

Class exploitation and the market: The secret of the \$1 trillion corporation

Andre Damon
4 August 2018

On Thursday, Apple Inc. became the first US corporation to reach a market capitalization of one trillion dollars. Its rival technology giants, however, are not far behind. Amazon, the online retail monopoly, is valued at \$883 billion. The market capitalization of Alphabet, the parent company of Google and YouTube, stands at \$854 billion, followed by Microsoft with a valuation of \$821 billion.

The rise of the trillion-dollar corporation points to the most fundamental characteristic of contemporary capitalism: the degree to which the inflation of stock values has become an instrument for the upward redistribution of wealth, through share buybacks and capital gains at one pole of society and the forcible suppression of wages on the other.

When workers throughout the world dare to question why they are forced to toil in poverty, they are universally told: there is no money. But this is nothing but an absurd and transparent lie.

Apple's profits are extracted through a coordinated and systematic process of exploitation on a global scale.

Apple spent \$43.5 billion on stock buybacks in the first half of this year, 40 times more than it paid its iPhone assembly workforce in China over the same period. Its cash hoard, meanwhile, stands at \$250 billion, and the company's bottom line has been swelled further with the Trump administration's offshore tax repatriation scheme.

While Apple is only the world's third-biggest smartphone maker by volume, it is far and away the most profitable, as its products command a massive price premium over other brands. The company produces just 18 percent of the world's smartphones, but it receives 90 percent of the profits in the sector.

According to one study, labor costs account for only

five percent of the retail price of an iPhone, with Apple retaining 60 percent of the sale price as profit.

The iPhones are assembled in massive facilities on the Chinese mainland, such as Pegatron Corp.'s factory in the outskirts of Shanghai, employing up to 50,000 people at any one time, and Foxconn's factory in Zhengzhou, China, which can produce 500,000 iPhones a day.

At these secretive factories, workers regularly work 60-hour work weeks, earning between \$2 and \$3 per hour, including overtime. At the beginning of every shift, they have their faces scanned, pass through metal turnstiles, and line up in military-style formation before working 12-hours at a time. The ledges of their dormitories are lined with netting to prevent workers from committing suicide by jumping off the roofs.

In vast assembly lines, the workers combine parts from up to 200 suppliers from throughout the Asia-Pacific, North America and Europe, with each factory capable of producing up to 350 phones per minute.

Once assembled, each phone passes, on paper, through a byzantine array of customs procedures, whose net result is the funneling of profits through Ireland, an offshore tax haven, allowing the company to avoid paying most taxes.

Three-quarters of Apple's phones are destined for export from China. Phones bound for the United States are flown by United Parcel Service (UPS) and FedEx to Anchorage, Alaska, and then to Louisville, Kentucky, before being distributed throughout the country. Along their journey, the phones are sorted and tracked by UPS package handlers earning between \$9 and \$15 per hour.

Some are bound for Apple's retail stores, where sales associates sell over \$300 in products per hour and receive an hourly wage starting at just \$13. Others will be shipped out by Apple's online store or by mobile

phone carriers, for delivery by UPS drivers whose starting wage, if the contract demanded by the Teamsters union is passed, will be \$20 per hour.

Out of this mass of labor, of human beings regularly working 60 or more hours of repetitive, back-breaking work each week, most of whom can be fired at any time and have little if any health and retirement benefits, emerges the one-trillion-dollar company.

While no one can deny that Apple and Google have introduced substantial technical innovations, the technologies underlying their products, from the graphical user interface to the World Wide Web, were developed in the public sector or in research institutions financed at state expense. One need look no further for proof than the fact that both Apple's mobile operating system (iOS) and Google's (Android) are derived from free and open source software.

Apple's sales have grown ten-fold since 2009, but its share price has shot up eighteen-fold. After hitting a low of just over \$11 per share in 2009, its stock price closed at \$207 at the end of this week. These increases far eclipsed the rise of the Dow Jones Industrial Average as a whole, which quadrupled over the same time.

While the latest jobs figures released Friday showed that workers' wages fell, in real terms, by 0.2 percent over the past year, the roaring stock market has brought annual investment returns of 20 percent for the world's ultra-rich.

Apple has been a cash cow for this financial oligarchy. Nearly two thirds of the company's shares are owned by institutional investors like Vanguard, Blackrock and Berkshire Hathaway, where millionaires and billionaires park their wealth to have it double every five years or so.

These massive earnings of the financial oligarchy are the direct consequence of the 2008 bailout of Wall Street, in which trillions of dollars in public funds were funneled by the Obama administration onto the balance sheets of the major banks, orchestrating the largest, most sustained global stock market rally in world history.

The semi-official mantra of post-war American capitalism has been that "a rising tide lifts all boats." To the extent that corporations were profitable, these gains would supposedly be spread to all sections of society, including the working class.

The most notable characteristic of the stock market rally engineered after the 2008 crisis, however, is the degree to which the endless rise in share prices has been underwritten by the suppression of wages.

This explains the seemingly mysterious breakdown in the normal operation of the labor market. By some measures, there is a greater shortage of workers than at any time in the past half-century. And yet, month after month, year after year, wages keep falling.

Ten years after the 2008 financial crash, the working class faces a turning point. This year has already seen significant signs of the eruption of class struggle. This month, 250,000 workers at UPS will vote on a contract pushed through by the company and the Teamsters union that will slash the average wage paid to current employees through the creation of a new category of "flexible" workers. In Europe, workers at Ryanair have launched an international strike movement. In Britain, workers at the National Health Service are demanding the repayment wages swindled from them.

The coming period will see many expressions of growing working class resistance to exploitation and inequality. These struggles can succeed only if workers understand that they are confronting not just one company, union or government, but the entire capitalist system, whose basic operation is predicated on the continuous suppression of workers' wages for the enrichment of the financial oligarchy.



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