Where Sweatshops Are a Dream

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PHNOM PENH, Cambodia

Before Barack Obama and his team act on their talk about “labor standards,” I’d like to offer them a tour of the vast garbage dump here in Phnom Penh.

This is a Dante-like vision of hell. It’s a mountain of festering refuse, a half-hour hike across, emitting clouds of smoke from subterranean fires.

The miasma of toxic stink leaves you gasping, breezes batter you with filth, and even the rats look forlorn. Then the smoke parts and you come across a child ambling barefoot, searching for old plastic cups that recyclers will buy for five cents a pound. Many families actually live in shacks on this smoking garbage.

Mr. Obama and the Democrats who favor labor standards in trade agreements mean well, for they intend to fight back at oppressive sweatshops abroad. But while it shocks Americans to hear it, the central challenge in the poorest countries is not that sweatshops exploit too many people, but that they don’t exploit enough.

Talk to these families in the dump, and a job in a sweatshop is a cherished dream, an escalator out of poverty, the kind of gauzy if probably unrealistic ambition that parents everywhere often have for their children.

“I’d love to get a job in a factory,” said Pim Srey Rath, a 19-year-old woman scavenging for plastic. “At least that work is in the shade. Here is where it’s hot.”

Another woman, Vath Sam Oeun, hopes her 10-year-old boy, scavenging beside her, grows up to get a factory job, partly because she has seen other
children run over by garbage trucks. Her boy has never been to a doctor or a dentist, and last bathed when he was 2, so a sweatshop job by comparison would be far more pleasant and less dangerous.

I’m glad that many Americans are repulsed by the idea of importing products made by barely paid, barely legal workers in dangerous factories. Yet sweatshops are only a symptom of poverty, not a cause, and banning them closes off one route out of poverty. At a time of tremendous economic distress and protectionist pressures, there’s a special danger that tighter labor standards will be used as an excuse to curb trade.

When I defend sweatshops, people always ask me: But would you want to work in a sweatshop? No, of course not. But I would want even less to pull a rickshaw. In the hierarchy of jobs in poor countries, sweltering at a sewing machine isn’t the bottom.

My views on sweatshops are shaped by years living in East Asia, watching as living standards soared — including those in my wife’s ancestral village in southern China — because of sweatshop jobs.

Manufacturing is one sector that can provide millions of jobs. Yet sweatshops usually go not to the poorest nations but to better-off countries with more reliable electricity and ports.

I often hear the argument: Labor standards can improve wages and working conditions, without greatly affecting the eventual retail cost of goods. That’s true. But labor standards and “living wages” have a larger impact on production costs that companies are always trying to pare. The result is to push companies to operate more capital-intensive factories in better-off nations like Malaysia, rather than labor-intensive factories in poorer countries like Ghana or Cambodia.

Cambodia has, in fact, pursued an interesting experiment by working with factories to establish decent labor standards and wages. It’s a worthwhile idea, but one result of paying above-market wages is that those in charge of hiring often demand bribes — sometimes a month’s salary — in exchange for a job. In addition, these standards add to production costs, so some factories have
closed because of the global economic crisis and the difficulty of competing internationally.

The best way to help people in the poorest countries isn’t to campaign against sweatshops but to promote manufacturing there. One of the best things America could do for Africa would be to strengthen our program to encourage African imports, called AGOA, and nudge Europe to match it.

Among people who work in development, many strongly believe (but few dare say very loudly) that one of the best hopes for the poorest countries would be to build their manufacturing industries. But global campaigns against sweatshops make that less likely.

Look, I know that Americans have a hard time accepting that sweatshops can help people. But take it from 13-year-old Neuo Chanthou, who earns a bit less than $1 a day scavenging in the dump. She’s wearing a “Playboy” shirt and hat that she found amid the filth, and she worries about her sister, who lost part of her hand when a garbage truck ran over her.

“It’s dirty, hot and smelly here,” she said wistfully. “A factory is better.”

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