

There are few issues that can cause consternation more quickly for some folks than an assessment of the morality of supply chains. And, frankly, there's no riper field for unsupported criticisms than the supposedly easy target of supply chains. For sure, there will always be examples of real abuse in some supply chains...and that's because we live in a fallen world! So, what do we do to move ahead? Well, we work to separate truth from fiction and legitimate advocacy from condemning demagoguery. Let's take a stab at that—and I assure you, it's pretty likely that pretty much everyone listening will find *something* to disagree with in the next few minutes!

Look, complex, integrated supply chains are really a relatively modern development, actually created by a whole lot of amazing, interrelated ingenuity and specialization and invention and innovation. That's because primitive societies, including some still pretty primitive around the world today, have had little to no supply chains to worry over. Yes, "*primitive*" here means when people hunt or harvest by hand to the best of their ability every day. Sometimes they have plenty, sometimes not. True for many centuries.

Then a really big change happened when the Industrial Revolution rather spontaneously began about 250 years ago—the key starting point for that ingenuity, specialization, invention, and innovation mashing up together into stunning progress that ultimately filters out in one way or another to everybody involved. That's because the key undergirding ingredient of successful supply chains is *mutual cooperation!*

Now early on, supply chain activity was pretty much local, where a few neighbors could help at harvest time, likely just sharing labor effort. That meant farmers and ranchers supplying bakers and butchers, cooperatively working each season's activities. But when complex physical equipment became involved—yeah, mechanical stuff needing real expertise that was bundled to serve the purchaser for several years—well, supply chains got more complex. And perceived abuses emerged in factories, with back-breaking, often rather dangerous work for hours-on-end deemed to be unsafe environments by anxious observers.

So, in due course in the U.S., new laws were passed and labor unions arose where workers banded together to negotiate higher wages and better working conditions from employers. And of course that created tension as the financial pie was being sliced differently each time a new negotiation transpired. Such labor unions grew to be powerful by the 1950s. Then, as post-World War 2 prosperity dramatically surged, unions' power dropped into a much smaller percentage of America's commercial workers.

Not surprisingly, unions finding success in recent decades have been for government-service workers... and it's not hard to see why. In the private sector, business executives who agree to slice the financial pie to benefit workers more sometimes do that to real detriment of their companies' stockholders...and those executives may well suffer personal consequences. But in the government sector, taxpayers footing the bill of government workers are not truly afforded meaningful advocacy at the table of union negotiations. Yes, what happens is that government officials who don't really advocate for taxpayers are supposedly adversaries to government workers' unions. But a recent union story in the business sector is fascinating.

In 2023, the United Auto Workers in the U.S. (the "UAW") cleverly won great changes from the "Detroit Three"—Ford, General Motors and Chrysler (Stellantis)—doing that by shrewdly staggering workers' absences. To many business observers and journalists, it was pretty clear that UAW was operating as a monopoly that put the three major domestic automakers on the firing line at the very same time...in other words, the UAW was not competing with another labor union—and UAW critically threatened the future of all three automakers at the same time. You know, that's like any other force with monopoly power, this time where all three employers couldn't get labor from any other source. Of course, the result likely will be that companies will make less money...unless they can pass on the increased costs to consumers in an economy where cars are largely a necessity. Of course, the next question is this: how will other companies like Toyota or Honda be impacted by these developments—from workers to owners to consumers?

That's because *you* know what huge factor changed the latter half of the 20<sup>th</sup> century up to this very day—globalization. And that opened up all kinds of hot-button issues, like companies such as Nike and Apple

being severely criticized for their labor practices in Asia. Their critics believe that these companies are immoral...but many millions of consumers are apparently undisturbed by their labor practices—yeah, the demand has remained extremely high for these global brands for a long time. But here's the thing: even legitimate critiques are regularly diluted by critics using what I call "weasel words"...yes, those are weaponized words devoid of crisp meaning yet saturated with condemnation. Words and phrases like *fairness* and *living wage* and *inappropriate working hours* and *unsafe* and *non-discriminatory treatment*. Such mushy phrases laced with condemnation are weaponized to describe all sorts of supply chain activity.

But that's the problem, of course. These phrases' meanings are in the eyes of the respective beholders, each having moralistic, competing agendas. So how does that play out? Well, it can mean that an American advocate believes that willing workers in Asia should get hourly wages near that of U.S. workers, because that's what it takes for a "living wage." But what if the company is tripling the current local wage of the workers...and those workers are thrilled? But if the advocate persists in demanding a living wage like that in the U.S., the company naturally stays put. *Then* the result is that any betterment for Asian workers is opportunity lost. But U.S. workers keep high-paying jobs. And consumers lose. Look, there's a whole lot of high-minded paternalism, a self-righteousness embedded in advocacy for workers. *But which workers?*

However, there *is* one macro reality that's essential to the discussion—and that's the documented history of the extraordinary economic betterment of hundreds of millions of people worldwide the past several decades. And that's correlated with the advent of effective international supply chains around the world. When Britain's Prime Minister Maggie Thatcher and U.S. President Ronald Reagan moved their respective countries to refreshed free-markets postures, new global supply chains caught fire...for decades. The nonpartisan research firm Brookings Institution states, ["The last 30 years have seen dramatic reductions in global poverty, spurred by strong catch-up growth in developing countries, especially in Asia."](#)

But in late 2022, World Bank President David Malpass said ["Progress in reducing extreme poverty has essentially halted in tandem with subdued global economic growth."](#) That's right, there's no replacement for growth in robust international trade in supply chains for truly reducing world poverty. For an effective primer on this and more, read the book [\*Bourgeois Equality\*](#) by astute economist Deirdre McClosky—a very able advocate for the amazing economic "trade-tested betterment" around the world in modern times.

So, here's the deal. Highly-cooperative supply chains are a key force increasing betterment for many of the poorest around the world. But we all must work on this: was all that done without deep abuses like slavery, forced labor, or human trafficking? That's a true compass...and that should be vigilantly addressed by cooperative efforts throughout the international community. And, of course, national security issues protecting freedoms can be laid bare if a crucial supply chain link lies in a country turned hostile.

Still, the fact remains there's a strong answer when it comes to the well-meaning but ill-defined, mushy weasel-words which assume that international transactions between citizens of wealthier countries and those of poorer nations are inherently immoral. The answer is straightforward and empirically-tested: *let freedom ring!* That's because the greatest antiseptic is in play when ordinary people can transparently choose economic freedom as to what betters them and their families. *Yes...let freedom ring!*

The great conceit of many sincere do-gooders is that poor people around the world are stupid. Of course, they are not...in fact, often they are very clever literally *because* of their circumstances—yes, they can and do make great individual choices *when given real opportunity*. Make no mistake about it—every country should be working to eliminate true human abuses, in workplaces and elsewhere. But the reason that so many millions of people have been lifted out of extreme poverty in the last thirty years is clearly because of the deliberate outworking of economic freedom in many countries.

Look, freedom is one of life's great and enduring principles...especially for those emerging from the lowest economic rungs. The jury is in for policymakers who desire the vast betterment of all: *let freedom ring!*

## *A&A: Application & Action*

1. If you're typical, chances are very high that you wore clothes this week that were made somewhere in Asia. Are you thrilled you helped some Asian people thrive...or are you feeling guilty you might have less expensive clothes because they may not have been paid a "living wage"...or do you actively work to ensure your garments are made very ethically according to your lights? Discuss.
  
2. Do you think that transparent economic freedom should be limited to your country for the benefit of citizens rather than also opened up to freely transpire in cooperation with other countries, (e.g., free trade)? As a Christian concluding on this, be sure to include consideration of your definition of "neighbor" as Jesus taught it.
  
3. Why do you think that many people are or remain enamored with socialism when it's clearly been free markets and cooperative supply chains that have demonstrably driven the vast betterment of people worldwide the past several decades? Discuss.