
THE ETHICAL CASE AGAINST
SWEATSHOPS IN GUANGDONG PROVINCE:
RESOURCES FROM JOHN RAWLS' THEORY OF JUSTICE

广东省血汗工厂的伦理案例：
对策来自约翰·罗尔斯的《正义论》

Liu Guangming 刘光明

ABSTRACT

Guangdong province is famous for its many sweatshops. Discussions in the past have focused on factory pollution, working conditions, and use of child labour. This article addresses ethical issues associated with sweatshops, particularly, disrespect for employees and violations of the privacy of employees. A management approach is proposed based on John Rawls' theory of justice.

ISSUES RAISED BY SWEATSHOP WORKING
CONDITIONS

Guangdong Province is the most developed area in China, and its total GDP is ranked first in the whole country. If it were regarded as an independent economy, the province would rank fifteenth in the world. The Pearl River Delta region in Guangdong Province has a large number of manufacturing enterprises, including toy manufacturing, which are mainly concentrated in Dongguan City. Behind the impressive economic statistics, there lies a dark side consisting of many sweatshops which have not been effectively regulated.

Before 2010 there were a large number

of corporate violations such as the usage of child labour. In particular, children from the southwestern region of China were transported to the Pearl River Delta in batches (Liu, 2008). However, in recent years, the use of child labour has been effectively curbed. In particular, the government has taken strong measures to counter the use of child labour. The Chinese government requires that every employee should be registered to the local administrative department of labour security. The goal for establishing an employment

by focusing on the lack of respect for employees. The same situation is encountered in the toy sweatshops in Dongguan City. It is not just a legal issue. The ethical dimension should be considered in this case, since the dignity of the staff is not simply a legal concept, but more a concept of ethics. As an ethical concept, self-respect is difficult to analyse within the assumptions of philosophical positivism. Positivism might enable us to set up a scale to measure the relationship between self-respect and corporate performance and then draw

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registration system is this: from 2007 onwards, all employers should go to the administrative department of labour security at the county level or above for employment registration; by the end of 2008, the province, city and county should establish labour records within the employment system, and build a nationwide employment information database (Gan, 2007).

Although the Chinese government has enacted a series of laws to ensure the rights and interests of employees, there are still many violations of employee rights. For example, Chinese and foreign media in 2010 were shocked by the Foxconn scandal¹. This event was not about child workers, but adult employees. Some scholars have raised questions about Foxconn:

The challenge of respecting human dignity is far subtler at Foxconn, where at least a basic level of care for the workers' physical needs seems to have been met. But what of their other needs, which might be regarded as social or cultural, emotional or moral, and spiritual? (Rothlin and McCann, 2016, p. 167)

In this article, I follow up on this question,

conclusions whether the correlation is positive or negative. But if we ask deeper questions about the meaning of self-respect in order to understand its ethical significance we must follow another strategy. I shall argue that, if we are to understand self-respect as an individual's most cherished good, Rawls' theory of justice will provide a useful theoretical resource for this analysis.

First, let us consider Rawls' conception of self-respect (or self-esteem) which he defines thus:

We may define self-respect as having two aspects. First of all, as we noted earlier, it includes a person's sense of his own value, his secure conviction that his conception of his good, his plan of life, is worth carrying out. And second, self-respect implies a confidence in one's ability, so far as it is within one's power, to fulfill one's intentions. (Rawls, 1971, p. 440)

From this definition we can see that self-respect includes the determination of value, which has an important influence on individual's behaviour and life-plan. If the individual's self-respect is violated, it is a negation of the individual's value.

It is necessary to point out that the construction of Rawls' theory of justice is aimed at all rational individuals. In different cultural

¹ Foxconn technology group was founded in 1974. It is a high-tech enterprise specializing in computers, communications, digital content, etc. From January 23th to November 5th in 2010, fourteen people from Foxconn jumped off a building and died. (Wang, 2015)

backgrounds, the significance of self-respect may change. Self-respect is the most important primary good, in Rawls' view, and it should not involve a controversy among diverse cultural perspectives, since every individual needs self-respect². If we apply Rawls' notion of self-respect in the context of business enterprises, we observe that employees will show a negative attitude in environments where their self-respect is violated. For example, Huang (2016) observes that reprimanding staff is disrespectful, and eventually makes the employees depressed thus producing a negative attitude. Under such circumstances, employees, naturally, will not treat business organizations as a place to realise the value of self.

Having introduced the concept of self-respect, we now turn to the problem of sweatshops. There are many violations of law in these sweatshops, but with the improvement in national legislation and the increase in punishments for violations of laws, illegal behaviours have been greatly reduced. Nevertheless, sweatshops still exist, and even as they shrink back into the shadows where human dignity is still ignored, problems continue but in a more complicated way.

Sweatshops in Guangdong Province face three ethical issues: First of all, there is the attitude of disrespect to employees in the processes of production. In particular, employees in the factories can be searched at any time. Security guards who have great power carry out the inspection. Secondly, there are the privacy problems that employees have encountered outside of the workplace. For example, living quarters for workers are crowded, with small rooms occupied by many people affording no privacy at all. The third ethical issue is about the recruitment of interns.

The problems of internship recruitment emerge in the following aspects. First is sex discrimination, especially discrimination against female interns. Sun (2016) said that more

than 80% of female college students encounter discrimination when applying for interns. Since female interns may be facing marital problems, enterprises prefer not to recruit them. Second is discrimination based on educational background. The education system in China reflects various kinds of class. Since such classifications are not dependent on knowledge or professional skills, it is unfair to appeal to them in the recruitment process. The third form of discrimination concerns health conditions. In particular, some infectious diseases, such as AIDS and hepatitis B are involved. Although these diseases are not related to specific occupations, the ways they are detected require further investigation. Thus, the first screening for interns, regardless of the occupation, includes a physical examination. So, in a broader sense, while discrimination is not directly linked to health problems, in determining the interns' health, there is a violation of the right of privacy. The aforementioned ethical issues do not violate the law, and we can't find obvious evidence to prove that these acts are illegal, but they have negative impact on individuals, since they involve a negation of individual dignity and individual value.

In the debate over corporate social responsibility, Milton Friedman argued that the purpose of an enterprise is the pursuit of profit, and the basic premise of business ethics should be non-violation of the law. As a classical liberal economist, Friedman (1970) holds that managers are the employees of the owner, and they should serve his interest above all. The logical consequence of his view is that the social responsibility of the enterprise should be to fulfil the employer's expectations—the maximization of profit. This owner-based conception has its critics: for example, the founder of Whole Foods, John Mackey (2005), has criticized Friedman's view as too narrow, and failing to explain the social responsibility of his business. Scholars advocating the development of corporate social responsibility challenge Friedman, contending that his view can't fit the needs of enterprises in modern society. As our case study shows, even if sweatshops don't violate laws, their behaviour remains morally suspect. Is it necessary for their

2 It is still debated whether self-respect is a universal value. Advocates of Rawlsianism treat self-respect as universal with the following logic. Yao (2001), for example, believes that equality and freedom are universal values, as in Rawlsianism. Secondly, self-respect is the expression of equality and freedom. Therefore, if understood this way, self-respect has a universal applicability.

owners and managers to consider such moral objections? What is the theoretical basis for considering moral questions beyond compliance with the law? Can we get some answers from Rawls' theory?

INSIGHTS FOR MANAGERS FROM RAWLS' THEORY OF JUSTICE

Let us recall Rawls' twofold principle of justice:

First Principle: Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.

Second Principle: Social and economic inequalities are to be arranged so that they are both: (a) to the greatest benefit of the least advantaged, consistent with the just saving principle, and (b) attached to offices and positions open to all under conditions of fair equality of opportunity. (Rawls, 1971, p. 302)

According to the first principle of theory of justice, each human being has basic rights. Of course, Rawls emphasises the most extensive basic rights of freedom. This broad sense of freedom includes freedom of thought, freedom of speech, etc. The basic rights involved are not only legal rights, but also moral rights. It includes not only negative rights, but also positive rights. Although the goal of the first principle is oriented to the whole society, I contend that enterprises, as organizations in the society and as "corporate citizens," need to support the construction of a just social system, and this implies an obligation to guarantee all kinds of basic rights, including moral rights, even in the ways their businesses are structured and managed. Business leaders therefore, as the decision-makers of enterprises, should be concerned about moral rights.

In recent years, the basic rights of individuals have been given top priority in international standards of corporate social responsibility (Li, 2008). Nowadays, many

enterprises in China also participate in the ISO14000, SA8000 standards system of certification. Since third parties put forward these standards, they do not provide the strong constraints of laws regulating Chinese domestic enterprises, but appeal instead for voluntary compliance. Some Chinese scholars criticise the international standard of corporate social responsibility as an attempt to hinder the economic development of China (Li, 2004). Especially, they argue that the international standard is constructed from the interests of developed countries, and does not take into account the situation of China. They conclude that it constitutes an obstacle for developing countries.

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I don't agree with this point. Moral leadership must ensure the bottom line of guaranteeing the rights of individuals, whether these are legal rights or moral rights, and this bottom line should not be compromised because of local conditions, such as the industry, the scale of enterprises or the political system. Those who oppose the application of universal standards in China argue that the background of Rawls' theory of justice is the prevalence of utilitarianism in American society, and the main purpose of his theory is precisely to replace utilitarianism. In fact, they are mistaken in assuming that Rawls's theory of justice is exclusively based on the capitalist system. If one examines carefully Rawls' thought experiment, no distinction is admitted reflecting

the differences among specific economic systems. So just as Shi (2001) insists, the aim of Rawls' theory of justice is to develop a comprehensive institutional ethics with universal significance. Therefore, the concern of rights in the theory of justice has a certain degree of similarity with the concern of rights in the standards of CSR. In the context of Rawlsianism, no matter what kind of system the individual is in, self-respect is the primary good for each individual. The implication is that the maintenance of rights is not affected by specific institutional background and other economic circumstances.

The Rawlsian notion of self-respect, therefore, is relevant for judging the ways employees are treated in the production process. Enterprises make routine inspection of production workers, and we think it is necessary, since each enterprise needs to protect commercial secrets and proprietary technology for their own development. However, we need to consider the limits of inspection. If employees are monitored at any time, searched at any time, without consideration of their dignity, these behaviours may violate a moral limit. In fact, one of the main reasons for the events at Foxconn was the disrespect of workers, which led to tragedies that aroused the shock of the public. Some employees at Foxconn had lost their dignity, and the inspections may have had a bad influence on their mental state.

Should such inspections be banned altogether? Perhaps Rawls' thought experiment can help us to answer this question.³ The thought experiment imagines an ideal situation, which assumes that the individuals involved in it have rational ability, but they do not have complete knowledge of their own actual situations. By extension we imagine that employees, business

3 In fact, the thought experiment in the original position described in this paper is analogous with the thought of the classical Confucianism. The Master said: "Do not impose upon others what you yourself do not desire." (Analects 15:23) In Rawls' theory of justice, the thought experiment in the original position is a concrete application of the "self-legislation" of Kantian ethics. In Kantian ethics, the individual's self-legislation is universal, and it also plays a guiding role in the behavioural constraints between individuals. In Confucius' perspective on respect, the first focus is on self-reflection, and then on honouring behavioural constraints between individuals. There is a lot in common between the concept of respect in Kantianism-Rawlsianism and the concept of respect in classical Confucianism.

leaders and inspectors in this experiment do not know their position. In this kind of workplace, we need to ask whether individuals want to be searched at any time, and whether they would have any objection to it. Obviously, the limit of individual dignity being infringed is not easy to define. But there must be a limit based on respect for the moral dignity of all concerned, for example everyone's desire to avoid psychological harm. Therefore, it is not appropriate to conduct searches and take other excessive steps to monitor employees, with no thought of respecting their human dignity.

Rawls' concept of self-respect provides resources for solving such problems. Self-respect is a primary good in his theory of justice, in fact, the most important primary good⁴. Each individual is concerned to protect his or her own self-respect. Accordingly, business leaders must realise the importance of self-respect. However, self-respect cannot be achieved except by showing respect for others. Rawls said:

Furthermore, the public recognition of the two principles gives greater support to men's self-respect and this in turn increases the effectiveness of social cooperation. Both effects are reasons for choosing these principles. It is clearly rational for men to secure their self-respect. (Rawls, 1971, p. 178)

In Rawls' view, self-respect and mutual respect are the basis of social cooperation, which clearly has a positive inspiration for business leaders⁵. If a business leader uses Rawls' concept

4 Rawls said that: "As a first step, suppose that the basic structure of society distributes certain primary goods, that is, things that every rational man is presumed to want. These goods normally have a use whatever a person's rational plan of life" (Rawls, 1971, p. 62). In another place, Rawls said that: "On several occasions I have mentioned that perhaps the most important primary good is that of self-respect" (Rawls, 1971, p. 440).

5 Actually, there is a similar view in Confucianism. The Master said, "Master Zeng! All that I teach can be strung together on a single thread".....Master Zeng said, "All that the Master teaches amounts to nothing more than dutifulness (zhong,a) tempered by understanding (shu,o)" (Analects 4:15) This view emphasizes the way of interpersonal relationships. The starting point of understanding (shu) embraces the perspective of others, and ultimately constrains one's own behavior. This is a process of mutual understanding, and it can effectively eliminate conflicts between people, and this is similar to Rawls' practice of mutual respect in social institutions.

of self-respect, he or she will discover that one important element supporting an individual's struggle to find value in life is creating a culture of mutual respect within the organization. The moral leader's commitment to mutual respect is of great importance to the value of an employee's life. Even if the legal system of a society is not perfect, moral leaders will not use legal loopholes to infringe the rights of others in order to gain their own self-interest.

The last problem is the abusive recruitment process in sweatshops, which cry out for rectification. Workers and interns often have no chance to get fair treatment, or fail to get the basic justice required by the State. Here, too, Rawls' theory of justice provides some resources. The second principle emphasises the improvement of the situation of the most disadvantaged groups. People in poor areas do not have superior status or good economic conditions, and they have not received regular education. Interns suffer in a similar situation. Typically, interns in sweatshops have not received regular education, and they have no work experience or basic skills. So, in a sense, they are the most disadvantaged group. When sweatshops recruit these people and do not give them reasonable treatment, this violates Rawls' principles. Leaders should prevent the most disadvantaged groups from being treated unfairly.

Disadvantaged groups have the lowest expectations in terms of basic goods, and leaders should not try to reduce their expectations even further, but on the contrary they should improve the basic goods for such groups. Leaders should express concern for their most disadvantaged employees in the management of their enterprises and build a good ethical atmosphere that can strengthen respect and trust between leaders and staff. When the interests and rights of the most disadvantaged people are affected, leaders should consider how to handle similar crises effectively. They should take the initiative to redress and compensate injured workers, for example, so as to make up for the individual's loss as much as possible, and thus resist any temptation to take the easy way out by covering up a scandal.

CONCLUSION

Safety accidents at work seem like an endless stream in China. Although many enterprises seek certification of their social responsibility standards, this does not mean that the ethical practices of corporations are well developed. Actually there is still a long way to go. A moral leader should not only be concerned with the ethical situation of the enterprise itself, he also needs to expand its scope. With international economic cooperation increasing today, ethical scandals over the practices of local subcontractors will also have a negative impact on their global partners. For example, the discovery of sweatshop conditions among its subcontractors in Southeast Asia have made a big negative impact on Nike Inc., thus putting at risk the outsourcing that Nike hoped to do with them. The impact of sweatshop conditions is not just local, but it may also affect a number of upstream and downstream businesses.

From the above reflections, I hope we will all realise the importance of business leaders' respecting human dignity and guaranteeing moral rights. Learning how to institutionalize those concepts is crucial for business development, and there is still more work to do in understanding the connection between Rawlsian philosophy and the development of good business practices.

LIU GUANGMING is PhD student, Department of Philosophy, Sun Yat-sen University, Guangzhou.

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