Willful Ignorance: How Apple And Other Electronics Giants Gain the Benefits of Chinese Labor

By Yepoka Yeebo, Huffington Post, February 24, 2011

Apple again finds itself under scrutiny about the treatment of workers in foreign factories, following disclosures that laborers at a Chinese plant producing iPhone screens suffered neurological damage from exposure to a toxic chemical.

Injured workers said they left the hospital before they fully recovered, and some were still suffering the effects of n-hexane, a chemical which, with daily exposure, may cause long-term and irreversible nerve damage. Earlier this week, workers told the New York Times that many were forced to accept compensation and resign after signing papers which absolved the company which runs the factory, Wintek, of liability. Wintek denied workers were pressed to sign the papers.

For Apple and other consumer electronics giants tapping the global supply chain, this sort of controversy has become familiar. Last year, Apple confronted a spate of suicides at a factory complex in southern China operated by a manufacturing contractor, Foxconn.

Apple has portrayed these events as tragic aberrations, the result of departures from its strict labor standards by contractors. But many labor experts challenge that notion, asserting that a key reason so many manufacturers have shifted production to low-wage foreign countries like China is to gain the savings of a fundamentally exploitative mode of production, while largely insulating their companies from culpability.

Like many major consumer electronics brands, Apple relies on a network of foreign contractors to produce its products. Those contractors in turn farm out orders for parts and raw materials to a still larger collection of subcontractors. The big brands have strict official codes of conduct on labor standards, and they hire auditing firms to conduct inspections. But the number of plants involved in the typical manufacture of a single product such as the iPhone is typically so large that many avoid inspection. Plant managers are under such pressure to meet deadlines and deliver low costs that workers are often forced to labor amid dangers, and beyond legal overtime provisions.

Labor experts describe this process as essentially business as usual, with the suffering of workers amounting to an unavoidable byproduct. Brands such as Apple have managed to reap the cost savings and largely avoid blame through willful ignorance, experts add: they farm out production to contractors like Wintek and Foxconn precisely so they are able express shock and amazement when -- inevitably -- workers rights are violated or illness or death results.

How aware are multinational companies of possible safety violations in the factories they rely on to produce their goods? "A better question is how aware do they want to be," said Anna Han, a Chinese trade expert at Santa Clara Law School in California. "They don't have to see what they don't want to see, it makes it easier for them to walk away thinking everything is fine."

She was not accusing Apple and other manufactures of deliberately violating labor standards, but rather tolerating such breaches as an inevitable product of the global supply chain. By putting contractors in charge, they shield themselves from direct responsibility, she said.

"It helps them be ignorant," she said.

China has proven a particularly fruitful place for global manufacturers to set up and expand, owing in large part to its teeming ranks of low-wage laborers, its strategic construction of modern ports and highways, and the established fact that the proximity of factories means parts of the supply chain are never far away. But the realities of the labor market stand as the seamy underside to this thriving trade.

"Brands have an incentive to say 'we don't know anything, because they hide it from us,' but they do have a good idea of the cost of the materials, and the cost of labor," said Mary Gallagher, associate professor of political science, and director of the Center for Chinese Studies at the University of Michigan.

"When they see the purchase prices, they should ask 'how are these companies producing so cheaply?'"

Global manufacturers flocked to China for the low wages and low prices, she added. "There is an incentive in such a competitive market..."
for factory managers to cut corners,” Gallagher said. The first cuts were usually made to worker safety.

Despite the continued rule of a Communist Party that took power on the strength of a peasant-led uprising that was joined by industrial workers, organizing a real trade union in China today is among the most certain ways to attract the attention of a formidable state security apparatus.

In Wisconsin and in other American states, workers are massing to preserve their ability to organize collectively in the face of Republican efforts to strip away those rights. In China -- the assembly place of the iPhones that many American labor organizers are using to tweet and update Facebook links as they mobilize -- collective bargaining is a distant dream. The lone legal union, the All China Federation of Trade Unions, is controlled by the government, and is largely pilloried as an institution that does little more than collect a share of the spoils of trade.

News of serious health problems at the Wintek plant in Suzhou, near Shanghai, reinforced the dynamic at work, with Apple laying claim to the spoils of trade.

Apple's disclosure came directly from an annual review of factories that make its products. In the report annual review, which surveyed conditions at 127 facilities around the world that produce Apple components and products, the company described the use of n-hexane by Wintek as a “core violation.” All of the 137 workers affected, the report said, “have been treated successfully,” and the majority were back at work. Apple also said it was monitoring the health of the injured workers.

Apple declined requests for a detailed explanation of what occurred at the Wintek plant, or what has happened to the sickened workers. An Apple spokeswoman Kristin Huguet issued only a blanket statement of the company’s good intentions.

“Apple is committed to the highest standards of social responsibility throughout our supply chain,” she said, adding that the firm had strict guidelines governing workers’ conditions.

But some of the sickened Wintek employees told the NYT, that they had never heard from anyone at Apple following their illnesses and complaints. They said their employer, Wintek, pressured them to quit and accept compensation, while signing legal documents that eliminated further liability.

Chinese official New China News agency said workers left the hospital before they completely recovered, and China Daily reported that most of the workers had opted for compensation payouts, and had left their jobs.

On Wednesday, Wintek chief financial officer Jay Huang told Bloomberg he was prepared to offer the affected workers more compensation. Huang also said that 56 of the 137 poisoned employees still worked for Wintek, and that others had left after accepting compensation.

The conditions in which widely popular Apple products are manufactured first came under scrutiny last year after 11 workers committed suicide at the factories of Foxconn Technology Group in Shenzhen, China. Workers making iPods, iPhones, and iPads, along with products for Intel, Dell, Sony, Nokia and HP, reportedly faced long hours and military-style discipline.

The tens of thousands of workers there all lived, worked and slept inside a veritable industrial city. The vast majority were migrant workers, drawn from China’s hinterland, disconnected from their families and dependent upon their employers for nearly everything, making them vulnerable.

Most of the larger factories that contract directly for major consumer brands are subject to periodic inspections by independent auditing firms and by government bodies. But government officials are often complicit in labor violations, protecting favored state companies that partner with factories. Inspections are often announced in advance, enabling managers to create the illusion of compliance at the right time.

Subcontractors a far more nebulous problem that can evade even earnest efforts to root out rights violations.

Large factories in coastal China typically distribute orders for parts and materials through a large network of suppliers, playing one off against others to secure the lowest prices. The most efficient producers often deliver low costs by cheating workers out of wages, or skimping on safety, say experts.

“There are quite a lot of electronics manufacturers which subcontract work to illegal factories,” said Yi Yi Cheng, a project officer at Hong Kong-based Students and Scholars Against Corporate Misbehavior, a labor advocacy group.

Many of these factories are really just small workshops tucked into alleys and set up in homes, where as few as five workers produce components that eventually land in internationally brands products, such as the very device on which you are reading this story.

Workers put up with cramped conditions, dangerous machinery and toxic chemicals because low wages are better than no wages, said Han. China’s economic transformation has unleashed enormous economic opportunities, along with intense pressure.

Peasants who have lost agricultural subsidies and land to development as China has transitioned toward a market system have flocked to the coasts in search of work. Once they get there, having devoted meager savings to the trip, they are intent on one thing alone: securing and maintaining a paycheck. Complaining about unfair and unsafe working conditions seems like a luxury most cannot afford.

“Workers are afraid to speak up,” Han said. “If they do, they do lose their job.”

And yet the very information revolution in which Chinese workers amount to foot soldiers, churning out smartphones and tablet...
computers, has also spread information within China, giving workers greater awareness of their rights. At the same time, worker shortages in key industrial areas such as the Pearl River Delta, in the south, and the industrial hive surrounding Shanghai, have emboldened growing numbers of workers to press for better conditions.

Last year, striking workers at a Honda factory in southern China reportedly won a pay increase.

“The older generation never would have rocked the boat,” Han said.