is in line with the cost of living in their nations. Not only that, but factories have been known to raise wages to ward off competition and attract workers. Foxconn Technologies twice raised wages in 2010 the equivalent of 298 USD per month (Reuters, October 1, 2010). In nine of eleven countries from which data was collected, sweatshop workers were paid equal to, or above, the average national income (Powell, Skarbek 2004). In addition to this, workers in Indonesia receive free health care and meals (Powell,

Skarbek). This is not ideal; yet, it is far more positive than the economic hell imagined by the socially concerned. The narrative of the shackles of capitalism tying the poor down is a false narrative; and any attempt to use this narrative to guide economic and trade policy is a danger that will lead to the worsening of conditions in developing nations.

There are examples that show the unintended consequences of boycotts. In 1993, a United States senator, Tom Harkin proposed a ban on imports from nations employing children in sweatshops. In response to this, a Bangladeshi factory laid off 50,000 child workers. According to Oxfam, many of these children moved from sweatshops into prostitution (The New York Times, April 22, 2001). The idea that child workers in developing nations are saved by having them lose their jobs shows a complete lack of understanding not just of the economic consequences of actions, but a lack of understanding of how poverty affects children in non-social and liberal democratic nations. All these facts are clouded by the emotion of empty passions and stale rhetoric. As Benjamin Powell writes, emotions lead people to advocate policies that do more harm to child workers (Powell, 2014). These children are not being saved from sweatshops, they are being condemned to a greater misery.

Surely, you may say, something needs to be done. Sweatshops are not nice places to work. No person who supports sweatshops does so because they are a heartless, but rather because they know the alternatives are far crueler. Not only are sweatshops the lesser evil, but they are not even that common. The World Bank found that, in seven of nine countries for which data on child labour exists, most children were employed in agriculture by a considerable margin (Powell). Even India, the nation with the highest percentage of children in manufacturing jobs, only had 14 percent of children employed in that sector (Powell). The numbers just do not support the panicked screams of the social justice movement, and do not justify the additional hurt to these children. Sub-Saharan Africa is the part of the world with the highest number of child labourers (UNICEF.org), and where most children are employed in quarries and mines against their will (International Labour Organization). With this in mind, the rallying cry against sweatshops seems misdirected.

A world without sweatshops is an ideal one. The way we accomplish that goal is all the difference between exacerbating the problem and finding practical solutions that do not hurt the people we are ostensibly trying to help. As long as there is a demand for both iPhones and jobs there will be people willing to risk their lives in a factory rather than go hungry. Sweatshops lay a route out of poverty and hunger for millions of people. It is this reason that Nicholas Kristof has written that the problem is not that sweatshops exploit people, but that they don't exploit more (New York Times, January 14, 2009). At least sweatshop exploitation is the kind that fills hungry bellies, not the kind that assuages guilt-riddled social consciences. I vote no to the proposed bill and thank the house for its time.

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