



Students & Scholars Against Corporate Misbehavior

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Remembering the victims of Foxconn

Open letter to Apple CEO Steve Jobs

On this day, June 8th, we wish the whole world to remember the Foxconn suicides, and we extend our deepest condolences to the victims' families and friends. We feel very saddened that public comments from Taiwanese billionaire Terry Gou, CEO of the 800,000-strong Foxconn "electronics kingdom", show a tendency to dismiss the suicides of his young employees without considering the contribution of the high-pressure work environment to this phenomenon.

We call for a comprehensive, independent investigation into Foxconn's management systems to determine their connection to employee suicides. Foxconn publicizing visits by psychologists with the dismissive suggestion that the number of Foxconn suicides is below the national norm looks like a feeble effort to hide the problem. No genuine scientific study would end on such a comparison which does not consider that the Foxconn suicides were of *18 to 24 year old* young people employed in the city.* Nor does it consider the "norm" of Chinese workers committing suicide to fight terrible working conditions.

We call on Apple CEO Steve Jobs, head of one of the world's most successful technology businesses and a big buyer of Foxconn products, to swiftly reform Apple's purchasing practices to support the enforcement of workers' rights.

We propose that this reform should rest on the building block of workers' involvement in decisions that concern them. Workers' participation will build the community resources to reduce suicides. And strengthening the participation of workers in enterprise management will help monitor and improve working conditions more widely.

We stand in solidarity with citizens of the world to fight for decent work in China and other countries.

* For more info, see the brief discussion here, "Crunching the suicide statistics at Foxconn," May 28th, 2010, *China Economic Review*, http://www.chinaeconomicreview.com/today-in-china/2010_05_28/Crunching_the_suicide_statistics_at_Foxconn.html.



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Outsourcing, Apple profits, and a fair wage

We wish to express concern that Apple is squeezing its suppliers worldwide with too little concern for the effects of this on the people who produce their products. While the economic crisis pushed hundreds of electronics suppliers out of business, Apple enjoyed record profits, and still Apple used every opportunity to secure ever lower prices from suppliers. Industry sources suggest that Apple awarded 2009 iPhone orders to Foxconn when Foxconn agreed to sell parts at “zero profit”. Apple revenues at the time were upwards of US\$10 billion.

Under the direct pressure of Apple and other buyers, Foxconn pays production line workers at its Shenzhen plant only 900 yuan a month for a 40 hour week. This subsistence level wage is not enough to meet workers' needs and compels workers to work up to 100 hours of overtime a month, close to three times the maximum 36 hours permitted by Chinese labor law.

Foxconn likes to point out that workers sign written “agreements” for overtime. This agreement is nonsense in China where workers enjoy no effective protection from getting fired for refusing overtime. And nowhere does Chinese law give Foxconn, its employees or Apple the right to “agree” to ignore elements of the law they do not like. Foxconn employs 420,000 people only in Shenzhen; 800,000 in China. If Foxconn's 420,000 Shenzhen employees reduce hours from only a 60 hour work week to fully comply with Chinese law, Foxconn would need to hire close to 100,000 more people!*

Foxconn tried to show concern for the string of recent suicides, announcing that it will raise workers' wages to 1,200 yuan a month beginning June 1st. This is again deceptive. The Chinese government froze minimum wage requirements throughout 2009 due to the economic crisis, contributing to Apple's record profits. Since 2010, however, a number of cities raised minimum wage requirements 20%, and Shenzhen's minimum wage is expected to rise similarly. Foxconn's offer of 1,200 yuan a month is not a gift; nor is it a sign of Foxconn's responsiveness to the risk of new suicides. Foxconn is raising wages to meet the soon-to-rise government required minimum.

Foxconn employees experience long hours of repetitive work for very low income. They submit themselves to management scrutiny on the job, and their low income and limited free time restricts their options outside of work. The result is a

* Just a quick look at the math: If 420,000 people work 60 hours a week, that is: $420,000 * 60 = 25,200,000$ hours of work. To finish 25,200,000 hours of work with people only working 49 hours a week [40 hours plus 1/4 of 36 hours a month overtime permitted by Chinese law], that is: $25,200,000 / 49 = 514,285$ people. So, Foxconn needs *close to 100,000 more people* working 49 hours a week to do the work that their 420,000 people do in 60 hours a week. While this is a simplified exercise, it gives a good sense of the possibilities.



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community of people under intense stress with few resources where it is much more likely for people to succumb to feelings of powerlessness and depression. This is, we believe, the source of pressure behind the recent suicides.

Apple conducts some audits, but there is no evidence of improved conditions in its suppliers. If anything, the economic crisis is prompting some investors to think of moving to new, less expensive options. And Apple seems content to devote its attention to quick deliveries and competitive prices.

The iPhone, iPad and other Apple gadgets sell for hundreds of US\$. Does Apple believe consumers prefer an “acceptable” level of suicide over spending a little more to give workers a life they find worth living?

We call on Apple and Foxconn's other buyers to raise the unit price of their orders to reflect the true cost of labor to ensure a decent livelihood for the people behind the products, on or off the production line. Workers have a right to a fair, living wage.

The bigger question: How does Apple protect workers' right to freedom of association?

The deeper problem behind the pressure of high-stress, low-income jobs is restrictions on workers' right to join together, find their voice and defend their collective interests.

Consider this: When the Chinese government and union do not enforce Chinese law, employers like Foxconn feel free to ignore restrictions on overtime. Excessive overtime reduces pressure on Foxconn to hire more people, and in turn, that reduces pressure on Foxconn to attract people with competitive job offers. Add to that restrictions on migrants' right to live in the cities, and Chinese workers do not even enjoy the options of a fair and fully functioning labor market.

Apple's 2009 Supplier Code of Conduct requires suppliers to respect workers' right to freely form and join organizations of their own choosing and to bargain collectively “in accordance with applicable laws”. This is, however, simpler said than done.

Chinese law gives workers' key rights including the right to elect union representatives, the right to vote union representatives out of office if they do not represent them, and protection against discrimination for union activities. If Foxconn is any indication, Apple does not enforce its own code of conduct.

Foxconn entered Shenzhen in 1988, but the Shenzhen Longhua plant set up its union only at the very end of 2006 under the pressure of worldwide publicity over



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exposés of working conditions there. At that time, 118 Foxconn employees — out of then a workforce of 240,000 in total — were unionized under the All-China Federation of Trade Unions (ACFTU). Currently, the 15-person union committee is appointed by senior management.

Foxconn is China's biggest exporter. What they do sets the tempo for other employers in China and elsewhere, and influences wider society on multiple levels. And at the end of May, the Guangdong provincial party secretary, the highest-level government official to mention the Foxconn suicides thus far, urged improvements to the union to alleviate the stresses contributing to the suicides.

We call on Apple and other brands to support genuine reform of Foxconn's unions. Brands and suppliers should commit resources to facilitate union campaigns and elections at the shopfloor level. Independent non-governmental organizations (NGOs) and reputable labor scholars are ready to assist Chinese unions and management to provide participatory training to all workers at Foxconn.

Through elections and genuine participation, workers will find their voice, ensure respect for their rights and dignity and stop this trend of Foxconn employee's choosing to end their lives in the prime of their youth.

Apple can, and should, do better

Apple's revenue for the first quarter of 2010 was US\$13.5 billion, a 49% rise in revenue and a 90% rise in profit for that period in 2009 — setting a new Apple record. But Apple fans and shareholders worldwide not only hope to see the business grow. They expect Apple's success to come from invention and cutting-edge design, not the squeezing of every penny out of workers without a voice. In short, they expect Apple to treat workers with respect and responsibility.

We hope you feel committed to that vision and look forward to engaging in constructive dialogue with you soon, Mr. Jobs.

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