

# Fast Fashion Brand and Second-hand Clothing Market in Ghana: The Legitimacy of Fast Fashion

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**Abstract:** The dynamics of the global fast fashion industry have led to a substantial influx of second-hand garments into Ghana, with approximately forty percent being directly landfilled due to substandard quality, resulting in significant environmental degradation. Whilst this trade has resulted in greater employment opportunities for residents, it has substantially undermined the domestic textile sector. A series of labor rights issues have arisen due to inadequate regulatory protection. Utilizing an economic analytical framework, and drawing upon utilitarianism and Nozick's entitlement theory, this paper critically examines the moral legitimacy of the fast fashion industry. The analysis posits that, while the industry may yield short-term economic benefits, its long-term deleterious effects particularly environmental degradation and market inequities are persistent, thereby undermining its ethical legitimacy. The paper concludes with the proposal of relevant policy interventions and highlights the study's limitations.

**Keywords:** fast fashion industry, second-hand clothing trade, moral legitimacy, utilitarianism, noxious markets, entitlement theory

## 1. Theoretical background

According to Adam Smith (1776), the invisible hand redistributed the resource and adjusted the supply and demand, ultimately advancing the society's interest. The relationship between fast fashion brands and the Ghanaian second-hand clothing market is characterized by an indirect supply and demand dynamic. The used clothing generated from the mass production of fast fashion clothes eventually entered the second-hand market in Ghana. From this perspective, the paper regards fast fashion brands as the supply party, and the second-hand market in Ghana as the demand party.

The market is the place where two parties agree on the trade, and the interaction in the market often demonstrates the tendency to undermine moral standards (Falk & Szech, 2013).[1] The second-hand clothing market in Ghana is competitive. Pindyck & Rubinfeld (2017) [2] define a competitive market as a market with many buyers and sellers, where all parties are price takers. In the second-hand clothing market, both buyers and sellers can freely enter and exit the market, providing numerous choices for consumers with comparable prices. As a result, the goods in the second-hand market exhibit high price elasticity. Moreover, this market is still profitable in Ghana, which creates high-frequency interactions in the market. The condition of the second-hand market potentially exacerbates the proliferation of second-hand clothing.

The trade of second-hand clothing involves international trade. The supply of the trade is certainly from the western countries with high income. According to the statistics, in 2021, the top exporters of Used Clothing were the United States (\$834M), China (\$709M), the United Kingdom (\$386M), Germany(\$359M), and South Korea (\$324M) (Used Clothing product trade, n.d.). Consumers in wealthy countries demonstrate a strong pursuit of fashion, the clothing is frequently disposed of after being worn once. Therefore, these countries become the primary supply of second-hand clothing. The demand in the trade is often from third-world countries. Used clothes at cheap prices are particularly appealing to consumers with lower incomes, becoming their preferred choice. However, the trade between the wealthy and poor indicates a further issue. The trade might erode the self-determination of the poor and enlarge the inequality between the wealthy and the poor. This issue will be analyzed in the next part.

Weak agencies and vulnerabilities are sources of an international noxious market. Pareto efficiency assumes that the decision-maker fully understands the consequences of their action (Satz, 2010).[3] However, the corrupt government of Ghana has chosen to profit from the importation of toxic waste, disregarding the interests of its citizens, this exhibits weak agency. Vulnerabilities like scarce resources shape limited mindsets (Shah et al., 2012) [4]. Information advantage may form distinct status and make it easier for the weaker party to accept almost any offer proposed. Therefore, this led to Ghana's second-hand garment importing market failure.

Satz (2010) [3] introduced, the toxic market yields harmful outcomes to individuals and society. The absence of labor laws and unions to defend the rights of workers promotes the exploitation of workers by enterprises. Violating the basic well-

being of people and leading to their physical and psychological destruction. Social independence is eroded. Unemployment in the local textile industry in Ghana undermines the motivations for development (Besser, 2021).[5] The economy relies on the second-hand clothing market on aid from other countries has stimulated local servility and dependency.

Good use of incentives can regulate people's behavior, but misuse can have negative moral implications (Cowen et al., 2018).[6] incentives and intrinsic motivation can not be separated. Bowles (2008) [7] has argued that when policymakers focus too much on short-term self-interest, they may divert attention from social, environmental, and morally altruistic values (Bowles, 2008).[7] Ultimately, places a greater burden on the long-term development of society.

For the further exploration of the morality of the market, the framing and definition of the legal legitimacy is essential. In the next paragraph, moral legitimacy will be examined from three ethics angles: Utilitarian ethics, Deontological ethics, and Virtue ethics.

First, Utilitarianism implements the consequence that brings the maximal utility or pleasure to society (Cowen & Tabarrok, 2018).[6] In other words, the rightness of morality is connected to the overall consequence of the action (Taggart & Zenor, 2022).[8] As long as the outcome could bring the optimal interest for the most in society, despite the process might harm the interest of a few, utilitarianism assumes that the action possesses moral rightness.

Second, Deontological ethics stem from the sense of duty and responsibility. Misselbrook indicates that all humans have universal rational duties from inherent traits, which makes people intrinsically respect others' humanity. In their view, the consequence is irrelevant, even if the action leads to a huge benefit, it may not be an appropriate action due to the well awareness.

Last but not least, Virtue ethics is about intrinsic motivation and character, they are not concerned with outcomes or rules about how we ought to act (Taggart & Zenor, 2022).[8] If two parties of the trade assume their action adheres to the noble inner motives and moral conscience, the market is determined as morally legitimate. The next part will analyze whether the interaction in the used clothing market in Ghana is virtuous and clarify the core idea of legal rightness from different angles.

## **2. Analysis**

### **2.1 Utilitarianism and Willful Ignorance**

From a Utilitarianism perspective, the best society maximizes the utility of the greatest. (Cowen & Tabarrok, 2018) [6] If Ghana's second-hand clothing market and fast fashion brands seek their best interest from the consequence of the trade, utilitarianism assumes that this market is moral. According to the report, the Kantamanto market, one of the primary used garment markets in Accra, was valued at \$5 billion in 2021. For Ghana's local community, the second-hand apparel market boosts economic growth and creates job opportunities, residents are able to satisfy their basic needs and improve their living conditions. The prevalence of the second-hand garments trade extends the lifespan of fast fashion clothing, providing another option to save the clothes that would otherwise be discarded. For those fast fashion brands, the trade improves the sustainability of the product, which alleviates the public's concern about fast fashion, and intensifies their willingness to purchase fast fashion clothing. The moral correctness of an action is fully understood based on the consequences it generates (Driver, 2014).[9] Overall, In the second-hand clothing trade, each party is able to gain economic benefit, the trade maximizes collective pleasure, and the market could hence be determined as a moral market.

On the contrary, some contend that utilitarianism overly concentrates on the consequentialist aspect, which prioritizes outcome and neglects the adverse effect existing in the process. Such "willful ignorance" reduces altruistic behavior and has detrimental effects in many organizational environments. (Vu et al., 2023).[10] As reported, approximately 6 million garments end up in landfills each week, constituting 40% of imported second-hand apparel shipments (Besser, 2021) [5]. The trade of used garments generates substantial waste without proper treatment, and the overload of the waste processor causes potential fire hazards, threatening the safety of local residents in the community. In addition, the Low- and Middle-income Countries (LMICs) lack relevant laws to protect labor rights. Labor safety is under huge concern. Especially low-skilled workers, such as porters, tailors...etc., are still facing work conditions filled with uncertainty and risk. Apart from the harm to locals, the firm should specify long-term value maximization as the firm's objective. Substantial waste becomes an unsolvable issue, leading to the external cost to society, and overproduction as the fundamental question does not improve.

One could argue that the adverse impact of the second-hand clothing trade surpasses the benefit, potentially resulting in larger losses and even triggering an irreparable crisis in the future. According to the concept of the noxious market (Satz, 2010) [3], the moral rightness of the market could be examined through the extremely harmful outcome to individuals of the action. The public health concern and the environmental issue pose a negative influence on the development of the local community.

Overall, the argument is that trade brings a larger hazard than benefit. The used-garment trade has a positive effect

on society. For example, the second-hand garment market creates substantive economic benefits, and the sustainability concerns of fast fashion clothing are temporarily solved. However, in reality, the trade remains numerous problems that people choose to avoid, such as the overproduction of fast fashion clothing, and the disposal of discarded fabric. Therefore, in the comparison from two aspects discussed above, the market is not moral.

## 2.2 Voluntary Trade

Nozick's entitlement theory is concerned with the process of distribution, justice can be identified as a voluntary exchange of property (Cowen & Tabarrok, 2018) [6], even if it serves a different purpose. Different factors such as societal environment, worldview, and family background contribute to the establishment of diverse values, thereby exhibiting the existence of a wealth gap. Independence drives motivations to pursue distinct values that can be examined and weighed in decision-making. Trade makes people better off. In the case of exporting pollution presented by Cowen and Tabarrok (2018), [6] the rich are willing to pay for health. In other words, fast fashion producing countries are willing to export large quantities of second-hand clothing to the Kantamanto market at low prices (Besser, 2021) [5], leaving them to undertake the pollution. Although they faced some hardships, it was a voluntary choice. The demand of Ghanaian merchants for the export of used clothes is necessary because this economic activity creates jobs and wealth.

In opposition to voluntary trade, contracts accepted under conditions of unequal social status and limited access to information are exploitative. Poverty in Ghana may stem from education, living conditions, and geography, with scarcity contributing to a constrained mindset (Shah et al., 2012) [4]. Ghanaians' values are shaped by challenging natural conditions. Having less makes greater focus on the developing second-hand clothing market and overlooks the long-term outcomes of decisions. Szech & Falk (2013) [1] argue that a framework emphasizes material aspects. Ghanaian consumers often ignore the possible drawbacks and ethical concerns of relying on the used garments market, focusing instead on short-term materialistic gains. In practice, Ghanaians are disadvantaged by the limited choices created by the environment, which prioritizes money over health. Fraudulent trading is unethical. Dishonestly using advantaged information is a moral hazard (Cowen & Tabarrok, 2018). [6] The decline in the quality of clothing is a shift in the attitude of exporters (Besser, 2021). [5] Dependence on a particular economy may allow the independents to feel a sense of neediness, thus condoning a decline in quality. Garments quality information provided by exporters is well hidden in the form of containers.

Despite the benefits in terms of recycling fast-fashion clothing and the economies of importing countries, objections highlight the inequalities that make Ghana a victim. In comparison, the fast fashion industry is unethical. Inequalities resulting from free choice markets are justified as long as Ghanaian importers are treated in good faith. However, limited choices, closed information, and deception by exporters put Ghana's second-hand clothing market at a disadvantage. Because of this narrow perspective, Ghana, as a handler of second-hand clothing, suffers from the long-term negative externalities of unethical behavior.

## 3. Conclusion

After exploring the multiple aspects of the central question, our conclusion is the fast fashion industry does not possess legal legitimacy. This paper examines the central theme through the following arguments: utilitarianism, the extreme outcome, information asymmetry, voluntary trade, income distribution, and the exploitation of the poor. These arguments dive into different dimensions of moral legitimacy, ultimately integrating the conclusion of the paper.

To conclude, although two parties in the trade do not exist in direct trade, the fast fashion industry connives with a moral bottom line and develops a sense of irresponsibility. In Ghana, the irresponsibility of second-hand garments stakeholders is thoughtless in three ways. Firstly, importers fail to consider the long-term environmental and population impacts of large-scale imports. Secondly, the government lacks mechanisms to deal with the consequences. The third issue is the failure to recognize the developing independence and reduce the import rate. Ghana is weak to alter the current situation, while the garments producer maximizes profit by avoiding direct risk. The vicious circle of overproduction is not tackled.

Overall, the authority should actively seek viable solutions, striving to improve the condition of the moral concern, thereby balancing economic prosperity and moral consideration. First, Ghanaians must enhance local economic autonomy and diminish reliance on the second-hand garment industry. Second, the policy should promote information transparency, avoid the issue of moral hazard, and raise the quality of the product in the garment market. Finally, addressing the fundamental issue of overproduction is imperative. Public awareness, international organizations' monitoring, and fast fashion brands to cater to demands not creating are all essential.

However, the research approach of this paper is based on a literature review and secondary research, the analysis thus lacks a comprehensive view of the entire topic. To delve deeper into this topic, further research into additional aspects is required. These included the impact of the used garment market on the local economy, the relationship between fast fashion

brands and Ghana's local market, the field exploration to local residents, and the exploration of feasibility and sustainability.

Other constraints to the solution are, the conflicting interests, the complexity of the policy implementation, the rapid substitutability for vacant industries, and the implementation of information transparency. The social phenomenon is the outcome of long-term development. Hence, improving the overall situation requires time, financial investment, human efforts, and relies on a more sophisticated system.

Future research could consider the formation of poverty and analyze more about political issues. The implication of the governments and norms is a certain character in examining moral correctness, also causing a major influence on the development of the society. The research is not the ultimate answer to the central question of the paper, but the paper's desire to clarify some issues to gain a thorough understanding of the topic.

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