

## **Suicide as Protest for the New Generation of Chinese Migrant Workers: Foxconn, Global Capital, and the State**

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### ***ActNOW!***

Add your name to the signature campaign titled "Appeal by Concerned International Scholars: Create Humane Labor Standards at Foxconn and End 'Stealth Manufacturing' in Information Technology!" Open statement and up-to-date 114 signatories are posted at SACOM website: [English](#) and [Chinese](#). Please email your name and affiliation to [sacom@sacom.hk](mailto:sacom@sacom.hk). Your support is most needed for improving labor conditions (campaign launched on 8 June 2010, active for six months through 7 December 2010).

## **Abstract**

A startling 13 young workers attempted or committed suicide at the two Foxconn production facilities in southern China between January and May 2010. We can interpret their acts as protest against a global labor regime that is widely practiced in China. Their defiant deaths demand that society reflect upon the costs of a state-promoted development model that sacrifices dignity for corporate profit in the name of economic growth. Chinese migrant labor conditions as articulated by the state, are shaped by these intertwined forces: First, *leading international brands* have adopted unethical purchasing practices, resulting in substandard conditions in their global electronics supply chains. Second, *management* has used abusive and illegal methods to raise worker efficiency, generating widespread grievances and resistance at the workplace level. Third, *local Chinese officials* in collusion with enterprise management, systematically neglect workers' rights, resulting in widespread misery and deepened social inequalities. The Foxconn human tragedy raises profound concerns about the working lives of the new generation of Chinese migrant workers. It also challenges the state-driven policy based on the use of internal rural migrant workers, whose labor and citizenship rights have been violated.

**Key words:** suicide, protest, new generation of migrant workers, global labor regime, migrant wages, electronics manufacturing service (EMS) industry, Foxconn, international brands, citizenship, China

## **To die is the only way to testify that we ever lived**

Perhaps for the Foxconn employees and employees like us

– we who are called *nongmingong*, rural migrant workers, in China –

the use of death is simply to testify that we were ever alive at all,

and that while we lived, we had only despair.

*- a worker blog (after the 12<sup>th</sup> jump at Foxconn)<sup>1</sup>*

### **Introduction**

Hon Hai Precision Industry Company, better known by its trade name Foxconn (*Fushikang*), was founded in Taipei in 1974.<sup>2</sup> Foxconn is currently the world's largest contract electronics manufacturer, meaning that it makes most of its money as a made-to-order manufacturer, not by selling its own brand products. The company is poised to take in over 50 percent of global electronics manufacturing service industry revenue by 2011.<sup>3</sup> Under the leadership of founder and CEO Terry Gou, Foxconn declares itself “the most trusted and preferred partner in all aspects of global electronics outsourcing to help customers de-risk their business.”<sup>4</sup> Tragically, in the first five months of this year as of 27 May 2010, a startling 13 young workers attempted or committed suicide at the two Foxconn production facilities in Shenzhen City in southeastern China, bringing a public relations crisis, and a crisis of corporate responsibility, to virtually all Foxconn's image-conscious customers, including Apple, HP, Dell, IBM, Samsung, Nokia, Hitachi and other electronic giants. Ten Chinese migrant workers died, while three survived their injuries. All were between 17 and 25 years old—in the prime of youth. Their loss should awaken Chinese and international society to reflect upon the costs of a development model that sacrifices dignity for economic growth.

Foxconn's success testifies to the export-led dynamism of the Shenzhen Special Economic Zone under China's open policy. In the over twenty years since its initial investment in 1988, Foxconn has grown to be China's largest exporter. The electronics maker has a 900,000-strong workforce in the country, 85 percent of whom are young people from rural areas.<sup>5</sup> We may say that Foxconn is a microcosm of the lives of Chinese migrant workers. When *Time* magazine nominated workers in China as the runners-up in the 2009 Person of the Year, the editor commented that Chinese workers have brightened the future of humanity by “leading the world to economic

recovery.”<sup>6</sup> The new generation of Chinese migrant workers (*xinshengdai nongmingong*), however, seems to perceive themselves as losing their futures. The Foxconn tragedy has been dubbed the “suicide express” by Chinese media.<sup>7</sup>

We can interpret Foxconn employees as having killed themselves to protest a global labor regime in which China provides the cutting edge. Under the reform and open-door policy, China’s export-oriented economy proved it could deliver economic growth.



**Foxconn Factory, Shenzhen**

Asian-invested enterprises and domestic manufacturers on mainland China have risen quickly to become contractors and sub-contractors to Western multinationals, based on the exploitation of low-paid migrant workers. On the factory floor, work stress associated with the race to the bottom and the just-in-time production mode is intense. Suicide is merely the extreme manifestation of what migrant workers in their hundreds of millions experience. Some suicides may have been triggered by personal troubles, as Foxconn management would like to claim. But there is a broader social context shared by its workers and many others that underlies the desperate individual actions.

This article reviews the recent Foxconn suicides as a means to probe the working lives of the new generation of Chinese migrant workers. We share the vision of the Chinese and international scholars who signed an unprecedented letter of concern about the Foxconn victims in June 2010 calling for implementation of humane labor standards at Foxconn and other global workplaces.<sup>8</sup> We draw on worker interviews from our ongoing off-site investigations at Foxconn facilities in southern and eastern China that began in May 2010 in order to learn about their conditions. We have also gained insights from industry and government sources about the characteristics and changing worldviews of younger workers from their predecessors. By providing an inside look at the global labor regime, through empirical study of the Foxconn labor system in China, we highlight the urgent need for progressive reforms. Young migrant workers, who have been placed in the “best” Foxconn factory-cum-dormitory environment,<sup>9</sup> seemed only to show greater anxieties, and to see fewer alternatives than their peers. Remedial efforts should rest on the cornerstone of workers’ direct involvement in decisions that concern them, in the workplace and beyond.

In the next section, we discuss the emergence of the global labor regime in China since the 1980s. Foxconn employees are a typical representation of the young generation of Chinese migrant workers. They want to change their *dagong*<sup>10</sup> or working-for-the-factory-boss status in the city, but they face insurmountable hardships. Foxconn is an extreme form of this labor predicament, as we show in the third section on Foxconn's rise to become "the electronics workshop of the world." Then, we propose a three-fold framework to explain the structural causes of the Foxconn suicides. First, *leading international brands* have adopted unethical purchasing practices, resulting in substandard conditions in their supply chains. Second, *Foxconn management* has used abusive methods to raise worker efficiency, generating widespread grievances and resistance. Third, *local Chinese officials* have colluded with enterprises like Foxconn to deprive workers of legitimate rights and welfare, resulting in deepened misery and widened social inequalities. It appears impossible for many young workers to struggle through the daily lives they live and eventually fulfill the dreams they have for the future.

We conclude that the Foxconn human tragedy raises profound concerns about the sustainability of Chinese development and global production. At the heart of the bigger problem, we suggest, is that workers in China do not have a functioning labor union to make their voices heard. On the bottom rung of the international commodity supply chain, millions of Chinese migrant workers are permanently deprived of decent wages and benefits. Young workers with rural origins (*hukou*, official household registration), like their parents, are marginalized citizens. These better-educated-youths long for a life attuned to the times, and the city is where everything is happening. The higher their aspirations for a better future, the more obvious the contrast to their harsh reality becomes. Through various forms of protest, of which suicide is the most desperate expression, they are trying to reclaim their rights and dignity.

### **Global Labor Regime**

At a communal setting in a workers' dormitory in an industrial town of Shenzhen, China's fastest growing city with a 2008 population officially estimated at 14 million, we were surrounded by Foxconn workers who were chatting and watching a soap opera program at the grocery store in the summer of 2010. It was an open area where young rural migrant workers, most without a family, spent their limited leisure. The factory compound was gated and inside the gate, more than ten dormitory buildings were situated to the south of the company's production facilities. Outside the gate, more than 50,000 workers have occupied every single village house, turning them into

collective dormitories. Barred from staying in the city where they sell their labor power, the workers have to find accommodation close to their employer or live in company dormitories. The newly industrialized towns and cities in China feature numerous collective dormitories where a five-storey building can house several hundred workers. On windy nights, the clothes of the workers in the dormitory corridors flew like colorful multinational flags. These were the flags of the new Chinese working class, symbolizing the borderless flow of capital and the wretched of the socialist earth.

China, if once characterized by non-capitalist social relations,<sup>11</sup> is now the largest case of the expanded reproduction of capital in the 21<sup>st</sup> century. China recently weathered the worst economic crisis of the postwar era to become the world's second largest economy, surpassing Japan. With transnational and private capital pouring into industrial zones set up in most coastal and some inland cities and towns, China since the 1970s has experienced the world's most rapid increase in imports and exports.<sup>12</sup> "Made in China", a label that belies the actual wealth distribution in the global production chain, has contributed to China's growing importance in the global economy.

### *Chinese wages*

China's wage competitiveness is both the attraction for international and domestic capital and the outcome of government policies.<sup>13</sup> During the twenty decades between the mid-1980s and 2004, state development plans had, in effect, bankrupted remote rural areas that experienced massive labor outflows.<sup>14</sup> The "surplus" laborers left for more prosperous coastal towns and cities to find work through their historic native-place networks. Meanwhile, local governments encouraged rural labor to move to urban-industrial districts through "poverty alleviation" projects, further draining better-educated and able-bodied young people who are most needed to build the local rural economy.<sup>15</sup> Under this dichotomized rural and urban social structure, Chinese industrial wages have remained very low, and it was not until 2005-06 that we witnessed any significant increase.<sup>16</sup> The large volume of rural migration is driven by an urban-biased economic model. While there have been important, long-term demographic changes in the national working population as a result of the one-child family policy implemented beginning in the 1970s, successive generations of rural-urban migrants and the potential pool of migrants in the countryside have been and remain large. Chinese migrant workers have been incorporated within a global industrial labor regime.

Chinese manufacturing wages as a percentage of US wages,<sup>17</sup> compared to those of Japan and East Asian Tigers like South Korea and Taiwan in the early years of their economic takeoffs, have remained consistently low. Economists Erin Lett and Judith Banister (2009) estimated that the average *hourly* compensation costs of China's manufacturing workers in 2006 was only US\$0.81.<sup>18</sup> *The Economist* stated that as of July 2010, the Chinese migrant workforce "is still cheap...just 2.7 percent of the cost of their American counterparts."<sup>19</sup> Based on government



**Foxconn workers on the assembly line**

statistics, the labor income share of China's gross domestic product (GDP) declined from 56.5 percent in 1983 to 36.7 percent in 2005; by contrast, many OECD countries maintained the ratio of labor returns to GDP at 60 percent or more for the comparable period of 1978 to 2008.<sup>20</sup> If wages, particularly wages of rural migrants have remained low, corporate profits in China have increased rapidly, growing by 20 percent between 1978 and 2005, the sole exception being the recession accompanying the 1997-1998 Asian financial and currency crisis.<sup>21</sup> The export sector has turned most of its profits into enterprise savings, dividends, and re-investment, rather than sharing it with workers.

Rural migrant workers' income is scarcely enough for them to make a minimal living in urban areas. A 2004 survey report of the Ministry of Labor and Social Security revealed that monthly minimum wages had increased by as little as 68 yuan over the previous 12 years in the Pearl River Delta in Guangdong Province—the core of the "workshop of the world."<sup>22</sup> Worse yet, non-payment of wages and unfair treatment remain commonplace while labor disputes have been on the rise since the 1990s.<sup>23</sup>

In response, the new government leadership of Hu Jintao and Wen Jiabao took several relief measures targeting the peasantry and rural migrant labor. The Ministry of Labor and Social Security codified the minimum wage requirements by implementing the Provisions on the Minimum Wage on 1 March 2004 (*Zuidi Gongzi Guiding*), with an attempt to strengthen the protection offered to workers by the minimum wage.<sup>24</sup> In June 2007, the National People's Congress (NPC) Standing Committee promulgated

the Labor Contract Law with the aim of protecting workers' legitimate right to wages, benefits, welfare, and employment security. Scholars have called the law the most significant piece of Chinese labor legislation in more than a decade.<sup>25</sup> This year, the Central Committee of the Communist Party of China (CPC) and the State Council jointly issued the "No.1 Central Document" (*zhongyang yihao wenjian*) calling for better coordination of rural and urban reforms, which highlighted the needs of the new generation of migrant workers.<sup>26</sup> These rebalancing efforts across different government levels, coupled with workers' spontaneous protests, have had some impact on both rural incomes and migrant wages.<sup>27</sup>

But the global financial crisis resulted in the failure of tens of thousands of factories in late 2008 and early 2009, hit migrant workers particularly hard.<sup>28</sup> The vulnerability of the Chinese economic model that remains heavily dependent on the export sector was clearly exposed. Sociologist Ho-Fung Hung (2009) uses a provocative image of China as America's head servant—leading other servants like Japan, the original Tigers (South Korea, Taiwan, Singapore, and Hong Kong), and late exporters such as Thailand, the Philippines, and Indonesia—which provides cheap goods for US consumer markets through large-volume exports and foreign-exchange holdings in the form of purchase of US Treasuries.<sup>29</sup> China and its trading partners in the global network of production are increasingly trapped in the vicissitudes of unstable international markets and the vulnerabilities of international finance while international capital reaps the profits from China's low wage labor.

#### *New-generation of Chinese migrant workers*

Rural migrant workers are the mainstay of China's industrial workforce. A March 2010 survey released by China's National Bureau of Statistics (NBS), based on a national sample that covers more than 7,100 villages spread across all 31 provincial-level units of the country, the number of migrant workers reached nearly 230 million in 2009, up 1.9 percent from the previous year.<sup>30</sup> A subgroup of 145 million migrant workers had employment *outside* their home villages and towns (*waichu nongmingong*), an increase of 3.5 percent year-on-year.<sup>31</sup> Of this migrant group, a majority (61.6 percent) is between 16 and 30 years of age (see Table 1). Most of the 100 million new-generations of Chinese migrant workers—aged 23 on average—are unmarried;<sup>32</sup> and, with financial and social difficulties, these younger migrants have lots of problems in getting married, raising children, building homes in the city, and supporting their village families.

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**Table 1. Chinese migrant workers by age, 2009**

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	Percentage
16-25	41.6
26-30	20
31-40	22.3
41-50	11.9
51 or above	4.2

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Source: NBS (2010: section 3, point 1) [in Chinese].

Young rural migrant workers (*qingnian nongmingong*) are facing a huge discrepancy between their expectations and reality, and between the returns to their labor and the gains made by better paid urban workers, professionals, and government employees.<sup>33</sup> The Shenzhen Municipal Trade Union and Shenzhen University, based on the joint survey of 5,000 young migrant workers in Shenzhen city during April and June 2010, found that the respondents' average monthly wage was only 1,838.6 yuan (US\$267)—less than half (47 percent) the amount Shenzhen resident employees get.<sup>34</sup> This lump-sum, including a basic wage and hard-earned overtime premiums, scarcely covers minimal, “extra” expenses for one’s studies or leisure activities. Despite the surveyed migrant workers’ strong desire to own property in the city, the cheapest housing price in most designated towns (*jianzhi zhen*) is 5,000 yuan per square meter, a level far beyond their reach.<sup>35</sup> As holders of rural household registration status (*nongcun hukou*), young migrants share deep anxieties over employment and frustrations about their future that are a product of being permanently locked into minimum wage jobs with few benefits or rights.

Between March and May 2010, the All China Federation of Trade Unions (ACFTU) investigated the social and economic conditions of young migrant workers in 10 cities in Guangdong, Fujian, Shandong, Liaoning, and Sichuan provinces.<sup>36</sup> In June, the ACFTU team published a report that showed “the post-80s generation” is different from their parents or the older working migrants with regard to their demand for decent working conditions. These children of the reform era have grown up. They came from rural areas with aspirations of living the Chinese dream in the city. Some young people were raised in urban settings when they followed their families on the move during childhood (*liudong ertong*, translated literally as “mobile children”), that is, they are second generation urban dwellers, yet their formal residence remains in the village.<sup>37</sup> A larger number left their villages or towns (*xiangzhen*) immediately after finishing school to seek urban jobs. Wage employment in large towns and cities has become young migrants’ primary means of making a living.

Nationally, the 2009 NBS data showed that 65.1 percent of the rural migrant population was male.<sup>38</sup> Marriage reduces the probability of labor outflow, especially if there are small children. While gender segmentation in the labor market is persistent, young single women and increasingly men are recruited in export factories where demand for unskilled, low-cost laborers grows. The ACFTU researchers found that the new generation of migrant workers is becoming more concerned about the overall working environment—wages and benefits as well as opportunities for self-development. Migrant workers are primarily employed in manufacturing and service work, as shown in Table 2.

	2004 (%)	2009 (%)
Manufacturing industry	33.3	39.1
Service industry	21.7	25.5
Construction industry	22.9	17.3
Other	22.1	18.1

Source: ACFTU (2010: section 2, point 5) [in Chinese].

Young migrants are increasingly aware of equality and rights, and have higher expectations of getting fair work opportunities, labor and social welfare, and other basic public services. This is partly explained by their higher educational qualifications. Of the 145.33 million migrant workers, based on the 2009 NBS data, nearly one-third (31.1 percent) of those between 21 and 25 years of age hold high school diplomas or degrees.<sup>39</sup> They have higher aspirations for career advancement than their older counterparts. A 2007 China Youth and Children Research Center report, based on a survey of 4,673 young migrant workers employed in four sectors—construction in Beijing City, mining in Tangshan City, manufacturing in Shandong Province, and services in Chengdu City, reflected the respondents' wish to equip themselves with specialized knowledge and skills (69.7 percent), legal training (54.7 percent), and cultural learning (47.8 percent).<sup>40</sup>

Those classified as migrant workers, including second generations living and working in cities, are categorically treated as part of the rural population, even though they work and live in the urban areas, some for many years. In their everyday life, they face numerous difficulties in accessing basic community services because they are not recognized as local residents. Their legitimate rights are not effectively protected: the ACFTU study found that only 34.8 percent are provided with basic medical care, 21.3 percent pension insurance, and just 8.5 percent are eligible for unemployment

benefits.<sup>41</sup> Factory owners, often protected by local labor authorities and judicial departments, frequently neglect legal responsibilities for employees. Chinese Labor Law, often honored in the breach, requires not only 100 percent full coverage on all three types of social insurance but also mandatory protection and benefits for work injuries, occupational diseases, and child-birth (Article 73). Collaboration between the local state and factory management, however, allows many companies to evade their legal responsibilities to labor.

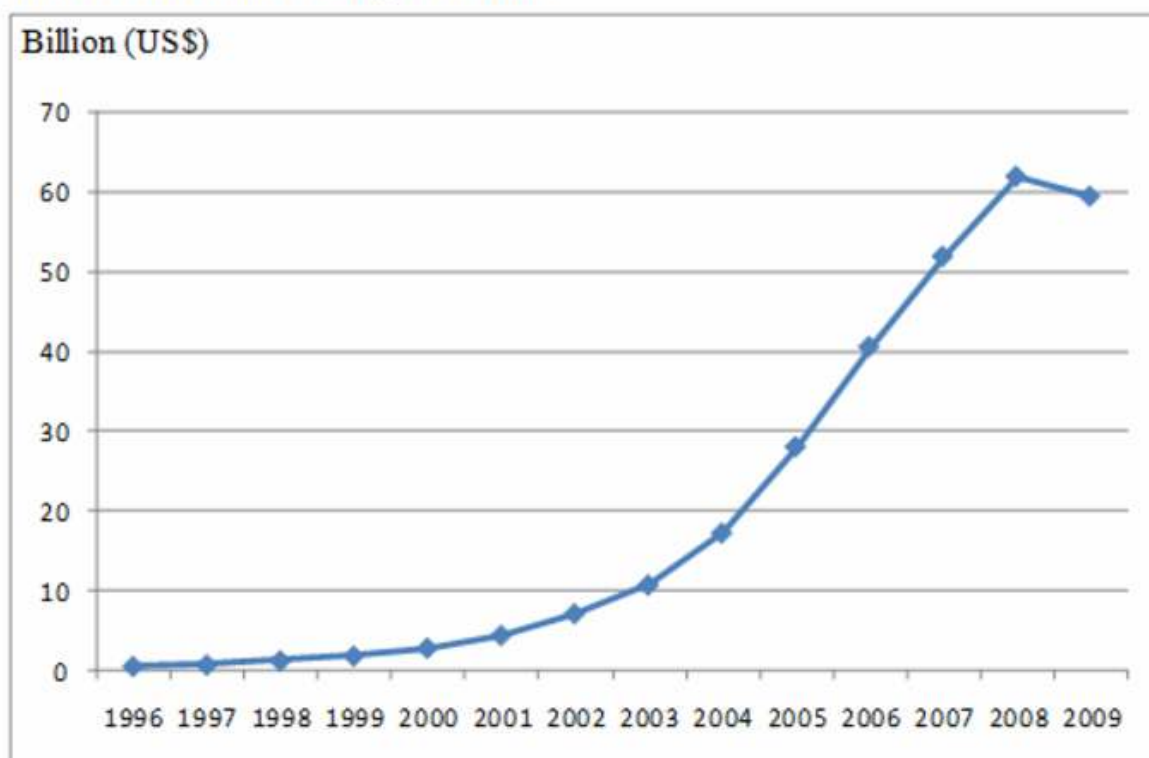
The global labor regime is rooted in the deprivation of migrant workers' labor and citizenship rights. A topic of mainstream discussion, if not outright criticism, concerning the young generation of workers is their inability to "eat bitterness" (*chi ku*). It is commonly said that those who were born after 1980, in the market economy and the new society, are not tough enough to endure hardship. They are emotionally or psychologically vulnerable to pressures. What they need is to work diligently and to improve their skills. The elite groups of the government and employers have a stake in this discourse since they need low-cost, disciplined laborers to fuel the Chinese export economy. But as exploitation intensifies, it may spark stronger local protests, as world labor theorist Beverly Silver (2003) has convincingly argued.<sup>42</sup>

### **Foxconn: "The Electronics Workshop of the World"**

The subsidiary Foxconn was a product of parent company Hon Hai's massive production of electronic connectors since the 1980s when the personal computer market took shape.<sup>43</sup> In 1988, chairman and founder Terry Gou invested in low-cost manufacturing in mainland China, while retaining research and development (R&D) at its Taiwan headquarters.<sup>44</sup> From the early 1990s, the company set up more than 40 manufacturing facilities and R&D centers in Asia (India, Vietnam, Thailand, Malaysia, Singapore, Japan, South Korea, and Australia), Russia, Europe (the Czech Republic, Slovakia, Hungary, Denmark, the Netherlands, Finland, the United Kingdom, and Turkey), and the Americas.<sup>45</sup> The technology group boasts that it provides its customers with "the best speed, quality, engineering services, efficiency, and added value," what it calls the five core competences.<sup>46</sup> But what has it done for the 450,000 largely migrant workers who produce the products at its two Shenzhen plants or elsewhere? The results suggest continued growth and high profits made possible by Chinese workers, the vast majority of whom continue to labor at state-mandated minimum wages, and who have seen few if any gains from the company's growth.

In 2001, Hon Hai became Taiwan’s largest private-sector company in terms of sales, generating revenue of US\$4.4 billion.<sup>47</sup> *BusinessWeek*, as early as 2002, acclaimed Terry Gou “the king of outsourcing”<sup>48</sup>—when Foxconn was still behind longstanding electronics manufacturing service leaders Solectron (FY 2001, US\$18.7 billion)<sup>49</sup> and Flextronics (FY 2001, US\$12.1 billion).<sup>50</sup> Since 2003, the Taiwan-based company has been China’s biggest exporter.<sup>51</sup> In 2008, Foxconn’s revenue reached US\$61.8 billion,<sup>52</sup> of which exports accounted for US\$55.6 billion, about 3.9 percent of all exports from China.<sup>53</sup> Despite the sharp contraction of American and European demand for consumer electronics during the recent economic downturn, Foxconn generated US\$59.3 billion in revenue in 2009, only a slight drop in sales of 4.1 percent from the previous year (see Chart 1).<sup>54</sup>

**Chart 1. Foxconn revenue, 1996-2009**



Source: Foxconn corporate social and environmental responsibility report (2008); Fortune Global 500 (2010).

In the wake of the global economic recovery, Foxconn’s business has been growing fast. By the end of the first six months in 2010, the company’s sales had jumped 48 percent from a year earlier to NT\$1.2 trillion (US\$37.43 billion) and net income increased 22 percent to NT\$34.7 billion (US\$1.08 billion).<sup>55</sup> Foxconn, despite bad publicity at home and abroad followed the string of 13 Foxconn worker suicides by May, and pressure to increase wages in Shenzhen and global calls for a boycott of Foxconn’s products including Apple iPhones for a month in June,<sup>56</sup> recorded thriving

exports. In the electronics manufacturing service market, Foxconn's revenue is almost three times higher than its closest rival, Singapore-based Flextronics.

### *Foxconn products and services*

Foxconn executives control labor-related expenses and reduce product time-to-market aggressively. Foxconn churns out a wide array of products from low-end to technologically sophisticated, for the world's top brands. It also provides design engineering and mechanical tooling services.

The technology group has expanded its "3C" product range<sup>57</sup>—computers (desktop, laptop, and tablet computers), communications equipment (mobile phones and smartphones), and consumer products (digital music players, digital cameras, and game consoles)—to include three more "C's": cars (automotive electronics), channels (for electronics and computer products, such as motherboards),<sup>58</sup> and content (e-book readers, a software and hardware platform for the display of e-books).<sup>59</sup> Diversity of products enhances Foxconn's market competitiveness. The company is advancing into high-end fields of nanotechnology, heat transfer, wireless connectivity, material sciences, and "green" manufacturing processes.<sup>60</sup> The electronics giant has accumulated more than 25,000 patents worldwide.<sup>61</sup>

Foxconn shortens its supply chain by manufacturing some parts in-house. Spokesman Arthur Huang<sup>62</sup> explained the company's cost-saving strategy:

We either outsource the components manufacturing to other suppliers, or we can research and manufacture our own components. We even have contracts with mines which are located near our factories.

Business integration is central to Foxconn's expansion and development. In vertical integration, Foxconn synthesizes two specialties to offer customers cost-effective advantages:<sup>63</sup>

There are two categories of manufacturers in the information and communication technology (ICT) supply chain. The first focuses on the design and assembly of electronic components such as circuit boards, data storage or displays....The second category focuses on making the structural elements for electronic products (the enclosures or cases for electronic products)...Foxconn has integrated these two formerly separated specialties to create a new, more efficient business model.

Foxconn undercuts its competitors on the price, speed of delivery, and quality of its finished products.

*Foxconn customers*

Foxconn possesses a large team of engineers and marketing managers to serve its worldwide client base. The company ranked 112<sup>th</sup> by annual revenue in the Fortune Global 500 in 2010—larger than some of the companies for which it manufactures products such as Microsoft, Nokia, Dell, Apple, Cisco Systems, Intel, or Motorola (see Table 3).<sup>64</sup> On a revenue basis, HP remains the largest company in segments of personal computers, servers, and printers.

	Revenue (US\$ billion)	Global 500 rank
Hewlett-Packard (HP)	114.552	26
Samsung Electronics	108.927	32
Hitachi	96.593	47
International Business Machines (IBM)	95.758	48
Panasonic	79.893	65
LG	78.892	67
Sony	77.696	69
Toshiba	68.731	89
Microsoft	58.437	115
Nokia	56.966	120
Dell	52.902	131
Apple	36.537	197
Cisco Systems	36.117	200
Intel	35.127	209
Motorola	22.063	391

Source: Global 500 (annual ranking of the world's largest corporations), 2010.

The growth in earnings of Foxconn, however, is not comparable to that of leading brands such as Apple and Microsoft. Based on market capitalization, in May 2010 Apple (at US\$237 billion) overtook Microsoft (at US\$221 billion) as the global number one in the technology industry.<sup>65</sup> Apple thus became the world's most valuable information technology company.<sup>66</sup> Among all types of companies worldwide, Apple's market capitalization is second only to oil giant Exxon Mobil (at US\$315 billion). By the end of fiscal year 2010, Apple's revenue—by sales—is

projected to grow 46 percent to US\$62.6 billion,<sup>67</sup> moving up quickly into the top 100 global companies ranked by *Fortune*.

Foxconn relies heavily on its made-to-order business from top technology firms (and increasingly auto brands). Benefiting from strong orders during the economic recovery, Foxconn shipped over 6 million notebooks in the first half of 2010.<sup>68</sup> Foxconn's laptop shipments to HP alone could reach 10 to 12 million units by the end of this year, and total shipments to HP are projected to increase to 20 million units in 2011.<sup>69</sup> As of July 2010, Foxconn has surpassed Quanta Computer to become Dell's third largest supplier of notebooks (behind only Wistron and Compal Electronics). Foxconn will fulfill 4 to 5 million notebook orders for Dell in 2011.<sup>70</sup>

To cope with this expansive market, Foxconn has built a huge workforce worldwide, including some 900,000 in China alone. It is expected that the company will grow by more than 40 percent to 1.3 million Chinese workers<sup>71</sup>—most of them young rural migrants and student interns—by 2011.

#### *Foxconn production in China*

Foxconn has taken advantage of China's macroeconomic policies to expand its investments. The technology company operates facilities in four strategic geographic regions across the country: the Pearl River Delta (Shenzhen, Dongguan, Foshan, and Zhongshan), the Yangtze River Delta (Shanghai, Kunshan, Hangzhou, Ningbo, Nanjing, Huaian, Jiashan, and Changshu), the Bohai Gulf area of North China (Beijing, Langfang, Qinhuangdao, Tianjin, Taiyuan, Yantai, Yingkou, and Shenyang), and central and western cities (Chongqing, Chengdu, Zhengzhou, Wuhan, Jincheng, and Nanning).<sup>72</sup> Foxconn's access to resources and talent in major Chinese cities is fundamental to its growth.

While the Chinese government froze minimum wages throughout 2009 in response to the economic crisis, since early 2010, a number of cities and provinces have raised minimum wages from 10 to 30 percent.<sup>73</sup> In China, in short, there is no national minimum wage but a checkerboard of city and provincial minimum wages. It is interesting to note that Beijing and Tianjin retain minimum wages well under those for Shenzhen and Shanghai, while inland cities such as Chengdu, Zhengzhou, and Chongqing bid for investment with minimum wages that are far lower. Migrant labor shortage (*mingong huang* or *yonggong huang*) in the Pearl River Delta and Yangtze River Delta has spurred higher wages as the area competes for labor. In contrast, investors like Foxconn find inland cities increasingly attractive as they offer cheaper land and improved infrastructure with lower wages and social insurance costs than the

eastern and southern coastal regions that initially led export-oriented growth (see Table 4).

**Table 4: Legal minimum wage by selected Chinese cities, as of August 2010**

	Wage (RMB/month)
Chengdu, Sichuan Province	450 or 550 or 650 [location-specific]
Zhengzhou, Henan Province	600 or 700 or 800 [location-specific]
Chongqing	680
Taiyuan, Shanxi Province	850
Beijing	900
Langfang, Hebei Province	900
Wuhan, Hubei Province	900
Tianjin	920
Yantai, Shandong Province	920
Kunshan, Jiangsu Province	960
Hangzhou, Zhejiang Province	1,100
Shenzhen	1,100
Shanghai	1,120

Source: China's Ministry of Human Resources and Social Security, 2010.

In the face of the worker suicide scandal and anti-sweatshop campaigns targeting Foxconn at home and abroad, Foxconn reportedly raised its Shenzhen workers' wages to 1,200 yuan (US\$176) a month beginning 1 June 2010.<sup>74</sup> Compared to the minimum wage standard set in Shenzhen (effective 1 July 2010), Foxconn's adjusted base pay is only 9 percent higher than the legal minimum level.<sup>75</sup> Still, this meager pay raise for its 450,000 employees—half of the company's workforce totaled 900,000 persons in the country—led cost-sensitive Foxconn corporate directors and shareholders to accelerate the pace of factory relocation. At the same time, facing growing consumer and public outcry, Foxconn announced a second pay raise for “qualified” workers up to 2,000 yuan (US\$293) a month, effective 1 October.<sup>76</sup> Senior management, however, has refused to disclose the details of the three-month review which could allow some workers to earn higher pay. As yet there is no indication of how many of the production workers will eventually benefit from the wage policy.<sup>77</sup> Meanwhile, in June, following the first pay raise, Foxconn stopped hiring at its two largest Shenzhen campuses.<sup>78</sup> Over the next five years, according to company sources, the number of Foxconn workers at its Shenzhen facilities will be reduced by over 30 percent to

around 300,000 persons.<sup>79</sup> Foxconn Shenzhen employees are now being relocated to other campuses.

Foxconn is actively moving production to inland cities and to the north to save on costs and to tap new business opportunities. *Zhongguo Xinwen Zhoukan* (China Newsweek)<sup>80</sup> ran a cover story titled “fight to grab Foxconn” (*zheng qiang Fushikang*) in its July 2010 issue at the peak of a new round of coordinated efforts by local governments to woo Foxconn. Many inland and northern cities have competed fiercely for the chance to host a Foxconn base, providing both low wages and subsidies that drive down relocation costs.

As early as 2009, Foxconn and other electronics makers<sup>81</sup> gained from the government’s fiscal stimulus package to set up new facilities in Chongqing municipality, China’s largest and rapidly growing Western city.

Chongqing launched its Warm Winter stimulus plan [following the global financial crisis of 2008], spending vast sums, including credit programs to allow many of the 3.5 million unemployed workers to start their own businesses, providing loans and credit guarantees to small business, launching start-up industrial parks, providing direct subsidies to 1,500 businesses.<sup>82</sup>

Chongqing employment promotion officials granted Foxconn a discounted corporate income tax rate of 15 percent, 10 percent lower than the standard rate.<sup>83</sup> Moreover, the local government will lengthen the airport runway by 400 meters to meet increasing transportation and logistical needs.<sup>84</sup> In June 2010, Foxconn signed an agreement with 119 Chongqing vocational schools to arrange student internships and employment at its local plants.<sup>85</sup> The company plans to recruit 100,000 people in the city, whose minimum wage is a fraction of that of Shanghai and Shenzhen.

Foxconn will continue to increase investment in western China, especially in Chengdu, capital of Sichuan Province. In June 2009, Sichuan provincial and Chengdu city officials led a delegation to Foxconn headquarters in Taiwan to sign a memorandum of cooperation. In 2010, Foxconn registered to build Futaihua Precision Electronics (Chengdu) and Hongfujin Precision Electronics (Chengdu), focusing on tablet computer and digital set-top box assembly.<sup>86</sup> Local government officials promised to attract other industries to relocate and “go west” to boost economic growth.

On 2 August 2010, Foxconn began production in Zhengzhou, the provincial capital of central China’s Henan. A local government official said publicly, “We’ve provided

many conveniences for Foxconn's locating here, such as opening a fast track for the import of its facilities and construction materials."<sup>87</sup> Foxconn rented a renovated factory and dormitory from the local government for its 100,000 employees. Officials have allocated land to build a permanent plant with an eventual capacity of 300,000 staff, where the first phase of construction will cover 133 hectares.<sup>88</sup> The Henan Education Bureau, vocational schools, colleges and universities "mobilized" students to participate in Foxconn internship programs, which was reportedly a requirement to complete their vocational training.<sup>89</sup> Both temporary student workers and employees are responsible for making Apple iPhones, which will hit a daily output of 200,000 units at full capacity.<sup>90</sup>

It is obvious that Foxconn aims to consolidate its production clusters across China to build a cost-competitive network. Local government incentives offered to Foxconn over these more than 20 years have contributed greatly to its economic success. Beginning in the fall of 2010, the company plans to open retail stores to sell electronics gadgets for domestic consumption.<sup>91</sup> This move is intended to diversify from its export-oriented business model.

### **Young Workers: Struggling Inside "Foxconn City"**

Foxconn describes its Shenzhen Longhua manufacturing site, sub-divided into 11 zones listed alphabetically from A to K, as a campus. It is the biggest technological park in China where 300,000 workers, or as many as one-third of Foxconn's workforce in the country, is based. Company profile and media reports<sup>92</sup> mention that the 2.3-square-kilometer campus includes:

Factories, dormitories, banks, hospitals, a post office, a fire brigade with two fire engines, an exclusive television network, an educational institute, bookstores, soccer fields, basketball courts, track and field, swimming pools, supermarkets, and a collection of cafeterias and restaurants.

Fieldwork confirms that most of the Foxconn employees in China are young migrants who work and live on the campuses. These workers produce and assemble high-quality electronics products. A tagline of Foxconn's worldwide recruitment advertisement reads, "The Foxconn brand is the talent of its workforce" (in original Chinese, *rencai shi Hon Hai de pinpai*).<sup>93</sup> The evidence suggests, however, that the company is losing its most precious talent. By the end of May, 12 Foxconn workers had jumped or fallen to their deaths and the 13<sup>th</sup> jumper, a 25-year-old worker, slit his wrists after being stopped from jumping from a dormitory (see Table 5). Given recent

events, the term used to refer to employees, “the people of Foxconn” or *fu kang ren*, rings with dark irony as the Chinese, literally translated, means “wealthy” and “healthy” people.

**Table 5: Suicides at Foxconn in Shenzhen, January to May 2010**

	Sex	Age	Native place	Date	Remark
1 Ma Xianqian*	M	19	Henan	23 Jan 2010	Falling from building
2 Li (surname)	M	20s	Henan	11 Mar 2010	Jumping from the 5/F
3 Tian Yu #	F	17	Hubei	17 Mar 2010	Jumping from the 4/F
4 Liu Zhijun	M	23	Hunan	29 Mar 2010	Jumping from the 14/F
5 Rao Leqin #	F	18	Jiangxi	6 April 2010	Jumping from the 7/F
6 Ning Ling	F	18	Yunnan	7 April 2010	Jumping from building
7 Lu Xin	M	24	Hunan	6 May 2010	Jumping from the 6/F
8 Zhu Chenming	F	24	Henan	11 May 2010	Jumping from the 9/F
9 Liang Chao	M	21	Anhui	14 May 2010	Jumping from the 7/F
10 Nan Gang	M	21	Hubei	21 May 2010	Jumping from the 4/F
11 Li Hai	M	19	Hunan	25 May 2010	Jumping from the 4/F
12 He (surname)	M	23	Gansu	26 May 2010	Jumping from the 7/F
13 Chen Lin #	M	25	Hunan	27 May 2010	Slitting his wrists after failing to jump

\* Local Chinese media reported Ma Xiangqing’s death as the “first” of the 13 suicide attempts beginning January 2010 at Foxconn facilities in Shenzhen.

# Survived with injuries.

Source: News reports.

Foxconn publicized visits by psychologists with the dismissive suggestion that the number of suicides at its two Shenzhen workplaces is *below* the national level,<sup>94</sup> in an insensitive attempt both to evade responsibility and to hide the problem. No genuine scientific study would base itself on such a comparison which leaves out of consideration that the Foxconn suicides were of young people employed in the city.<sup>95</sup> Nor would it consider it the “norm” that Chinese workers commit suicide to fight terrible working conditions.



**Grieving family of Ma Xianqian protests his death outside the Foxconn factory**

Here we present our field data, industry analyses, and investigative reports by the media and labor rights groups in order to gain a deeper understanding of the problems. We call on the three main players, namely, international brand-name corporations, Foxconn, and local and national governments to act responsibly to stop this trend of Foxconn employees' choosing to end their young lives.

*Outsourcing, Apple profits, and low wages*

From the perspective of supply chain purchasing power, leading international brands have tremendous influence over their contract manufacturers. Thus far, however, we find that Apple and other global companies are squeezing their suppliers worldwide with little concern for the effects of their actions on the people who produce their products. Apple has reportedly expanded and diversified its Asian manufacturing investment.<sup>96</sup> Industry analysts estimate that the operating profit margins among major electronics suppliers were at best 4 to 5 percent on average in 2007.<sup>97</sup> By product segment, competition for orders is expected to further lower notebook makers' gross margins in 2011 from the already low level of 4 percent in 2010.<sup>98</sup>

Apple, which enjoyed record profits amid the economic crisis, continues to seize every opportunity to secure lower prices from suppliers. Indeed, industry sources suggested that Apple awarded iPhone orders to Foxconn after Foxconn agreed to sell parts at "zero profit."<sup>99</sup> Foxconn probably agreed to the deal in order to keep other more lucrative Apple contracts and to kill its competitors. It offered a rock-bottom price made possible by its big market size to secure a leading industry position. Apple revenues for the fiscal 2009 first quarter exceeded US\$10 billion.<sup>100</sup>



**Will Apple and other corporate icons be able to distance themselves from the plight of Chinese workers assembling their products? Steve Jobs addressed the Foxconn issue at a press conference while a Chinese protester demanded equitable treatment for workers.**

Foxconn assembles best-selling hand-held mobile devices for Apple like iPods, the iPhone 4 (the latest design of Apple-branded smartphones), and iPads (tablet computers that are thinner and lighter than netbooks or mini notebooks). According to market research firm iSuppli, the part-and-component cost<sup>101</sup> of a 16Gbyte version iPhone 4 is US\$187.5, less than one-third (31.3 percent) of the selling price of US\$599. It is estimated that Apple commands gross margins in the range of 50 percent on the iPhone, compared to 20 percent to 40 percent for competitor products.<sup>102</sup>

Apple rides high-margin hardware to market supremacy, taking the lion's share of the profit. The iPad went on sale on 3 April 2010. In June, Apple announced that it sold 3 million iPads in the 80 days after its introduction in the United States.<sup>103</sup> iSuppli analyzed that the manufacturing cost of an Apple iPad is only US\$9, or 1.8 percent of the lowest-priced US\$499 iPad, and that the cost of materials is estimated at US\$250.6, or 50.2 percent of the retail price.<sup>104</sup> With less than 2 percent of the cost of the cheapest iPad per unit going to a manufacturer, Foxconn production workers get even less.

In outsourcing production, Apple is the most profitable of the top technology firms. For its fiscal 2010 third quarter, Apple posted all-time record revenues of US\$15.7 billion, with a fat gross margin at 39.1 percent.<sup>105</sup> The company statement describes "a phenomenal quarter that exceeded our expectations all around, including the most successful product launch in Apple's history with iPhone 4. iPad is off to a terrific start...and we have amazing new products still to come this year." An analyst at *DigiTimes* says Apple has ordered 24 million units of the iPhone 4 for this year alone from Foxconn,<sup>106</sup> and many more orders for iPads are expected to follow.

Buyers of Foxconn products want their iPhones and computers manufactured fast to meet global demand. For example, Apple is trying to get its white models of iPhone 4 out to the market without delay, while keeping up with the availability of black

models.<sup>107</sup> This drive for productivity and quality leads to constant pressure on Foxconn workers. The electronics parts and components are assembled quickly as they move up the 24-hour non-stop conveyor belts. At the same time, the workers' youth and sweat are expended on the relentless machines.

Foxconn benefits from both the influx of big-volume orders and the hard work of young migrant laborers. However, its profit is not at all comparable to that of top brands. Under the direct pressure of Apple and other buyers, and the hunger for ever more corporate profit, Foxconn, as of 31 May 2010, paid 450,000 production line workers at its two Shenzhen plants only 900 yuan (US\$132) a month for a 40 hour week. In other words, Foxconn has set its maximum base wages at the local minimum wage standard.

But how much did workers actually earn? Journalists from the *Beijing Qingnian Bao* (Beijing Youth Daily) published a wage stub of a Foxconn Shenzhen worker for November 2009 on 7 June 2010.<sup>108</sup> It clearly shows:

The worker's total monthly income is 2,149.5 yuan. The basic salary is 900 yuan, which is the local compulsory minimum wage for a normal working month of 21.75 days. All the remaining income is the worker's overtime payment for 136 hours [precisely 100 hours above the legal maximum overtime limit].

In this example, 60 percent of the monthly total wage is from doing overtime work. The worker is not in the minority at Foxconn. According to a 5,044-person survey conducted by the Shenzhen Human Resources and Social Security Bureau, 72.5 percent of the Foxconn workforce put up with working hours far beyond legal limits to earn extra income.<sup>109</sup>

To safeguard workers' rights to a basic livelihood, rights group Hong Kong-based Students and Scholars Against Corporate Misbehavior (SACOM) calculated that the living wage standard in Shenzhen should be 2,297.3 yuan (US\$337) a month.<sup>110</sup> China Labor Bulletin agreed that a basic wage of 2,000 yuan a month is "absolutely necessary" in Shenzhen, on the borderline of Hong Kong.<sup>111</sup> Foxconn management has not thoroughly reviewed its management method in the wake of the suicides. Taiwan unions and labor groups protested at Foxconn's headquarters asking, "What is the price of a human body" (*xue rou he jia*)?<sup>112</sup> At a press conference in Taipei, scholars read an open statement co-signed by 180 Taiwan academics dated 13 June 2010. It stated that "recent pay raises [at Foxconn] do not address the

problem...we believe that the Foxconn suicide cluster is a bitter accusation made with 13 young lives against the inhumane, exploitative regime.”<sup>113</sup>



At the root-cause level, global brands such as Apple pressure suppliers like Foxconn to compete against each other on price, quality, and delivery. To secure contracts, Foxconn minimizes costs, and transfers the pressure of low profit margins to frontline workers. The pressure to keep up with new, competitively priced orders forces Foxconn workers to new levels of exhaustion.

**What is the price of a human body? Dozens of demonstrators protested outside Hon Hai's Taipei headquarters on 28 May 2010, urging the company to respect life and improve treatment of its workers. They laid flowers for the 10 dead Foxconn workers.**

Photo credit: Wang Hao-zhong (2010).

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

young men and women workers rarely stop working except to eat and sleep, simply to make ends meet. The result is a community of people under intense stress with few resources, a situation conducive to depression.



**Taiwan unions and labor activists unfurl white banners to mourn the Young Foxconn workers in a protest against Hon Hai on 28 May 2010, Taipei. (Left) For**

*Foxconn management, labor discipline, and pressures*

**wealth and power— physical and mental health spent, hopes lost (Right) For profit of the brand—youth spent, dreams shattered.** Photo credit to Wang Hao-zhong (2010).

Foxconn executives continued to insist that their treatment of workers was “world class”<sup>114</sup> even after the 8<sup>th</sup> jump since the beginning of the year on 11 May 2010. Replying to international media inquiries, Foxconn insisted that the company “has provided workers with a far better environment and benefits [than] the manufacturing industry as a whole.”<sup>115</sup> Public criticism from China Labor Watch (New York)<sup>116</sup> and China Labor Bulletin (Hong Kong)<sup>117</sup> mounted, emphasizing not the facilities per se but workers’ health and well-being. Company boss Terry Gou finally broke his silence over the then 10 worker suicides on 24 May, but only to deny that he was running “blood and sweat factories.”<sup>118</sup>

The record number of suicides, said Foxconn, was not related to its management style, working conditions, or wage policies. Spokesperson Edmund Ding told the media that some of the workers had had “personal problems.”<sup>119</sup> Accordingly, Foxconn established an Employee Care Center and set up a 24-hour hotline service to help employees maintain “mental health.”<sup>120</sup> Employees can hit punching bags with pictures of their supervisors to vent their anger and frustration in newly-opened stress-release rooms.<sup>121</sup> Senior management also invited a group of psychologists to try to suggest ways for Foxconn’s 300,000 young employees in the Longhua facility to cope with “the psychological and emotional needs.”<sup>122</sup> Meanwhile, Foxconn brought in monks in an attempt to release the souls of the deceased employees from suffering and to dispel misfortune.<sup>123</sup> The conducting of the religious rite, however, could not stop the 11<sup>th</sup>, 12<sup>th</sup>, and 13<sup>th</sup> jumps from taking place. After the attempted suicide on 27 May, Foxconn began to install 3,000,000 square meters of safety nets between dormitory buildings to prevent employees from killing themselves by jumping off the rooftop. CEO Terry Gou called them “*ai xin wang*,” translated literally as “nets with a loving heart.”<sup>124</sup> But the question is: can the nets really help save lives?

We question Foxconn’s framing of the suicides as isolated, individual cases in a typical instance of blaming the victims. Following a string of employee suicides at the two Shenzhen plants, Foxconn announced that it would test incoming employees to identify any hidden “mental health” issues<sup>125</sup> in all its manufacturing facilities across China. Management claimed the deaths were primarily related to the immaturity and

fragile state of mind of the young rural migrants. Their victim-blaming approach suggested that they are reluctant to review workplace-based problems and their negative impact on workers' state of mind and body.

### *Military culture*

“A leader,” says Terry Gou, must have the decisive courage to be “a dictator for the common good” (*ducai wei gong*).<sup>126</sup> Under his leadership, the Foxconn Longhua flagship plant has constructed its own “city” within Shenzhen City, where company managers and security officers retain supra-governmental control over its employees. An extreme example is that Foxconn workers who made emergency calls to the police through in-factory telephones were automatically transferred to Foxconn's own private security department!<sup>127</sup> There seems no alternate avenue for workers to seek help and support.

Management has hired more than 1,000 security guards to keep internal order in the Foxconn Longhua plant (no littering, no jay-walking, and so on) and prevent unauthorized persons from entering sensitive areas.<sup>128</sup> Workers wear uniforms color-coded by their department. Every factory building and dormitory has security checkpoints with guards standing by 24 hours a day.

All employees, whether they are going to the toilet or going to eat, must be checked. Workers swipe electronic staff cards at the gates, while outsiders such as truck drivers leave their fingerprints on recognition scanners.<sup>129</sup> To thwart rivals intent on industrial espionage, the company bars employees from bringing music players or mobile phones onto the shop floor. Body searches are not uncommon. Men reportedly must take off belts with metal buckles and women their wired bras before they can pass the electronic security systems.

The “Foxconn Empire” is infamous for its heavy-handed security. Reports from official and media sources about detention, abuse, and use of violence by company security personnel are numerous. A tragic example was the death of Sun Danyong at Foxconn's Longhua plant on 16 July 2009. Sun, a 25-year-old Yunnan graduate from the Harbin Institute of Technology, was held responsible for losing one of 16 prototypes of Apple's fourth-generation iPhone. He jumped from the 12<sup>th</sup> floor of his apartment building to his death. Foxconn issued a statement:<sup>130</sup>

Regardless of the reason for Sun's suicide, it is to some extent a reflection of Foxconn's internal management deficiencies, especially in

how to help young workers cope with the psychological pressures of working life at the company.

The “psychological pressures” referred to included being suspected of stealing, interrogation, and solitary confinement by security officers, and having his home searched. He was allegedly beaten and humiliated. His final online chat with his friends revealed both his agony and relief, “Thinking that I won’t be bullied tomorrow, won’t have to be the scapegoat, I feel much better.”<sup>131</sup>

Scandals about Foxconn security officers’ use of force made headlines only weeks after the loss of the company’s young employee. The location this time was Beijing, a main assembly site for Nokia and Motorola mobile phones. In Foxconn’s Beijing plant, security guards, according to the company investigative report,<sup>132</sup> fought with workers on 6 August 2009. Commentators, referring to online videos about the fight and worker interviews, held that physical and verbal violence is systemic in Foxconn system.<sup>133</sup> Workers are harassed and beaten up without serious cause. A manager responded to public concern by stating that “the incident was a misunderstanding.”<sup>134</sup> Disciplinary actions taken against the workers, if any, were not publicly reported.

In the name of keeping strict confidentiality for its buyers like Apple, Nokia, and Motorola, Foxconn retains a veritable army of private security officers. The high-level, round-the-clock alerting device installed at Foxconn is justified by its contractual responsibility to secure its customers’ rights to intellectual property. Any leak of “business information” will result in big financial losses.<sup>135</sup> In this way, global technology multinationals have transmitted extreme pressure all the way to the Chinese shop floor. Foxconn workers are watched on or off the production line.

### *Despair and loss of hope*

The post-80s and post-90s new generation of migrant workers have higher expectations of life than their elders, and feel greater disappointment and resentment at their failures. After 19-year-old Li Hai climbed the fence on the 5<sup>th</sup> floor of the company training center to jump to his death on 25 May 2010 (dubbed the “11<sup>th</sup> jumper”), police found a suicide note apologizing to his family. The note indicated that Li had “lost confidence in his future.”<sup>136</sup> It reads: My expectations of what I could do at work and for my family far outweighed what could be achieved.

Li was born in 1991 in a poverty-stricken village in Hunan province. His rural family of four had contracted a tiny farm of only three-*mu*, just half an acre. His cousin told

him that he could make money by working at Foxconn. Selling a motorbike for 300 yuan to buy a train ticket, he traveled to the southern metropolis.<sup>137</sup> At the Shenzhen Guanlan plant, during the 42 work days, he was allegedly scolded by his line supervisor almost every day. His suicide note continues:

I like drawing, like the girl Xiao Ye, but really dislike ... [*fushikang*].

Li, a fresh school graduate, became disillusioned with the Foxconn way of life. Coming from the countryside, he found fitting into the robotic assembling process, at high speed and to a precision measured down to the second, most difficult. Feeling unable to go back home, he ended his life in the early morning. Shenzhen city did not turn out to be his dreamland of opportunities.

Lu Xin, another Hunan native, jumped from the 6<sup>th</sup> floor at Foxconn's Shenzhen Longhua apartment on 6 May 2010 (dubbed the "7<sup>th</sup> jumper").<sup>138</sup> Like Li Hai, Lu needed money to improve his rural family's living conditions. As a university graduate, Lu, got a starting base pay rate of 2,000 yuan, more than double that of line workers. During his eight months of work, he managed to remit home more than 13,000 yuan, all by doing excessive overtime work. His blog post dated 26 October 2009, cited by *China Central Television (CCTV)*, reads:<sup>139</sup>

I came to this company for money. [But then I realized], this is a waste of my life and my future. In the first step of my adult life, I took the wrong path. I'm lost.

Lu was assigned to the production department, not his preferred research and development unit. In April 2010, he was working everyday until 9 p.m. According to Chinese law, normal working hours should not exceed 8 hours a day and 40 hours a week (Article 3 of State Council Rules on Working Hours) and overtime should not exceed 3 hours a day (Article 41 of Labor Law). Lu saw no hope for himself or prospects for the future. Another online post dated 14 March 2010 reads:<sup>140</sup>

If I really could, I'd write music every day. I don't have money [to buy] music hardware equipment. I don't even want to spend money on a computer. I can't find a record company either. Youth flies away. The 24 years old of me, can I still do it?

Lu loved music and wanted to be a professional singer. He even took part in the company singing contest and won second prize. But in reality he was responsible for monotonous tasks in the assembly workshop. By early May he was on the verge of a

breakdown. He reportedly showed symptoms of delusions like “being followed and threatened by someone who wants to kill him.” On that sleepless night, his university classmate and co-worker recalled Lu’s final words:<sup>141</sup>

He said he was going to look at the scenery and right after he finished his sentence, he quickly opened the window and jumped onto the balcony, then jumped off from the balcony. He never hesitated. I tried to grab him, but only pulled the clothes on his left arm, he threw my hand off.

Lu’s job was quality control. If he failed to monitor the high quality of finished products, every worker in the same production department and he himself would be punished.<sup>142</sup> As a result, he was very nervous about the passing rates of products, fearing punishment or that the bonus would be cut.

The younger generation of better-educated migrant workers wants a new life but they see no prospect in toiling day and night on the standardized assembly lines. They face a huge discrepancy between soaring expectations and the harsh reality of factory lives.<sup>143</sup> Only a few days after the suicide of Lu Xin, 24-year-old Henan worker Zhu Chenming jumped off the roof of an apartment to her death (dubbed the “8<sup>th</sup> jumper”). A friend told of her big dreams of success as a super model:<sup>144</sup>

She’s 1.74-meter tall. [Before entering Foxconn] she learned about modeling. Her aspiration was to travel abroad to study.

In the evening on 11 May 2010, Zhu’s dead body was found lying on the ground. All the glamour had dissipated from her young life.

Workers-of-rural-origins are marginalized and excluded materially and culturally. Younger workers in particular feel insecure, neither belonging to the city nor able to return to a livelihood in the countryside. Every day, hundreds of young workers quit their jobs and leave the “walled city” of Foxconn. But those who hop to other factories quickly find themselves being exploited in more or less the same way as at Foxconn. Some have their employment histories brought to an end by industrial accidents.<sup>145</sup> Still others, under desperate conditions, have taken their own lives.<sup>146</sup>



**Thirteen young organizers picketed an Apple store in San Francisco on 17 June 2010. They carried placards showing the names and ages of 12 of the 13 Foxconn suicide victims whose names are known, and an unnamed placard for the 13th. They had a moment of silence for each of them.**

**On the “DeathPad,” reads “Workers want justice.”** Photo credit: Chinese Progressive

Association San Francisco.

meaning of their work collapses. The path ahead is blocked, and the road to retreat is closed. Trapped in this situation, the new generation of migrant workers faces a serious identity crisis and, in effect, this magnifies psychological and emotional problems. Digging into this deeper level of our societal and structural conditions, we come closer to understanding the “no way back” mentality of these Foxconn employees.

The pressure of being away from home, and with little care and fairness from society, was among the major factors behind the employee suicides.<sup>148</sup> Millions of migrant workers like Foxconn employees are thrown into a state of deep contradiction. They reject the regimented hardships their predecessors endured as cheap labor and second-class citizens. They rebel against their marginalized status and meaningless life. “So their only option was a very human one,” a labor scholar commented, “to throw away or destroy their own bodies as a gesture of frustration—and of defiance.”<sup>149</sup> In their defiant deaths they call on the Chinese nation—and international society—to wake up before more lives are sacrificed.

Nine mainland Chinese and Hong Kong academics issued an open statement calling on Foxconn and the government to do justice to the younger generation of migrant workers.<sup>147</sup> The statement reads painfully:

From the moment they [the new generation of migrant workers] step beyond the doors of their houses, they never think of going back to farming like their parents. In this sense, they see no other option when they enter the city to work. The moment they see there is little possibility of building a home in the city through hard work, the very

## **Conclusion**

China's emergence as a global economic power could not have occurred without the painstaking efforts of the older and younger generations of migrant workers. The Foxconn suicides have received much media attention and yet many other workers toil under equally terrible conditions. We believe that the labor and human rights issues raised by this human tragedy go far beyond the specific conditions at Foxconn, and demand wide-ranging changes at both the industry and governmental levels.

The suppression of wages to jump-start export-processing industries in the 1980s brought about a large influx of foreign investments to China. Accelerated in the 1990s, transnational companies and Taiwanese contractors have outsourced low-value-added production to Chinese manufacturers. Millions of export-oriented factories are subject to order specifications of Western and Asian multinationals. Profit margins in labor processing remain small. At the international level, producers from Vietnam, India, Cambodia, Bangladesh and other developing countries are pitted against China in a battle to become sub-tier suppliers further down the global commodity supply chain. On factory floors, workers bear the brunt of cost cutting pressures.

Young rural migrant workers have become the backbone of China's urban export industry. They are underpaid and heavily squeezed. Image-sensitive global buyers and their suppliers sometimes express concern for the workers' treatment. But often this seems simply business-as-usual rhetoric of corporate social responsibility (CSR). Critics point out the reality behind the rhetoric:<sup>150</sup>

The promises of CSR programs—now a US\$40 billion-a-year business globally—have been fatally undermined by the “iron triangle” of lowest possible per-unit price, highest possible quality, and fastest possible delivery times. Contractor factories are provided with no financial support for CSR policies required by the brands; instead they face slashed profit margins and additional costs that can be made up only by further squeezing their own labor force.

Workers' youthful years are worn away to the rhythm of the machines as parts and components flow by. Occupational health, and even precious life, is sacrificed.

Foxconn's strategy of low-cost, suppressed-labor-rights competitiveness is neither economically sustainable nor morally supportable. As the biggest electronics contract manufacturer in the world, Foxconn churns out massive volumes of goods designed by global companies. Although its profit margins are slim, its total profits and market

share are large. Still, the company does not provide its employees a living wage, appropriate working conditions, or adequate benefits. Excessive overtime, high level of work-related stress, and disrespect for workers' right to union representation is built-in to the Foxconn management system. Under these extreme conditions, at least 13 Foxconn employees chose to end their lives within five months of this year.<sup>151</sup> To prevent similar tragedies from happening at Foxconn and other factories it is critical, first and foremost, to assure workers' rights to democratic union organization and collective bargaining. Strengthening the participation of workers in enterprise management will help improve working conditions. We encourage independent nongovernmental organizations (NGOs) and credible union leaders to offer participatory training in workers' rights at the workplace level. Furthermore, we advocate joint monitoring of company grievance mechanisms by local governments and external parties, excluding those who are linked to corporate interests.

We are concerned about the role of the local and national states in the protection of the new working class. The use of a large pool of young migrant labor to fuel China's export-driven economy comes at too high a human cost. Migrant workers' basic needs for housing, social security, and education for their children are not protected by the local government. As long as these real problems are not solved, the mental or psychological problems that have been magnified will never disappear. The government should redistribute income and guarantee benefits to rural residents and migrant workers to improve living standards. Institutional discrimination against migrant workers, based on rural household registration and other policies, must be eliminated to facilitate labor mobility and reduce labor market segmentation and discrimination at the expense of rural workers. Workers' participation in social and labor reform will build the community resources to reduce suicides. Overall, a more balanced urban-rural development model is key to social and economic stability.



**On 8 June 2010 the Global Day of**

**Remembrance for Foxconn Victims and Foxconn’s Annual General Meeting, student protestors from SACOM, Hong Kong labor unions, and rights groups demonstrated outside a local Apple store to hold Apple and Foxconn accountable to workers’ rights.** Photo credit: Students & Scholars Against Corporate Misbehavior (SACOM).

Suicide is the most desperate form of protest. It should not be used as a means to resist social injustice.

Concrete improvements should start at Foxconn but certainly should not end there. Since May 2010, condolence events for Foxconn victims and their families were organized in Shenzhen, Beijing, Hong Kong, Taipei, New York, Washington

D.C., San Francisco, Boston, Canada, Mexico, the Czech Republic, Berlin, Amsterdam, Switzerland, France, Australia, South Korea, India, and other places around the world.<sup>152</sup> On 22 July, two days immediately after the apparent suicide of an 18-year-old male student-worker at the Foxconn Foshan plant in Guangdong province,<sup>153</sup> a coalition of 45 institutional investors worldwide issued a public statement calling for ethical, socially-conscious investment and improved conditions in electronics manufacturing facilities in the entire global supply chain.<sup>154</sup> On 4 August, despite installing safety nets around the building premises, 22-year-old Liu fell to her death from a dormitory in the Foxconn Kunshan facility in eastern Jiangsu province.<sup>155</sup>

Amid new cases of young worker suicides this summer, Foxconn organized a morale-boosting rally for its young employees at a stadium in the Shenzhen Longhua plant on 18 August 2010. Some workers dressed in company-provided, pink-color t-shirts with big red words “I love Foxconn.” Others, in cheerleader costumes, held up huge posters of CEO Terry Gou that say “Love me, love you, love Terry.”<sup>156</sup>

At the time, all 20,000 Foxconn participants stood up and chanted slogans, orchestrated by company organizers. A high-level manager loudly exhorted the young people: “Treasure your life, love your family!”<sup>157</sup> Most importantly, he shouted: “Let us care for each other to build a wonderful future.”<sup>158</sup>



**Love me, love you, love Terry**

Without stronger protection of workers' fundamental rights to strive for decent work, however, whatever the corporate hype, it seems almost certain that we will witness a growing roll-call of deaths.

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## Notes

<sup>1</sup> We translated the extracts in Chinese from a [blog](#) dated 27 May 2010. All translations throughout this paper are by the authors.

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<sup>9</sup> According to a timeline of milestones on the Foxconn website, in 2006, the company was named one of the “best employers in China” by a ChinaHR.com poll. [Link](#).

<sup>10</sup> *Dagongmei / dagongzai* (female / male migrant workers) is a new gender and class identity that has been emerging in post-Mao China. *Dagong* is defined in contrast to *gongren*. *Dagong* refers to rural residents who migrate to and from cities where they work with or without temporary contracts, usually for private enterprises, as opposed to *gongren* who enjoy (nominally) lifelong contracts with state enterprises and urban household registrations. See Ching Kwan Lee. 1998. *Gender and the South China miracle: two worlds of factory women*. Berkeley: University of California Press; Pun Ngai. 2005. *Made in China: women factory workers in a global workplace*. Durham: Duke University Press and Hong Kong: Hong Kong University Press; Yan Hairong. 2008. *New masters, new servants: migration, development, and women workers in China*. Durham: Duke University Press.

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<sup>29</sup> Chinese trade surpluses, in turn, were used to buy US bonds, sustaining the debt-financed spending spree of Americans on low-cost imported merchandizes. See Ho-Fung Hung. America's head servant? The PRC's dilemma in the global crisis. *New Left Review* 60 (Nov/Dec): 5-25.

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<sup>31</sup> Nationally, 84.45 million Chinese migrant workers are engaged in rural non-farm employment (*bendi nongmingong* or *jiudi zhuanyi nongmingong*). They had been working in enterprises *within* their home villages or towns (*xiangzhen*) for more than

6 months at the time of survey. In 2009, the number of this subgroup of rural migrants decreased by 0.7 percent year-on-year.

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<sup>37</sup> The NBS survey reported that less than 30 million migrant workers nationwide were joined by their families. In recent years the social problem of *liushou ertong* or children left behind in the countryside (by parents working outside) has gained wide attention. Effective solutions are yet to emerge.

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<sup>41</sup> All China Federation of Trade Unions (ACFTU). 2010. *Research report on problems of the new generation of Chinese migrant workers* [in Chinese]. [Link](#).

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<sup>43</sup> Hon Hai subsidiaries in Taiwan and China, see Hong Kong-listed Foxconn International Holdings (FIH) [here](#).

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- <sup>58</sup> Foxconn Technology Group. 2010. *Channel business*. [Link](#).
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- <sup>138</sup> *Nanfang Dushi Bao* (Southern Metropolis Daily). 7 May 2010. One more Foxconn employee jumped from building, allegedly followed by a killer [in Chinese].
- <sup>139</sup> Lu Xin, Foxconn employee, quoted in CCTV. 11 May 2010. Foxconn “seven consecutive jumps” incident. [Link](#) [narrate in Mandarin, with subtitle in Chinese].
- <sup>140</sup> *Zhongguo Pinglun Xinwen Wang* (China Review News). 13 May 2010. Eight consecutive jumps, why? Foxconn eventually reflected on suicides [in Chinese].
- <sup>141</sup> Zeng Hongling, Foxconn employee and former university classmate of Lu Xin, quoted in *CCTV Xinwen 1+1* (News 1 + 1). 11 May 2010. Foxconn: “seven consecutive jumps” mystery. [Link](#) [narrate in Mandarin, with subtitle in Chinese].
- <sup>142</sup> Zhou Hongquan, Yang Yan, and Xia Xiong. 17 May 2010. Lu Xin a graduate from Xiangtan University lost his soul at Foxconn, is domination by machines the root cause for his death? *Renmin Wang* (People Net) [in Chinese].
- <sup>143</sup> Jonathan Adams. 14 June 2010. China workers suicides: a lost generation? *GlobalPost*.
- <sup>144</sup> Xiao Li, friend of Foxconn worker Zhu Chenming, quoted in *CCTV Jingji Ban Xiaoshi* (Economy for half-an-hour). 23 May 2010. Foxconn “ten consecutive jumps” mystery. [Link](#) [narrate in Mandarin].
- <sup>145</sup> Jonathan Adams and Kathleen E. McLaughlin. 2009-2010. Silicon sweatshops (a series of feature stories about workers in Taiwan and mainland China). *GlobalPost*; see also Students and Scholars Against Corporate Misbehavior (SACOM). 18 August 2010. *Wal-Mart supplier produces severed fingers and hands*.

<sup>146</sup> Mark Lee. 26 May 2010. Suicides among China factory workers surge, labor group says. *Bloomberg BusinessWeek*.

<sup>147</sup> The nine signatories of the open statement dated 18 May 2010 are: Shen Yuan (Tsinghua University), Guo Yuhua (Tsinghua University), Lu Huilin (Peking University), Pun Ngai (Hong Kong Polytechnic University), Dai Jianzhong (Beijing Academy of Social Sciences), Tan Shen (China Academy of Social Sciences), Shen Hong (China Academy of Social Sciences), Ren Yan (Sun Yat-sen University), and Zhang Dunfu (Shanghai University). See the full webtext at [Sina Tech](#) [in Chinese].

<sup>148</sup> Li Ping, Shenzhen government secretary general, quoted in *The Mail*. 28 May 2010. Thirteenth employee at China's iPhone factory attempts suicide amid row over working conditions.

<sup>149</sup> Russell C. Leong. 27 May 2010. *Blood in exchange for gold?* UCLA U.S.-China Media Brief.

<sup>150</sup> Garrett Brown. 4 August 2010. Global electronics factories in spotlight. *Occupational Health & Safety*.

<sup>151</sup> Amid intense journalist investigation on Foxconn suicides in May 2010, the death of 19-year-old Rong Bo was exposed to the public. On 8 January 2010, Rong leapt off a dormitory building to his death in the Foxconn Langfang campus in Hebei province. See official source from *Xinhua*. 21 May 2010. 11<sup>th</sup> jump pushes Foxconn into the teeth of storm.

<sup>152</sup> See, for example, relevant sections about Foxconn suicides by Students and Scholars Against Corporate Misbehavior (SACOM) [here](#), United Students Against Sweatshops (USAS) [here](#), China Study Group (CSG) [here](#), GoodElectronics [here](#), makeITfair [here](#), procureITfair [here](#), International Metalworkers' Federation (IMF) [here](#), Maquila Solidarity Network (MSN) [here](#), Maquiladora Health & Safety Support Network (MHSSN) [here](#), GreenIT [here](#), and Talking Union [here](#).

<sup>153</sup> A male student-worker died from falling in Foxconn Foshan plant on 20 July 2010. *Xinhua*. 20 July 2010. Another Foxconn worker falls to death.

<sup>154</sup> Boston Common Asset Management, Trillium Asset Management Corporation, As You Sow, Domini Social Investments, and Interfaith Center on Corporate Responsibility. 22 July 2010. *International investor coalition urgently calls for improved working conditions in electronics manufacturing facilities*.

<sup>155</sup> *BBC*. 6 August 2010. China Foxconn factory confirms another worker death.

<sup>156</sup> Sophie Beach. 18 August 2010. Foxconn rallies China workers amid suicide concerns (with photos and a video). *China Digital Times*.

<sup>157</sup> Gillian Wong. 19 August 2010. Foxconn gets the pompoms out to raise morale at “suicide factory.” *The Independent*.

<sup>158</sup> Gillian Wong. 18 August 2010. iPhone maker Foxconn holds rallies after suicides. *The Globe and Mail*.