Statements on FoxConn's Decision to Increase Wages and to Stop Suicide Compensation

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Several days ago, FoxConn decided to increase wages, yet at the same time stop issuing compensation for suicides. As for these two decisions, China Labor Watch has two statements to make. First, China Labor Watch thinks it is inappropriate to stop compensating family members of suicide victims. FoxConn made this decision because it believes some workers chose suicide to provide large amounts of compensation to their families, which I think is problematic, as FoxConn has not provided any evidence to substantiate this claim. However, what FoxConn cannot deny are the series of facts that make it a "sweatshop" before FoxConn decided to adjust wages and overtime. The salaries of Foxconn workers are low, many workers only stand during their shift, their subject to illegal overtime, and there is great labor intensity. Workers produce 4,000 computers one day in a group, and workers' hours exceed the legal 28 days per month. Workers face great pressures, economically and psychologically. Communication between workers is limited since workers are extremely tired after working long hours of overtime, and management cares little about workers' feelings and pressures. All these unavoidable factors are why it is very likely that they chose to commit suicide. FoxConn's "no compensation" policies indicate that it has not realized the drawbacks of its management styles and the real cause for the suicides. Instead, it tries to place the responsibility for the suicides on the backs of the dead workers.

Secondly, China Labor Watch welcomes Foxconn's decision to raise wages, but we have noted that Foxconn will not quickly raise wages, and will only raise wages to 2,000 RMB per month after four months. It is possible that after four months FoxConn will fail to realize its promise after a decline in media reporting. It is also possible that after four months, FoxConn increases wages, but tries to deduct other fees. China Labor Watch believes that FoxConn has decided to increase wages mainly because they want to get rid of the negative media reports. China Labor Watch believes FoxConn should immediately increase wages rather than after four months.

Moreover, other workers in other industries and factories may also be influenced by FoxConn's decision to increase wages dramatically by 70% in such a short time. However, unlike FoxConn, profit margins for some industries such as textiles and shoes are already very small. Therefore, workers in these industries may receive wage increases, but the extent of that increase is likely to be less than the 70% provided by Foxconn. Hence, if workers in these industries are unsatisfied, conflicts between workers and factories in these industries may intense, and collective actions by workers, such as strikes and demonstrations may increase. Some factories may even go bankrupt. Another scenario may be that an intensification of labor protests may compel industries to ask for government intervention. These factories may even form a new organization to press government. Under such circumstances, the Chinese government faces a dilemma: if it follows the instructions from the factories, the workers' rights cannot be protected. However, if it stands with the workers, some factories really cannot afford the high wages that FoxConn workers demand. According to our own experience, the Chinese government will probably choose to control the labor movement, and social stability would be undermined, and workers will be the most direct victims.

Executive Director of China Labor Watch Li Qiang considers FoxConn to be an irresponsible enterprise. It fails to take responsibility for the suicides of its workers, and pushes the responsibility on the backs of the dead workers. It also fails to take responsibility for Chinese social development, as it fails to consider the impact of its wage increase on labor activism nationwide, the possibility for intensified social conflict, and the tighter control of the civil society and labor movement from the Chinese government that may result. FoxConn, multi-national corporations, and the Chinese government should all cooperate to solve the problems and improve the situation of Chinese workers.

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