Abolishing Child Labor:
Some Overlooked Ethical Issues

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ABSTRACT
In preparation for the 1998 soccer World Cup, France banned the use of soccer balls made with child labor. As a result of that ban, Baden Sports, the company that supplied the soccer balls, closed down its Pakistani soccer ball operations, which used child labor, and moved production to China, where adult labor was employed. Many of the children who lost their jobs as a result of that decision became prostitutes or beggars. This paper discusses what ethical principles should be applied when determining whether child labor should be abolished or regulated.

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1. Introduction

This paper does not attempt to give a comprehensive treatise on the economics or ethics of either child labor or the banning of child labor. Its goal is more modest: to raise some ethical issues that are usually not addressed in the economics, political science or ethical literature on this subject.

As Frederic Bastiat (1848; also see McGee, in reference section) pointed out in the 1840s, we must look not only at the direct effects of a particular act or policy, but also at the indirect effects, what modern economists call the unintended consequences. I would like to use the Pakistani soccer ball example as a case study to illustrate my point (Greenhouse, 1997; Hubbard, et al., 2015; Larsson, 2001; Maskus, 1997).

One of the arguments put forward to abolish child labor is that children should be attending school, or not working for what westerners consider to be slave wages. Greedy employers should not be allowed to exploit children (or anyone else). Their wealth should not be earned on the backs of children.

One weakness in this argument is that we (westerners) are applying our western idea and values to another part of the world, a part many of us know little or nothing about, where values may be different. If some family in the developing world has the opportunity to send their children to work in a factory, the family income will increase, perhaps making a difference in the number of calories they are able to consume. Rather than having one meal a day, they may be able to afford two or even three meals.

Of course, children and families have a choice. They can keep the children at home, or they can send them to school (if they can afford it), or they can send them out to work, which not only allows them to earn extra income, thereby increasing their standard of living, but also teaches them discipline and job skills, which they can use the rest of their lives. If they apply the theory of opportunity cost, they will choose the option that benefits them the most. Some parents and/or children will opt to work rather than to stay at home or attend school. Such a choice would, in their opinion, be the best outcome. They would benefit more by choosing this option than by choosing any other option. Passing a law that prohibits them from having this choice forces them to accept their next best option. In other words, laws that prohibit child labor force them to choose a different option that is less desirable, thus reducing their well-offness.
2. Pakistani Soccer Balls

The Pakistani soccer ball example is a case in point (Greenhouse, 1997; Hubbard, et al., 2015; Larsson, 2001; Maskus, 1997). In preparation for the 1998 soccer World Cup, France banned the use of soccer balls made with child labor. As a result of that ban, Baden Sports, the company that supplied the soccer balls, closed down its Pakistani soccer ball operations, which used child labor, and moved production to China, where adult labor was employed.

On the surface, it sounds like pressuring the soccer ball company not to use child labor was the moral choice. After all, children shouldn’t be working in factories, should they? That is what is seen (Bastiat, 1848). But what is not seen is what happened to those Pakistani children who became unemployed as a result of the soccer ball ban. Many of the young girls became prostitutes and many of the boys became beggars because no better opportunities were available to them (Greenhouse, 1997; Hubbard, et al., 2015; Larsson, 2001; Maskus, 1997).

In other words, the company that had employed them, rather than being an exploiter of child labor, as the do-gooders would have us believe, actually played a major role in saving them from a life as beggars or prostitutes. The company was willing to pay them to work, keep them off the streets, and teach them discipline, responsibility and job skills that they could carry with them to their next job. Employing them provided them with the opportunity to put their foot on the first rung of the job ladder. That first rung was knocked out from under them when the company decided to move its operations to China.

3. Two Ethical Approaches

Several sets of ethical principles may be applied to this fact situation to determine whether employing children was ethical and whether pressuring the company to close down its Pakistani operation was ethical. In this paper I will discuss two of the more popular sets of ethical principles that economists and moral philosophers tend to employ in their ethical analyses.

I should point out that many economists do not view their policy papers as having any ethical content. They merely attempt to determine whether a particular policy or act provides a net benefit to the community. They would call themselves wertfrei economists, which means they merely look at the science and arrive at conclusions without applying any values. Rather than ask should 2 plus 2 equal 4, they would ask does 2 plus 2 equal 4. Another example: “If we raise prices by 10 percent, demand will fall by 12 percent. Should we raise prices?” The first sentence is just a statement of fact. If you do this, then that will happen. It is a value-free statement. It is the second sentence that is value-laden. Should we do this or that?
Whenever you use the word *should* in a sentence, you are adding your values, and your analysis is no longer *wertfrei*. When economists look at the pros and cons of a particular act or policy and determine that the pros outweigh the cons, they are applying utilitarian ethics whether they realize it or not (McGee, 1994).

The question they would ask is whether the act or policy results in a positive-sum game. If it does, they would conclude that the act should be permitted or the policy should be implemented.

Let’s apply utilitarian ethics to the question of whether child labor should be used in factories. What are the pros and cons? Who benefits and who loses if child labor is employed in factories? Do the gains (pros) exceed the losses (cons)?

The children (or their parents) apparently benefit. Otherwise, they would not be working in factories. So the children and the family unit benefit. So does the company that employs them. Otherwise, they would not have been hired in the first place. Another group of winners are the people who purchase the soccer balls. And, of course, the children also benefit because, in addition to a salary, they are learning discipline and job skills, which is a form of education.

The family unit has more money to spend if their children are employed. Thus, whoever sells them products or services benefits as a result of their employment. It is impossible to estimate accurately which industries will benefit, and by how much, but it is a safe bet that they will spend some of their money on food and clothing, so the agricultural and textile industries will benefit from the child labor. If the family unit uses some of the funds to buy medicine and television sets, the pharmaceutical and medical industries will benefit, as will the companies that make televisions. The transportation industry may benefit, if the children have to travel to work rather than walk. There are probably other industries that would also benefit if children are allowed to work, but it is impossible to identify all of them or to accurately estimate the extent of the benefits they would receive.

Who loses if children are allowed to work in factories? Perhaps the various school systems would lose because they would have fewer students if some of the available pool of children decide to work instead of attending classes, although not having more children in class would reduce overcrowding, which would benefit all the children who are currently in school.

Anyone who buys or uses a soccer ball may lose, either because the soccer balls will never be made, or they will be made by someone else, perhaps at a higher cost. If consumers of soccer balls have to pay fifty cents more for a soccer ball made in China, they will have fifty cents
less to spend on other products and services, so a wide range of industries will face reduced sales as a result of banning the employment of children.

The prostitution and beggar industries would be harmed if children are thrown out of the factories because there would be an increased supply of prostitutes and beggars. The supply curve would shift to the right, thus reducing the price. Existing prostitutes and beggars would face increased competition, and their incomes could decline as new competitors enter the market.

An increased supply would lead to lower costs for those who use prostitutes or contribute to beggars. The children would lose, of course, since they would be forced out of the more pleasant factories and into the less pleasant streets and brothels. How do we know those places would be less pleasant? Because if they were more pleasant than working in the factories, the children would already be there.

Kicking children out of factories in Pakistan would benefit Chinese companies that make soccer balls because they would have increased business. The workers in those Chinese factories would spend their extra income on a wide range of products and services, and all industries in China would benefit, although it is impossible to accurately calculate the extent of the benefit for any particular industry.

So, do the overall gains from kicking the children out of soccer ball factories in Pakistan and replacing them with Chinese adults result in a positive-sum game or a negative-sum game? It is impossible to measure gains and losses accurately, so it is impossible to arrive at a mathematical measurement that everyone can agree on.

If someone goes into a grocery store and purchases a Hershey’s chocolate bar instead of a Mars bar, all we can say is that that particular consumer at that particular time and location preferred a Hershey’s bar to a Mars bar. We cannot say that he or she preferred Hershey’s to Mars by 13.2 percent, and we cannot predict how preferences would change if one of the companies increased the price of its chocolate bar by 10 percent because we do not know the relevant elasticities of the supply and demand curves, and we do not know how consumer preferences will change.

One of the structural deficiencies of utilitarian theory is that it is impossible to accurately measure gains and losses. Indeed, it is often not possible to even identify winners and losers, as Bastiat pointed out in the 1840s. All we can say is that Pakistani children who work in a
soccer factory prefer working there than anywhere else. Otherwise, they would not be in the soccer factory.

Another structural deficiency of utilitarian ethics is that it totally ignores property and contract rights. If the result is a positive-sum game, a utilitarian would not hesitate to violate someone’s property or contract rights.

Which brings us to an alternative ethical approach – rights theory. Under a rights regime, any act or policy that violates someone’s rights is automatically labeled as unethical, even if the result might be a positive-sum game. For example, if two wolves and one sheep vote on what’s for lunch, a utilitarian would conclude that having the sheep for lunch would be ethical because there were two winners and only one loser, thus resulting in a positive-sum game. Of course, the sheep would lose a lot, whereas the two wolves would only gain a little, temporary respite from hunger. And that is another structural deficiency of utilitarian ethics. If one person loses a lot (like the sheep), while a larger number gain a little (like the two wolves), how can you really tell if the total gains exceed the total losses.\footnote{Other outrageous examples of the application of utilitarian ethics could also be given. For example, in The Brothers Karamazov, Dostoyevsky (1879-1880) provides an example of having the option of torturing and killing one baby if the result would be eternal happiness on earth for everyone else. Billions of people would gain greatly. No more hunger, war, pestilence, disease or hate, etc. All they would have to do is torture and kill one small baby. Paulo Coelho, the Brazilian novelist, provides another example in The Devil and Miss Prym (2000). A rundown, decrepit village could receive enough gold to totally restore itself. All the residents would have to do to get the gold would be to murder one of its residents, and they could choose who it would be.}

Applying rights theory would result in the opposite conclusion. Implementing the outcome of such a vote would be unethical because the sheep’s rights were violated. There is no need to measure gains and losses, which is often impossible to do anyway. Thus, a rights approach is structurally superior to a utilitarian approach because one can arrive at a conclusion that is objective rather than subjective.

Now let’s apply ethical theory to the question at hand, employing children to work in a Pakistani soccer ball factory, or initiating a boycott or passing a law that prevents them from doing so.

4. Passing Laws

Numerous laws have been passed in various countries to either ban child labor completely or regulate it. Some trade agreements also restrict or prohibit making products with child labor. As has been illustrated in the Pakistani soccer ball case, such an act or policy has winners and losers. Although it is impossible to precisely measure total gains and total losses, or even to
identify all of the winners and losers, a reasonable person might conclude that banning Pakistani soccer balls made with child labor was an incorrect policy because it would be better to have those children working in a factory, with opportunities to earn income, learn discipline and responsibility, increase their job skills, etc., than to have them working in the streets, which is more dangerous, and degrading, and which generally does not lead to any career path (It might also be sinful, depending on your religion).

From a rights perspective, banning the manufacture of soccer balls with child labor must necessarily violate the contract and property rights of both the children and the business owner. Thus, the ban cannot be justified on rights grounds, either.

5. Advocating Boycotts

What about merely advocating boycotts rather than passing a law to prohibit child labor? Is that somehow more ethical than actually prohibiting the practice by law? The right of the children to offer their labor services would not be violated by a boycott. Neither would the right of factories to employ the children. But if the boycott were successful, the children would still be out on the street and the soccer balls would still be made by adults in China instead of children in Pakistan. If you were the organizer of such a successful boycott, how would you feel? Would you be proud of yourself for being responsible for turning working children into prostitutes and beggars? Could organizing a successful boycott be ethical if the result were more prostitutes and beggars?

6. Concluding Remarks

Well, I hope this essay has provided some food for thought. Actions have consequences. Do-gooders do not always do good. In fact, as Adam Smith said in 1776, those who often do the most good for society are those who had no intention of doing good at all. They were only concerned with making a profit. Thus, the owners of the Pakistani soccer ball factory were helping hundreds of Pakistani children and their families as well as all the other businesses that sold products and services to those families, while the (perhaps sole) intent was to make profits.

What is the takeaway from this essay? I would hope you are now able to see that one must look at all the effects on all the parties, and not just to the immediate effects and parties who can be

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2 It would violate their contract rights because the law would prohibit them from entering into a contract.
3 It would violate their property rights because individuals (children, in this case) own their bodies, and if they cannot use that body to produce goods or services, their property rights are violated. The employers’ property rights are also violated because they are prevented from exchanging the property they have (cash) for the property they want (the fruits of the children’s labor).
identified. But more importantly, you should now be able to understand that any utilitarian approach (which asks the question, “Who gains and who loses?”) is structurally deficient because it ignores rights violations, not to mention the fact that gains and losses cannot be measured accurately, and that it is often not even possible to identify all the winners and all the losers.

The better approach is to apply rights theory to ethical issues. Whenever you are confronted by an issue or a policy where there may be winners and losers, ask yourself this question – “Are anyone’s rights violated if this act were prohibited, or if this policy were implemented?” If the answer is yes, then it is automatically unethical, and should not be implemented or adopted.

References

Dostoyevsky, Fyodor. 1879-1880. The Brothers Karamazov [Братья Карамазовы]. First published as a serial in The Russian Messenger from January, 1879 to November, 1880. As a side note, it might be mentioned that the reason some Russian novels are so long is because they were first published as serials, and the writers got paid by the word.


