***4.2 Global profits***

In this case, a closely-held international company has found out that some of its supplier entities were operating low-wage sweatshops in poor countries. A sub-committee, chaired by the daughter of the wealthy founder, was convened to discuss various options for increasing pay and improving local conditions. Here, a right-leaning group might be asked to justify the viewpoint that “*Ian* *Maitland’s analysis of sweatshops is completely correct and that the best way to improve working conditions is to leave markets alone*”, arguing somewhat as follows:

The low cost of production is *efficient* and hence leads to more desired exchanges, overall. The “lines of job applicants” for each factory are composed of free *individuals* who are simply revealing their *preferences* for the job opportunities that have been created there. Any expressive (identity or *culture*-related) *values* they may have are evidently outweighed by their need for money (economic *utility*). As noted in the case, the concepts of *exploitation* and *alienation* (market limitations) are “not easily understood” by many job applicants. The enterprise creates *value* or financial *capital*. The *trend* towards globalisation reflects the nature of technological progress and we ought to go with the flow. Most importantly, as Maitland emphasized, ethics will come *later*, after competitive forces have led to more ISS’s which will eventually have to compete for labour. At that moral-turnaround point, the “ills” of ISS’s will be cured (naturally or homoeopathically) and the economy will be uplifted.

A left-leaning group might then claim that “*It’s obvious that the best ethical and practical approach is Smith’s profit-sharing plan: minimum wage plus ‘split the profits’ with employees”,* justifying this as follows:

It is obviously *unjust* to pay very low wages in harsh working conditions, in order to enrich owners who are often already wealthy. Many “job applicants” are not making free choices, instead they have been coerced into seeking this type of (*alienating*) work because global market forces have disrupted their traditional means of survival (a basic *value*) and way of life. There is much local *value-destruction* in the service of the global economy. Accordingly, companies (MNC’s) operating in developing regions have a corporate or *collective duty* to aid/assist local people directly (e.g by sharing profits) and to generally *compensate* for the value destruction (e.g. Margolis, et al 2xxx). Also with respect to the known *limitations* of markets, the employees (like any other person) are probably not fully aware of what’s in their own genuine best interest. Political action, or moving to another traditional community might serve these interests better. *Utilitarianism* and *stakeholder* theory support the view that improvement in working conditions will probably lead to an increase in the *overall total good* created by the enterprise. This can be true even if profits are reduced, so long as higher “goods” are recognized, such as a sense of justice**[f boulding]**  and nobility. This seems very relevant here, because a prominent family and pillar of the community (within the home country, USA) is involved. Also, the happiness (*eudeimonia*) of the very wealthy owners might be increased by a reduction in their wealth, if it prompts them into leading a more balanced life. In some parts of the World (e.g. South America, Europe) various profit-sharing arrangements are becoming mainstream and it seems prudent go along with this *trend.* These arrangements (including ESOPS etc) find support from both the *left* (who emphasise fairness) and the *right* (who emphasising instrumental motivation or *efficiency*).