

## CAPITALISM AND CHILD LABOR

David W. Cooney

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**T**here was a time in capitalism's past where child labor was a common practice. I'm not referring to what happened in undeveloped or low technology countries; child labor was a common practice in the most "advanced," highly industrialized countries in the world. However, time has passed and these countries no longer accept the idea of child labor. So, society has advanced. Some may even argue that capitalism itself has advanced. However was this shift really a change to capitalism itself? Was it a change to the underlying philosophical views that are the basis of capitalism, or was it a case of a view outside of capitalism that imposed itself on the system?

To answer this question, we must recall what the underlying philosophical view of capitalism really says. It basically says that the market will always, ultimately, correct itself as the natural result of economic actors making decisions based on their self interest. No one wants to put himself at a disadvantage, so he wouldn't agree to something that would put him in that position. Since this is true for all sides of any economic transaction, the natural result will be something that they all will agree is good for themselves. This belief is generally known as the "Invisible Hand" of the market as expressed by Adam Smith. Is this belief true? I believe history clearly demonstrates that it is not.

The underlying assumption of the view appears to be that all economic actors engaging in negotiation are equal. It doesn't seem to address, or even acknowledge, when they are not. There is a significant difference between a person seeking a job because he is destitute and one who seeks a job and is not destitute. The difference is that the person who is not destitute is in a good position to reject a bad job offer and take the time to find a better one. The person who is destitute may feel he needs to take a bad job offer. In other words, the destitute person will accept something that still puts him at a large disadvantage merely because it is slightly better than his current position. Now capitalists may argue that this is still a free decision and improves his position, but does this really justify offering someone poverty on the basis that it is better than outright destitution?

When it comes to the child labor practices in the advanced industrialized countries at the end of the 19<sup>th</sup> and beginning of the 20<sup>th</sup> Centuries, we need to remember why children were available as an employment resource. The reason is that the largest wealth producing companies in these countries were not paying their adult laborers enough wages to support their families. Even with both parents working, families were struggling to pay the bills and eat, so they needed their children to work to try and earn the additional income needed to simply survive.

However, these advanced countries no longer have child labor, so what is the point of bringing up

things that happened a century ago? Haven't we moved passed this? The reason is that we forget what it took to get to the point where we no longer have child labor. We forget that capitalism did not end this practice. Capitalists fought against the changes required to end the practice of child labor for decades, and were eventually forced to stop by government. The question for today is this; can this change be considered a feature of capitalism to the extent that child labor would not re-emerge without continuing legal enforcement?

To understand the answer to this question, we must remember that even today's capitalists believe in the foundational assumption of the Invisible Hand. For many of them, the only role something like ethics has to play in economics is whether or not a decision is a good business decision. To switch topics for the point of illustration, polluting the water is a good decision if it will increase profits, but it is a bad decision if public dissatisfaction will hurt your sales and end up decreasing profits. Putting genetically modified organisms in food products is a good decision if it will increase profits, but actually telling the consumer about those ingredients by putting it on the label is a bad decision if it will hurt profits. Notice that, in this last case, the decision is not to stop using those ingredients, the decision is to refuse to let the customer know what he is really buying. In other words, the ethical action of letting customers know what they are really buying is the "bad" decision for the capitalist. Why? Because customers might choose not to buy the product if they knew what was really in it. Ultimately, the philosophical view of capitalism appears to be the same today as it was when child labor was practiced in the past. That view appears to be that just about anything you can get away with to increase profits is "good."

To those who think that something like child labor is definitely a thing of the past, consider that two major companies supplying car parts for Hyundai and Kia were recently caught using child labor in their factories in the United States. There have been many articles written on this case and it is clear that these suppliers started using child labor for two reasons: in order to meet the demands for the parts they supplied (in other words, to get the profit) and because they were in a position to get away with it.

Some articles blame the lack of union representation in these factories, or decreased regulation of businesses in the state, but whatever the reason, the reality is that the managers at these factories did something they knew would not only be socially unpopular but is also illegal because they somehow thought they could get away with it. In my opinion, this is a natural result of the view that economics is a science separate from ethics. It is a view that will only really impose ethical behavior on the basis that doing so is more profitable, but will abandon ethical behavior when acting ethically is believed to be less profitable. For distributists, economics cannot be separated from ethics because economics is not a separate science, it is just one category of ethics.



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