

# China: Foxconn hold rallies to boost its image

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In a cynical public relations exercise, Foxconn, the world's largest electronics outsourcing manufacturer, organised rallies of employees last week at its plants in Shenzhen, Foshan and Kunshan in China. Foxconn gained notoriety after a spate of suicides of young workers earlier this year put a spotlight on the oppressive conditions in the company's factories.

The largest rally was held at Foxconn's Longhua plant in the southern Chinese export hub of Shenzhen, where most suicides and suicide attempts took place. The huge complex is like a small city—employing and housing 400,000 workers, most of whom are rural migrants. In comments to the media, employees described the plant's military-style discipline and the alienating environment in which they lived.

Twelve young Foxconn workers have lost their lives through suicide so far this year. Two others survived their suicide attempts. The most recent death occurred on August 4, when a 22-year-old woman jumped to her death from a dormitory at the Kunshan plant.

The slogan of last week's rallies was: "Treasure Your Life, Love Your Family, Care for Each Other to Build a Wonderful Future". Workers were dressed up in identical pink company shirts emblazoned with "I love Foxconn". They held up banners that declared "mutual love" and "cherish life". About 50,000 workers in all attended the rallies on August 18 which were followed parties in the evening.

Louis Woo, special assistant to Foxconn's billionaire chief executive Terry Guo, insisted that the workers at the rallies were not handpicked or coerced into participating. The US-based public relations firm, Burson Marsteller, stated that the purpose of the rallies was to "send an important message to employees that

they are not alone, and that [the company is] there to support and to help them through their challenges".

However, Foxconn's real preoccupation is not with the lives of its employees, but to allay concerns among its customers that their association with the company will damage their reputations. Foxconn manufactures electronics devices for some of the world's largest corporations—including Apple iPhones, Sony Play Stations and Dell computers.

The company has made cosmetic changes to its facilities and procedures. It has installed three million square metres of nets around its factory buildings to prevent workers from jumping. In Zhengzhou, the capital of Henan province, more than 10,000 applicants competing for 600 Foxconn jobs were forced to undergo psychological and stress tests to prove that they could endure depression, loneliness and sleep deprivation.

Foxconn announced last week that it planned to increase its workforce in China from 900,000 to 1.3 million over the next 12 months. Louis Woo declared: "This estimated increment is, in part, a result of reducing maximum overtime hours allowed for employees in line with Chinese government regulations and the company's goal of giving employees increased time outside of the workplace".

In fact, the cutting of overtime is to reduce costs after the company was compelled to announce wage rises in May following the suicides. The increase of basic wages did not compensate workers for the loss of overtime and their overall income effectively declined. Foxconn is also planning to exploit cheaper labour in poorer inland provinces such as Sichuan and Henan. Its workforce in coastal Shenzhen will be cut by 170,000

over the next five years.

The chief motive behind Foxconn's hiring plan is to expand production capacity. It is estimated that global electronics revenues will grow by 8 percent to a total of \$281 billion this year. In the first half of 2010, Foxconn increased its revenue by 50 percent mainly through cost-cutting measures that inevitably impact on workers.

Foxconn's regime is fully endorsed at all levels of the Chinese government, which ruthlessly uses its police-state apparatus to suppress any opposition by the working class. Foxconn's owner Terry Guo is now Taiwan's richest man and his company is one of the world's 500 largest corporations.

The *South China Morning Post* noted last week that Guo was the "darling" of Chinese officials who compete with one another to encourage him to invest in their regions. Guo has invested more than \$10 billion in a dozen Chinese cities. The *China Business Journal* explained: "Guo's investment is so big that it is able to control the economy of one city to a certain extent and wherever he goes, Guo is treated with the utmost courtesy, like a mayor."

The state-controlled All China Federation of Trade Unions (ACFTU) works hand-in-hand with Foxconn management in policing the workforce. At last week's rallies, the company's ACFTU president Chen Peng, who is also a senior manager, declared: "We hope employees will express their concerns through established and proper channels. We also want to ensure that employees understand that suicide is a cowardly act."

The main concern of management and the union is not so much individual suicides, but fears that workers might begin to take collective action in the form of strikes and protests. Already this year there have been a series of strikes in automobile and electronics plants in China, beginning in May with a lengthy stoppage for higher pay at Honda's transmission factory in Foshan.

The latest strike by more than 200 workers broke out at the South Korean-owned Lotte China Food Company last week. The company's four plants make biscuits,

drinks and chewing gum. Workers were demanding an increase in their monthly wage of 800 yuan (\$US118) to about 1,700 yuan to cope with rising prices.

A striking worker told the *Global Times* that their patience ran out. "We are only paid 960 yuan, just reaching the new minimum wage in Beijing that came into effect July 1." He explained that other benefits had been cut. "For example, an allowance for working in high temperatures we used to enjoy has been cancelled for several years, so has the annual bonus."

Management initially offered a rise of just 90 yuan. Far from representing the workers, the local ACFTU joined the labour bureau and security authorities to negotiate with the strikers' representatives. Scores of police were deployed to the plant to prevent reporters from entering the area. The three-day strike ended last Thursday after the company offered a higher pay rise.

The emerging capitalist class in China has accumulated great wealth at the expense of the working class. A new study by the China Reform Foundation and sponsored by Credit Suisse has pointed out that illegal or corrupt "grey income" of the rich in China could be as much as \$1.4 trillion or one third of the country's GDP. As a result, the gulf between rich and poor is even wider than previously estimated. About 62 percent of the hidden income (including project kickbacks, share manipulation, land deals, corporate bonuses and outright bribes) is in the hands of the richest 10 percent, whose per-capita income is 65 times higher than that of the poorest 10 percent. The official estimate is just 23 times.

Foxconn's PR exercise cannot suppress the irreconcilable social tensions between the Chinese and international corporate elite on the one hand, and hundreds of millions of workers on the other. Driven by deepening world economic crisis, open class struggles will inevitably erupt on a broader scale.



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