

Economic aspect of sweatshops

[Economics](#)



Abating Often times, economists are asked about sweatshops. Economists across the political spectrum have pointed out that for many sweatshop workers the alternatives are much, much worse. Working in the apparel industry in any of the sweatshop operating countries results in earning more than the average income in that country. In half of the countries it results in earning more than three times the national average. Individuals often assume that sweatshops are morally wrong and thus question why they exist. However, they are not morally wrong.

In fact, sweatshops are actually one of the first positive signs of growth for those in developing countries. The above data shows the comparison between apparel industry sweatshop wages vs. the national average. Data clearly shows that majority of people earning less than 2 dollars a day are working in sweatshops compared to less than 1 dollar a day. From a business perspective, sweatshops are overwhelmingly lucrative since they capitalize on low-wage labor in developing countries and significantly reduce production costs. Many major clothing and footwear companies, for example, have been linked to sweatshops.

Brands such as Nike, GAP, Converse and Levi's, have all been guilty of numerous violations of requirements for reasonable working conditions in their production facilities. All of their headquarters and customer bases are located in the United States, while the manufacturing component of the production process is carried out in Asia. Such companies have been criticized as being complicit in the exploitation of workers because they fail to correct the manufacturers' malpractices, of which they are aware but often claim are hard to correct.

An internal report carried out by Nikkei, for instance, found that nearly two-thirds of the 168 factories making Converse (one of the company's brands) products failed to meet Nike's own standards for manufacturing. Even if sweatshop labor is unfair, it's a bad idea to prohibit it. Taking away sweatshops just takes away an option for the poorest workers of the world. While countries can make it illegal for sweatshops to pay low wages, they cannot prevent sweatshops from shutting down and paying no wages. And when that happens, the workers all lose their jobs.

One of the biggest hallmarks of sweatshop labor is that the workers are simply underpaid, especially considering the kinds of working conditions they endure. Minimum wage levels in countries such as Thailand, the Philippines, and China, are significantly lower than that of the United States. Workers have consistently expressed concerns at the closing of even the most dismal sweatshops, and the constant and ready supply of sweatshop labor can be attributed to the fact that developing Asian countries and their peoples are in dire need of these economic opportunities, which outweighs their aversion to exploitative working conditions.

Is the negative reaction in the developed world to sweatshops and their ethical violations essentially misinformed? Some of the world's leading economists have cited sweatshops as a necessary step in modernization and development. Jeffrey D. Cash at Harvard and Paul Gruman at the Massachusetts Institute of Technology have asserted that sweatshop manufacturing, especially in the production of goods like clothing and shoes for foreign markets, is an essential preliminary move toward economic prosperity in developing countries.

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