

HIGH TECH MISERY IN CHINA

The Dehumanization of Young Workers
Producing Our Computer Keyboards

"I feel like I am serving a prison sentence."

- MEITAI FACTORY WORKER



Hewlett Packard
Lenovo
Microsoft
Dell
IBM

The Dehumanization of Young Workers Producing Our Computer Keyboards

Dongguan Meitai
Plastics & Electronics Factory

HIGH TECH MISERY IN CHINA

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The Research

The research for the Meitai factory report was carried out between June and September of 2008 and updated through mid-January 2009. During this period there were no significant changes in the factory.

Our research was based on interviews carried out over months in safe locations along with photographs of primitive factory, dorm and cafeteria conditions which were smuggled out of the factory. Moreover, internal company doc-

uments were also smuggled out of the plant, detailing a long list of draconian disciplinary measures and fines which were used to control every movement and almost every second of the workers' lives.

Unlike toy, garment, furniture and auto parts plants, the Meitai factory in Dongguan City has not, to date, been hit hard by the worldwide recession and it continues to operate at near full capacity with few layoffs.

EXECUTIVE SUMMARY

HIGH TECH MISERY IN CHINA

**Meitai Plastics &
Electronics**
Dongguan City,
Guangdong CHINA

- Two thousand workers, mostly young women, produce computer equipment including keyboards and printer cases for **Hewlett-Packard, Dell, Lenovo, Microsoft** and **IBM**.
- Management instructs the workers to **“love the company like your home,” “continuously strive for perfection”** and to spy on and **“actively monitor each other.”**
- Workers are prohibited from talking, listening to music, raising their heads, putting their hands in their pockets. Workers are fined for being one minute late, for not trimming their fingernails—which could impede the work—and for stepping on the grass. Workers are searched on the way in and out of the factory. Workers who hand out flyers or discuss factory conditions with outsiders are fired.
- The young workers sit on hard wooden stools twelve hours a day, seven days a week as 500 computer keyboards an hour move down the assembly line or one every 7.2 seconds. Workers are allowed just 1.1 seconds to snap each key into place, repeating the same operation 3,250 times an hour, 35,750 times a day, 250,250 times a week and over one million times a month.
- The workers are paid 1/50th of a cent for each operation.
- The assembly line never stops, and workers needing to use the bathroom must learn to hold it until there is a break.
- All overtime is mandatory, with 12-hour shifts seven days a week and an average of two days off a month. A worker daring to take a Sunday off—which is supposedly their weekly holiday—will be docked 2 ½ days’ wages. Including unpaid overtime, workers are at the factory up to 87 hours a week. On average, **they are at the factory 81 hours a week, while toiling 74 hours, including 34 hours of overtime, which exceeds China’s legal limit by 318 percent!**
- The workers are paid a base wage of **64 cents an hour**, which does not even come

close to meeting subsistence level needs. After deductions for primitive room and board, the workers' **take-home wage drops to just 41 cents an hour.** A worker toiling 75 hours a week will earn a take-home wage of \$57.19, or 76 cents an hour including overtime and bonuses. **The workers are routinely cheated of 14 to 19 percent of the wages legally due them.**

- Ten to twelve workers share each crowded dorm room, sleeping on narrow metal bunk beds that line the walls. They drape old sheets over their cubicle openings for privacy. In the winter, workers have to walk down several flights of stairs to fetch hot water in a small plastic bucket, which they carry back to their rooms to take a sponge bath. In the summer, dorm temperatures reach into the high 90s.

- Workers are locked in the factory compound four days a week and are prohibited from even taking a walk.
- **To symbolize their "improving lives" the workers are served a special treat on Fridays—a small chicken leg and foot.** For breakfast, they are given watery rice gruel. The workers say the food has a bad taste and is **"hard to swallow."**
- Illegally, workers are not inscribed in the mandatory work injury and health insurance and Social Security maternity leave program. In the Molding department, due to the excessive heat, the workers suffer skin rashes on their faces and arms.
- One worker summed up the general feeling in the factory: **"I feel like I am serving a prison sentence."**



INTRODUCTION

THE NEW ASSEMBLY LINE

"I think it's fair to say that personal computers have become the most empowering tools we've ever created. They're tools of communication, they're tools of creativity, and they can be shaped by their user."

"The Internet is becoming the town square for the global village of tomorrow."

- Bill Gates

*"I feel like
I am serving a
prison sentence."*

- Meitai Factory Worker
Making Microsoft Keyboards

Making Computer Keyboards
and other Peripherals
For Hewlett-Packard, Dell,
Lenovo, Microsoft and IBM

by CHARLES KERNAGHAN

The workers sit on wooden stools, without backrests, as 500 computer keyboards an hour move down the assembly line, twelve hours a day, seven days a week, with just two days off a month.

Every 7.2 seconds a keyboard passes each worker, who has to snap six or seven keys into place—one key every 1.1 seconds.

The assembly line never stops. The workplace is frantic, monotonous, numbing and relentless. Each worker inserts **3,250 keys an hour; 35,750 keys during the official 11-hour shift; 250,250 a week, performing over one million operations a month.**

Workers are paid 1/50th of a cent for each operation they complete.

Of the 2,000 or so workers at the Meitai factory, the majority are young women, ranging in age from 18 to their mid-twenties. While working, the women cannot talk, listen to music, or even lift their heads to look

around. Workers are ordered to **“periodically trim their nails”**—to facilitate work, or be fined. Workers needing to use bathroom must learn to hold it until there is a break. Security guards spy on the workers, who are prohibited from putting their hands in their pockets and are searched when they enter and leave the factory.

The factory operates 24 hours a day on two 12-hour shifts, with the workers rotating between day and night shifts each month. The workers are at the factory for up to 87 hours a week, and all overtime is strictly mandatory. There are just two half-hour meal breaks per shift, but after racing to the cafeteria and cuing up to get food, the workers have only about 15 minutes to eat.

The base wage is 64 cents an hour, which after deductions for primitive room and board drops down to a **take-home wage of just 41 cents an hour.**

There is also mandatory unpaid overtime to clean the factory and dorm. At the end of a shift, workers must stand at attention as the foreman reviews the day’s work and what improvements must be made.

The workers get up around 6:00 a.m. When they return to their dorm, sometime between 9:00 and 9:30 p.m.—they bathe using a small plastic bucket. Summer temperatures routinely reach into the high 90s. During the winter, workers have to walk down several flights of stairs to fetch hot water in their buckets. Ten to twelve workers share each over-crowded dorm room,

sleeping on narrow metal bunk beds that line the walls. Workers drape old sheets over their cubicle openings for privacy.

If a worker steps on the grass on the way to the dorm, she is fined. The workers are locked in the factory compound four days a week and are prohibited from even taking a walk.

Management tries to brainwash the young workers, telling them they **“...must love the company like their home...”** and that **“to serve society, each worker must be devoted to their duty...continuously striving for perfection...”** and **“developing good personal work habits.”** These good workers also have to spy on each other for **“...employees should actively monitor each other.”** Communism in China has come a long way as the young workers at the Meitai factory are taught that, **“economizing on capital...is the most basic requirement of factory enterprise.”**

Workers who hand out flyers or discuss factory conditions with outsiders will be fired. Many young workers have never heard the word *union* and have no idea what it is.

All the workers know is that they all feel like they are **“serving a prison sentence.”**

God help us if the labor-management relations being developed in China becomes the new low standard to be accepted by the rest of the world. The \$200 personal computer and the \$22.99 keyboard may be seen as a great bargain, but in the long run they come at a terrible cost.

“GOODS PRODUCED UNDER CONDITIONS WHICH DO NOT MEET A RUDIMENTARY STANDARD TO DECENCY SHOULD BE REGARDED AS CONTRABAND AND NOT ALLOWED TO POLLUTE THE CHANNELS OF INTERNATIONAL COMMERCE.”

-FRANKLIN DELANO ROOSEVELT

A good question is: *Would you want your daughter to work in this factory?* Corporations attempt to dumb down every job so they can slash wages and benefits. If workers oppose this and try to fight back, the work is outsourced. The result is a Race to the Bottom, where workers are pitted against one another to compete over who will accept the lowest wages, the least benefits and most miserable working and living conditions. There are no winners in this battle.

The **Decent Working Conditions and Fair Competition Act (S.367)**, introduced by Senator Byron Dorgan in the last Congress, was co-sponsored by then-Senators Barack Obama, Joe Biden, Hillary Clinton and others, along with over 180 members of the House. The bill simply demands that corporations respect wage, hour and labor rights laws in the countries in which they produce and that they adhere to the International Labor Organization’s core worker rights standards, including freedom of association, the right to organize a union and bargain collectively. Under this bill, corporations that fail to meet these minimum labor rights standards will be prohibited from importing or selling their goods in the U.S. or exporting them.

Passage of the **Decent Working Conditions and Fair Competition Act** in the new Congress would be a groundbreaking step toward finally holding corporations legally accountable to respect fundamental worker and human rights standards and ending the Race to the Bottom in the global economy.



“I FEEL LIKE I AM SERVING A PRISON SENTENCE...”

“I FEEL LIKE I AM SERVING A PRISON SENTENCE. THE FACTORY IS FOREVER PRESSING DOWN ON OUR HEADS AND WILL NOT TOLERATE EVEN THE TINIEST MISTAKE. WHEN WORKING, WE WORK CONTINUOUSLY. WHEN WE EAT, WE HAVE TO EAT WITH LIGHTNING SPEED. WHEN I NEED TO GO TO THE BATHROOM, I HAVE TO TRY MY HARDEST TO CONTROL MYSELF, TO HOLD IT IN AND NOT GO. THE SECURITY GUARDS ARE LIKE POLICEMEN WATCHING OVER PRISONERS. WE’RE REALLY LIVESTOCK AND SHOULDN’T BE CALLED WORKERS.

“EVEN WHEN YOU GET OFF YOUR SHIFT, THERE IS NO FREEDOM. EVEN SUCH SIMPLE PLEASURES AS TAKING A WALK OR STROLLING DOWN THE STREET ARE CLOSELY MANAGED BY THE FACTORY.”

**MEITAI 1
WORKER**

**MEITAI 2
WORKER**

“MY HANDS ARE MOVING CONSTANTLY....”

“EVERY DAY I ENTER THE FACTORY AND I ASSEMBLE KEYBOARDS. MY HANDS ARE MOVING CONSTANTLY AND I CAN’T STOP FOR A SECOND. OUR FINGERS, HANDS AND ARMS ARE SWOLLEN AND SORE. EVERY DAY I DO THIS FOR 12 HOURS. WHAT MAKES IT EVEN WORSE IS THE CONSTANT PRESSURE AND BORING MONOTONY OF THE WORK.”

“WE ARE NOT HUMAN...”

**“WORKING LIKE THIS EVERY DAY
I DON’T SEE HOW WE ARE ANY
DIFFERENT FROM MACHINES.
MANAGEMENT TREATS US SO
HARSHLY; IT IS LIKE WE ARE NOT
HUMAN. THEY DON’T SEE US AS
PEOPLE. THEY TREAT US LIKE
TOOLS. THE FACTORY HAS TO
PAY MONEY TO PURCHASE THE
MACHINES, BUT THEY DON’T HAVE
TO SPEND MONEY ON US.”**

**“WE HAVE TO BEG
THE BOSS FOR MERCY...”**

**“THE FACTORY RULES ARE
REALLY LIKE A PRIVATE LAW.
WE ARE FORCED TO OBEY AND
ENDURE MANAGEMENT’S HARSH
TREATMENT. SOME YOUNG
WORKERS HAVE BOYFRIENDS
AND GIRLFRIENDS OUTSIDE THE
FACTORY AND IF THEY WANT
TO GO ON A DATE, WE HAVE TO
BEG THE BOSS FOR MERCY TO BE
ABLE TO LEAVE THE FACTORY
COMPOUND.”**

**MEITAI 3
WORKER**



**MEITAI 4
WORKER**



Computer electronics assembly line at the Meitai factory.

DONGGUAN MEITAI PLASTICS & ELECTRONICS FACTORY

Mulun North Ring Road Industrial Area
Changping Town, Dongguan City
Guangdong, China

- Taiwanese-owned
- Produces computer equipment and peripherals such as keyboards and printer cases for Lenovo, IBM, Hewlett-Packard, Dell and Microsoft.
- Approximately 2,000 employees, an estimated 75 percent of whom are young women. In mid-2008, the Meitai factory was advertising for workers with a huge want ad posted outside the factory:



Meitai Factory



“Meitai Company seeks large numbers of female workers ages 18-35 for 1,200 to 1,500 RMB per month” [\$172.80 to \$216.00 U.S.]



Storage area inside the factory



Keyboard assembly line. Workers sit on hard wooden stools without backrests 12 hours a day racing to complete 500 keyboards an hour. Each worker will complete 35,750 operations a day.

BRAINWASHING

**“ALL
EMPLOYEES...
SHOULD
REGARD THE
FACTORY
AS HOME”
BUT...**

MEITAI
“FACTORY REGULATIONS
AND DISCIPLINE,”
CHAPTER IV

- ***“All employees in the factory should regard the factory as home, be friendly and help each other out.***
- *“All employees must voluntarily accept the arrangements made by a superior... and actively complete all demands and tasks assigned by the company.*
- *“If employees do not follow the company’s arrangements... the company has the right to re-assign such employees or demote them; to re-adjust the compensation accordingly; or even to dismiss such employees.*
- *“All employees shall strictly comply with production discipline...”*
- *“Employees shall concentrate on work during work hours...”*
- *“Employees must wear work uniforms and work shoes; employees must wear their factory ID cards...”*
- *“All employees of the company shall obey the confidentiality rules and shall not disclose company secrets and technological materials. Without authorization of the company, employees shall not willfully photograph or videotape within the factory...The employee who violates this rule will be dismissed.” (What management is really afraid of is that information may leak out regarding abusive conditions in the Meitai factory.)*

WORKDISCIPLINE

**“ALL
EMPLOYEES
MUST...
LOVE THE
COMPANY
LIKE THEIR
HOME.”**

MEITAI FACTORY'S
REGULATIONS AND DISCIPLINE

- *“All employees must establish a link between the factory’s prosperity and their personal honor and love the company like their home. They should work hard and continuously forge ahead and expand the factory’s work.”*
- *“To serve society, each employee must be devoted to their duty, work hard to improve and continuously collect practical experience.”*
- Workers must be *“continuously striving for perfection, developing good personal work habits.”*
- *“Our company’s principle of quality is to ‘increase skills, collect experience, strive for perfection and achieve stable development.”*
- *“...all employees must take part in activities to protect the environment.”*
- *“...idle chat...is forbidden while on a shift.”*
- *“Employees shall maintain the factory image... Employees shall dress in clean and appropriate clothes... not post flyers in the company, should not walk on green areas or plants...”*
- *“Economizing: This is the most basic requirement of factory enterprise, economizing on capital.”*

BIG BROTHER

**“EMPLOYEES SHOULD ACTIVELY
MONITOR EACH OTHER.”**

MEITAI FACTORY’S
REGULATIONS AND DISCIPLINE,
CHAPTER VII

- **“Infractions” punished with the loss of over two hours’ wages** (fine of 10 RMB-\$1.44), including for—

“Being 1 to 5 minutes late to start a shift...”

“Not periodically trimming fingernails, which will affect product quality.”

“Not lining up correctly while punching time cards or at the cafeteria.”

“Wearing work shoes outside the work room after work.”

“Putting hands in pant pockets while inside the factory or workroom.”

- **“Infractions” punished with the loss of 4 ½ hours wages** (20 RMB fine, \$2.88)

“...answering a personal telephone call in the workroom.”

“Not diligently working or raising ones head to look around when guests or cadres come to visit.”

“Putting personal objects on the work desk.”

“...listening to the radio while on the job.”

“Not parking bicycles according to company regulations; riding bicycles in and out of the company in a way not in accordance with company regulations.”

“Returning to the dorm after regulated hours [curfew].”

- **“Infractions” punished with the loss of nearly seven hours’ wages** (30 RMB fine--\$4.32)

“Switching beds without authorization.” (Dorm beds are assigned by management.)

- **“Infractions” punished with the loss of nearly 1 ½ days’ wages** (50 RMB fine--\$7.20)

“Workers who arrive over one hour late...”

“Riding the elevator without permission.”

“Plugging in electronics [using electricity] in the dorm room for personal use.”

IS WATCHING

BIG BROTHER
BIG BROTHER

“Using the company phone to make personal calls.”

“Producing products of low quality...”

“Workers who...go to visit other workers during working hours.”

“Chatting at the workstation during work hours...”

“Entering or leaving the factory area without allowing door personnel [security guards] to inspect [search workers].”

“Treating supervisors with an arrogant attitude...”

- **“Infractions” punished with the loss of nearly three days’ wages** (100 RMB fine--\$14.40):

“Leaving one’s workstation without permission...”

*“Putting up personal notices...or **handing out flyers.**”*

“Revealing confidential company or production-related information.”

- **“Infractions” punished with firing:**

“Violating labor discipline...and not obeying the company’s work arrangements.”

“...Taking part in illegal organizations.”

[In China, this means independent unions; human, women’s and children’s rights organizations and non-state-sanctioned religious organizations.]

“Not following the procedures spelled out by government regulations on stopping work, slowing work down, encouraging others to stop or slow down work.”

“Missing three days of work.”

“Disobeying China’s one-child policy.”

*“Not obeying company arrangements or directions or...**collectively causing trouble** as a group...”*

“Any behavior similar to that listed above or helping or colluding in such behavior.”

EXPORT SUBSIDIES IN CHINA HELPED BY DUTY-FREE ENTRY TO THE U.S.

China is not only manipulating its currency to gain an unfair trade advantage—arbitrarily devaluing the yuan to lower the cost of its imports to the U.S. China is also providing its export factories with large tax subsidies.

The standard value-added tax (VAT) in China for computer hardware and other electronic products is set at 17 percent. However, to promote exports to the U.S., factories such as Meitai are granted an export VAT tax rebate of 13 percent, meaning the effective tax rate drops to just four percent. For example, if Meitai shipped \$1 million-worth of computer components to the U.S., instead of having to pay the standard 17 percent tax, amounting to \$170,000, Meitai pays just four percent, or \$40,000, resulting in a tax saving of \$130,000. China has effectively slashed taxes by 76 percent for factories exporting advanced technology products to the U.S. and other countries.

U.S. trade policy further assists China's export of advanced technology products to the United States by allowing computer keyboards, other computer components and many electronic goods **to enter the U.S. duty-free**. While computer components from China enter the U.S. duty-free, there is a 35 percent tariff for similar products made in Cuba.

The government of China helps its exporters in other ways as well: directing state banks to loan more money, disbursing government research funds, providing tens of billions of dollars-worth of letters of credit to exporters and by pressing municipal governments to stop raising wages.

An estimated 80 percent of computers and consumer electronic goods are now imported to the U.S.



10 to 12 workers share each dorm room sleeping on narrow metal bunk beds. Workers drape old sheets over their cubicle opening for privacy.

HOURS

EXCESSIVE
FORCED
OVERTIME

Routine 81 1/4-hour workweek

- *Nominal 12-hour shift, 8:00 a.m. to 8:00 p.m., seven days a week.*
- *All overtime is mandatory.*
- *Workers allowed just two days off a month.*
- *Including unpaid overtime—mandatory work meetings and preparations—workers are routinely at the factory 12 1/2 hours a day while toiling 11 1/2 hours.*
- *On average, including unpaid overtime, workers are at the factory 81 1/4 hours each week while toiling 73 3/4 hours, including 34 3/4 hours of obligatory overtime, which exceeds China's legal limit by 318 percent.*
- *At the extreme, workers are at the factory 87 1/2 hours a week, while working 80 1/2 hours, which exceeds the legal overtime limit by 388 percent.*



5,500 computer keyboards will move down the assembly line each day.

FACTORY RULES

HOURS

MEITAI FACTORY “MATERIALS FOR NEW EMPLOYEE TRAINING”

- *“Work on the day shift begins every day at 8:00 a.m. The shift ends at 8:00 p.m. The night shift begins at 8:00 p.m. and ends at 8:00 a.m.”*
- *“There is a mandatory meeting 20 minutes before each shift. After each shift is finished, workers must line up and wait for the foreman to sum up the conditions of the day’s production and discuss ways to prevent problems and make improvements.”*
- *“The production department’s day shift has a lunch hour between 11:30 a.m. and 12:30 p.m. The day shift has dinner between 4:30 p.m. and 5:30 p.m. Breakfast is at 7:00 a.m. The night shift has a late-night snack between 11:30 p.m. and 12:30 a.m. The night shift eats breakfast at 8:30 a.m. Also, when workers eat they should return to their work shop to work within 30 minutes. Violators will be treated as if they were late for work.”*
- *“In the ten minutes before beginning and ending a shift, preparations for changeover must take place.”*
- *“Tidiness and cleanliness of the work area must be maintained, and the cleanliness of the surrounding environment protected.”*
- *“All workers must fill out an operator’s form in full immediately after getting off a shift.”*
- *“Every day workers must carry out the 7 S duties—[straightening, organization, cleaning, tidying up...]—around the work area before beginning and ending their shifts.”*

HOURS EXCESSIVE MANDATORY OVERTIME

**GRUELING 12 ½-HOUR SHIFTS,
SEVEN DAYS A WEEK.**

The Meitai factory operates 24 hours a day with two 12-hour shifts. The day shift is—nominally—from 8:00 a.m. to 8:00 p.m., with half-hour breaks for lunch and supper at 11:30 a.m. and 4:30 p.m. The night shift is from 8:00 p.m. to 8:00 a.m., with a late night snack, also for half an hour, at 11:30 p.m., and a short rest period at 4:30 a.m. The workers are at the factory at least 12 hours a day while toiling 11 hours. It is the same with the night shift.

The workers alternate shifts every month, with day workers moving to the night shift and night workers to the day shift.

The factory operates seven days a week and does not guarantee weekends or national holidays off. It all depends on how much work the factory has. On average, the workers receive just two days off a month. Workers needing to take a day off while the factory is operating on the weekend must apply for permission to be absent. ***Even if permission is granted, workers are docked 50 RMB (\$7.20)—or nearly one-and-a-half day's wages—for taking a Saturday or Sun-***

HIGHTECH MISERY IN CHINA

day off—which are supposed to be their weekend holidays.

At the Meitai factory, there is also a separate assembly department, which operates only on day shift. The number of lines and workers varies, and rises or falls according to production needs. Three lines operate on mandatory 12 to 14-hour shifts, also seven days a week.

**WORKERS ROUTINELY AT
THE FACTORY 78 HOURS
A WEEK, WHILE TOILING
71 ½ HOURS, INCLUDING
31 ½ HOURS OF
OBLIGATORY OVERTIME.
INCLUDING UNPAID
OVERTIME, WORKERS
ARE AT THE FACTORY UP
TO 87 ½ HOURS.**

Given that the workers receive just two days off each month, on average they at the factory six-and-a-half days a week, while putting in the nominal 12-hour shifts. (All workers are required to remain for at least 30 minutes of unpaid overtime per day, so the real shift is a minimum of 12 ½ hours). Workers are allowed two half-hour breaks for lunch and supper in the day shift and two similar breaks on the night shift for a late-night snack and a tea break. So workers are at the factory 12 hours a day, while actually toiling 11 hours, including three hours of overtime each weekday.

This puts the workers at the factory an average of 78 hours a week (6.5 days x 12 hours=78) while they would be toiling 71 ½ hours (6.5 days x 11 hours=71 ½ hours), including 31 ½ hours of mandatory overtime a week (71 ½ - 40 regular hours=31 ½), which exceeds China’s legal limit on overtime by 279 percent!

The legal regular work week in China is 40 hours, with eight-hour shifts, five days a week. All overtime must be strictly voluntary, paid at a premium, and cannot exceed 36 hours a month. At the Meitai computer factory workers are required to work **a minimum of 136 ½ hours of overtime each month.**

On the alternating weeks that they are required to work seven days, the workers **are at the factory 84 hours, while toiling at least 77 hours, including 37 hours of overtime, which exceed China’s legal limit by 345 percent.** At the low end, when the workers are toiling six days a week, they are **at the factory a minimum of 72 hours, while working 66 hours, including 26 hours of mandatory overtime. Even this minimum amount of overtime exceeds China’s legal limit on overtime hours by 213 percent!**

As there are so many workers in the factory, and with many departments running their machinery 24 hours a day, the half-hour lunch and supper breaks for the workers are staggered with groups of workers leaving and returning at different times between 11:30 a.m. and 12:30 p.m., and again from 4:30 p.m. to 5:30 p.m. In reality, the thirty minute breaks are even shorter than they appear since it takes the workers at least eight minutes to walk to and from the cafeteria, and it is typical to have to cue up and wait at least another five minutes before being served one’s food. **This leaves the workers with just 17 minutes, or less, to eat.** They also have to report back early to their work stations, or they will be fined.

ALL OVERTIME IS MANDATORY

“When the company demands workers to work overtime, all workers must comply without condition.”

-Factory Regulations on Employee Benefits, Chapter V

NOMINAL DAY SHIFT

(12 hours)

8:00 a.m.—11:30 a.m. (work, 3 ½ hours)
11:30 a.m.—12:00 noon (lunch, 1/2 hours)
12:00 noon—4:30 p.m. (work, 4 ½ hours)
4:30 p.m.—5:00 p.m. (supper, 1/2 hours)
5:00 p.m.—8:00p.m. (overtime, 3 hours)

NOMINAL NIGHT SHIFT

(12 hours)

8:00 p.m.—11:30 p.m. (work , 3 ½ hours)
11:30 p.m.—12:00 a.m. (snack, 1/2 hour)
12:00 midnight—4:30 a.m. (work, 4 ½ hrs)
4:30 a.m.—5:00 a.m. (tea break, 1/2 hour)
5:00 a.m.—8:00 a.m. (overtime, 3 hours)

**INCLUDING UNPAID OVERTIME,
WORKERS ARE AT THE
FACTORY UP TO 87 ½-HOURS
A WEEK, WHILE TOILING 80 ½-
HOURS, INCLUDING 40 ½-HOURS
OF MANDATORY OVERTIME,
WHICH EXCEEDS CHINA'S LEGAL
LIMIT BY 388 PERCENT!**

In reality, conditions at the Meitai factory are even worse than they first appear, as all workers are required to remain for at least a half hour of off-the-clock unpaid overtime each day. The real shift is 12 ½ hours and not 12, with the workers routinely toiling 11 ½ hours a day and not the nominal 11 hours they are supposed to be paid for. Factory regulations spell out very clearly that all workers must arrive approximately 30 minutes early to their shifts for a mandatory 20-minute work meeting with management and to allow ten minutes to clean and prepare their workstations. At the end of each shift, workers must stand at attention as the foreman reviews the day's production, analyzing problems and explaining corrective plans to be implemented the following day. Workers must also fill out report forms documenting the amount of production they completed that shift and then remain to clean their workstations and the immediate surrounding area.

Moreover, workers on each line must take turns joining other 'volunteers' to stay behind approximately once a week to clean the entire factory. This way management does not have to hire and pay for janitorial staff. It is the same with the compa-

ny dorms. Workers have to take turning sweeping and mopping the dorms and toilets and hauling out the garbage.

Even leaving aside the teams that clean the factory and dormitory, the workers are routinely at the factory 12 ½ hours a day while working 11 ½ hours, including three-and-a-half hours of overtime each week day. ***This schedule puts the workers at the factory an average of 81-hours a week while toiling 74 ¾ hours [11.5 hours x 6.5 days=74.75], including 34 ¾ hours of overtime each week, which exceeds China's legal limit of permissible overtime by 318 percent!*** Each week, the workers are forced to remain for at least an additional 3 ¼ hours of mandatory overtime for which they are not paid.

Workers on the night shift also receive just two half-hour breaks for a snack at 11:30 p.m. and tea at 4:30 a.m.

18 HOUR SHIFT ONCE A MONTH:

On the day the workers alternate shifts each month, moving from day to night or the reverse, they are essentially required to put in an 18-hour shift. On the day shift for example, the workers will toil their minimum 12 hour shift from 8:00 a.m. to 8:00 p.m. and receive a few hours sleep before reporting back at 2:00 a.m. that same night to work through to 8:00 a.m. the following morning. The night shift, in reverse, works the same hours. In the 24-hour period, the workers will toil 18 hours, while being allowed just six hours off.

Office workers at the Meitai factory must also work overtime without pay. Management explains that office workers are on the “responsibility system,” meaning they are responsible to work for as many hours as it takes to get the job done, with no payment beyond their regular wages.

LONG DAY FOR THE WORKERS **(12 ½-hour shift with 11 ½-hours of work)**

- **6:00-6:15 a.m.:** Workers awake and cue up to use the public toilet and to wash using a plastic bucket.
- **7:00 a.m.:** Breakfast in the company cafeteria.
- **7:30-7:40 a.m.:** Workers have to report to their workstations 30 minutes before their shift begins for a mandatory meeting with management and to prepare their workstations (unpaid).
- **8:00 a.m.—11:30 a.m.:** Work, 3 ½-hours.
- **11:30 a.m.—12:00 p.m.:** Lunch, 30 minutes (*The workers have just 15 minutes to eat*).
- **12:00 p.m.—4:30 p.m.:** Work, 4 ½-hours.
- **4:30 p.m.—5:00 p.m.:** Supper, 30 minutes (*The workers have just 15 minutes to eat*).
- **5:00 p.m.—8:00 p.m.:** Work, 3 hours of paid overtime.
- **8:00 p.m.—8:30 p.m.:** Mandatory work meeting with management, fill out paperwork and clean work area (unpaid).
- **8:45—9:00 p.m.:** Return to dorm. Four days a week the workers are prohibited from leaving their dorm after working hours.
- **11:00 p.m.—12:00 a.m.:** Lights out no later than midnight, and no one can talk, listen to music or leave their room.

SECURITY GUARDS SPY ON THE WORKERS

With the long hours and grueling production goals, seven days a week, it is only to be expected that some of the younger workers will become fatigued and drowsy. Management uses security guards to patrol the shop floor supplied with digital cameras to take pictures of workers resting or briefly closing their eyes. Management uses the pictures as “evidence” to fine the workers at least 20 RMB (\$2.88) for each “offense.” This amounts to the loss of 4 ½ hours’ wages.

There is even a fine for being caught eating a small bag of potato chips on the factory floor. For eating snacks at work, the fine is 10 RMB (\$1.44), a loss of 2 ¼ hours’ wages.

There are security guards in the cafeteria as well. Workers who do not finish their food are fined 20 RMB—a loss of 4 ½ hours’ wages.

These fines fall under the category of “breach of work principles.” The top fine is 100 RMB (\$14.40), or nearly three days’ wages.

The workers smuggled a list of fines out of the factory from one department for the month of October 2007. The list shows 43 workers being fined a total of 12,424 RMB--\$1,789.07—which amounts to an average of \$41.61 per worker per month.

LENOVO & THE OLYMPICS: A CALL TO LENOVO TO HELP END GROSS WORKER RIGHTS VIOLATIONS IN CHINA’S HIGH TECH FACTORIES

U.S. Has \$68 Billion Trade Deficit with China in Advanced Technology Products

Lenovo is in a unique and powerful position to help end the gross and systematic violation of human and worker rights in factories across China producing computers and other advanced technology products.

After acquiring IBM’s entire personal computer operation in 2006, **Lenovo has become China’s largest PC maker, controlling one-third of all PC sales in China.**

Lenovo also played a very prominent role in the recent Beijing Olympics. **It was the Lenovo company that designed the Olympic torch for the China games.** Lenovo was also the only Chinese company—paying tens of million of dollars—to be among the select 12 worldwide corporate partners of the International Olympic Committee. Moreover, Lenovo supplied

computer equipment and technicians to the Olympic Games.

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Days before the Olympics, Lenovo's chief executive officer, William Amelio, put it this way: **"The global spotlight is shining on Lenovo, our products and our people."** Lenovo's chairman is Mr. Yang Yuanqing.

Lenovo is the world's fourth largest PC vendor, controlling 7.6 percent of the worldwide market, and sells ThinkPad notebooks and ThinkCentre desktops. **Lenovo continues to have a strategic alliance with IBM**, including sharing customer service and financing.

Going into the Olympics, Lenovo was on fire, reporting quarterly profits up by **65 percent—to \$110 million on \$4.2 billion in sales** (for the quarter ending June 30, 2008). China accounts for approximately 41 percent of Lenovo's worldwide sales. Even going into the following quarter (ending September 30), Lenovo's sales continued to rise to \$4.33 billion with an operating profit of \$30 million.

Lenovo is a major player, with operations spanning both China and the United States. Lenovo's U.S. headquarters are located in Raleigh, North Carolina, while their China offices are in Beijing.

Especially given Lenovo's recent role in the Beijing Olympics and the company's stature as the world's fourth largest PC

maker, Lenovo has the power to begin improving fundamental worker rights standards in its supplier and contract factories across China.

Speaking of the Olympics, the real Olympians are China's factory workers. Not many Olympic athletes could perform the same operation every 1.1 seconds, 3,250 times an hour and 35,750 times a day, 12 hours a day and seven days a week, month after month, while being spied upon by security guards and prohibited from talking, listening to music, using the bathroom or even lifting their heads to look around. Imagine Olympic athletes returning to primitive, overcrowded dorms trying to sleep on bunk beds in 80 to 90-degree temperatures while being fed food that is "hard to swallow." It is China's factory workers—like those at Meitai manufacturing computer peripherals for the largest multinationals—who are the real Olympians, forced to compete in a game in which they have no voice and no exit.

We urge Lenovo's chairman, Mr. Yang Yuanqing, and CEO, Mr. William J. Amelio, to begin this process by ending the gross and systematic worker rights violations at their supplier plant, the **Dongguan Meitai Plastics and Electronics** factory, where 2,000 mostly young women workers are denied their fundamental rights. The same demand is being made to Lenovo's partner, **IBM**, as well as of **Hewlett-Packard, Dell** and **Microsoft**.

WAGES

WORKERS CHEATED OF UP TO 19 PERCENT OF WAGES LEGALLY DUE THEM

- The legal minimum wage of just **64 cents an hour**, \$5.10 a day and \$25.59 a week does not come close to meeting basic subsistence-level needs.
- After deductions for primitive room and board and administrative fees, the workers' take-home wages fall to just **41 cents an hour**.
- A review of individual paystubs shows workers being **cheated of 14.4 percent of the pay legally due them each month. A typical worker earned just \$287 for working 319 hours in May 2008, including 151 hours of mandatory overtime. By law, these workers should have earned at least \$328.82 for the month--\$289.65 after deductions for room, board and administrative fees. Instead, the workers earned a take-home wage of just \$247.83, which was \$41.82—14.4 percent—less than they were legally owed.**
- It gets even worse when one includes the minimum half-hour of unpaid mandatory overtime required each day. **Including the unpaid overtime, the workers are actually being cheated of \$57.02, or 19 percent, of the wages due them. Instead of earning a gross wage of \$300.96 for the month, they were paid just \$243.94.**
- The workers believe that factory management also ignores China's laws on weekend overtime, which must be paid at a 200 percent premium, or \$1.28 per hour. Instead, management pays just 96 cents, which is the rate for weekday overtime. Given that it is common for workers to be forced to toil 88 hours of weekend overtime a month, this means the workers are being shortchanged of \$28.16, since they are being paid \$84.48 per month rather than the \$112.64 they are legally owed. This is just one of the ways the Meitai factory cheats its workers.
- Management also illegally **withholds up to one month's back wages** owed the workers.
- By law, successful factories like Meitai—servicing such clients as **Lenovo, Microsoft, Dell, IBM** and **Hewlett-Packard, whose combined profits exceeded \$98 billion in fiscal year 2008**—are required to pay above the legal minimum wage. However, **the Meitai factory actually pays wages below the legal minimum.**
- Lenovo, Microsoft, IBM, Hewlett-Packard and Dell, with a combined market value of \$589 billion in fiscal year 2007/2008 are responsible to see that the Meitai workers are finally paid at least the legal minimum wage and that they are paid every cent of back wages due them.

THE LEGAL MINIMUM WAGE IN CHINA—WORKERS GET A 6 ½-CENT-AN-HOUR INCREASE:

Through March of 2008, the legal minimum wage in Dongguan City, where the Meitai factory is located, was **57 cents** an hour. Then, on April 1, 2008, the minimum wage was increased and the workers received a 6 ½-cent an hour raise to **64 cents** (\$0.637) an hour.

Minimum Wage as of March 2008 (690 RMB per month)

57 cents an hour
\$4.57 a day (8 hours)
\$22.93 a week (40 hours)
\$99.36 a month
\$1,192.33 a year

(As of mid-2008, the exchange rate was
6.9444 RMB = \$1.00 U.S.)

New Minimum Wage in April 2008 (770 RMB per month)

64 cents an hour
\$5.10 a day (8 hours)
\$25.59 a week (40 hours)
\$110.88 a month
\$1,330.57 a year

In China, all overtime work must be voluntary and paid at a premium. Weekday overtime must be paid at a 150 percent premium, or **96 cents an hour**; weekend overtime at a 200 percent premium, or **\$1.28**,

and work on national holidays paid as triple time, or **\$1.92 per hour**.

OVERTIME RATES

Weekday Overtime	\$0.96 an hour
Weekend Overtime	\$1.28 an hour
Holiday Overtime	\$1.92 an hour

A TAKE-HOME WAGE OF JUST 41 CENTS AN HOUR

After deductions for primitive room and board and administrative fees (272 RMB per month--\$39.17), the workers regular take-home wage drops 35 percent to just **41 cents an hour**.



A 43-CENT STIPEND TO WORK THE GRUELING ALL-NIGHT SHIFT

Included in the workers' wages are certain bonuses and stipends. There is a **night shift subsidy** of three RMB, or 43 cents per night, for working the grueling 8:00 p.m. to 8:00 a.m. shift. Given that the workers are allowed just two days off a month, their night shift subsidy for the month totals 84 RMB, or \$12.10. (When we calculate the average wage at the factory, we cut the night stipend in half---to \$6.05---as the workers alternate day and night shifts every other month.)

If workers do not miss any days or arrive late for their shifts, they will earn an **attendance bonus** of 50 RMB (\$7.20) per month. There is also an **achievement bonus** of 135 RMB (\$19.44) a month. The workers can-

not explain exactly how the bonus is calculated, but it is definitely tied to how much the workers produce as a way to encourage them to work faster. Lastly, there is an **overtime award** bonus of 30 RMB a month (\$4.32), which is tied to all the forced overtime the workers must toil. The bonuses and stipends account for 12 percent of the workers' total wages.

BONUSES PER WEEK AND PER MONTH

Night Shift Subsidy	\$1.40 per week	\$6.05 per month
Attendance Bonus	\$1.66 per week	\$7.20 per month
Achievement Bonus	\$4.49 per week	\$19.44 per month
Overtime Award	\$1.00 per week	\$4.32 per month
Total:	\$8.55 per week	\$37.01 per month

(The night shift subsidy must be cut in half to calculate the average factory wage, since workers switch from day to night shift every other month.)

REVIEW OF INDIVIDUAL PAY STUBS REVEALS WORKERS BEING SHORTCHANGED OF OVER 14 PERCENT OF THE WAGES LEGALLY DUE THEM

SWEATSHOP WAGES

Along with the other violations characterizing the Meitai factory, there also appear to be serious wage problems.

A review of individual pay stubs from the Meitai factory also reveals a pattern of systematic and illegal underpayment of wages.

One paystub from May 2008 was typical. This person worked on the night shift, from 8:00 p.m. to 8:00 a.m., actually toiling 11 hours, including 3 hours of obligatory overtime, after deducting the two half-hour snack breaks. (Again, we are not including the minimum half-hour of mandatory unpaid overtime which is required each shift.)

In the month of May, the workers had one paid legal holiday off, which was May Day. Other than that, our worker took just one Sunday off. So he actually worked 29 days, including 21 weekdays and eight weekend days. Moreover, he would have been paid

at least the legal minimum wage for eight hours on May 1, the legal holiday.

This person worked **319 hours in the month of May 2008, including 151 hours of mandatory overtime, which exceeds China's legal limit on permissible overtime by 319 percent.** This person worked **168** regular hours [21 weekdays x 8 hours = 168], but should also be paid another eight hours for the May Day holiday, bringing the **total paid regular hours to 176.** Like everyone else, this worker was required to toil three obligatory hours of overtime per weekday and **63 hours of overtime for the 21 weekdays.** Toiling eight weekend nights, this worker put in another **88 hours of obligatory weekend overtime.**

Given the precise information on days and hours worked, we can calculate the legal minimum wages due this worker.

**FOR WORKING
319 HRS IN MAY
-INCLUDING 151 HOURS OF
MANDATORY OVERTIME-**

**THIS WORKER SHOULD
HAVE RECEIVED AT
LEAST \$328.82**

- * 176 regular weekday hours x the legal minimum wage of 64 cents an hour = \$ 112.64
(168 regular hours worked + 8 hours paid holiday on May 1)
- * 63 hours of weekday overtime x 150% overtime premium of \$0.96/hour = \$ 60.48
(3 OT hours/day x 21 days = 63 hours)
- * 88 hours of weekend overtime x the 200% overtime premium of \$1.28/hour = \$ 112.64
(11 OT hours x 8 days = 88 hours)

Subtotal-Wages: **\$ 285.76** (Regular, overtime & holiday wages)

* Night Shift Subsidy \$ 12.10 (90 RMB per month - 2 days off = 84 RMB)

* Attendance Bonus \$ 7.20 (50 RMB per month)

* Achievement Bonus \$ 19.44 (135 RMB per month)

* Overtime Award \$ 4.32 (30 RMB per month)

Subtotal-Bonuses **\$ 43.06**

Total Wages & Bonuses \$ 328.82

The **\$328.82** legally due this worker for the month of May is hardly a staggering sum, as it averages just **\$1.01 an hour**, including the 151 hours of mandatory overtime. This worker also toiled the grueling 12-hour night shift, from 8:00 p.m. to 8:00 a.m., with just one Sunday off, thereby earning the night shift differential.

After deductions for room and board and administrative fees of \$39.17, the worker should have taken home **\$289.65** for the month.

But this is not what the worker got paid. His regular wage for May 2008 was **770 RMB (\$110.88)**, while he was paid just **924 RMB (\$133.06) for overtime**, for a total wage of **\$243.94** for the month. His bonuses and stipends added another **299 RMB (\$43.06)**, bringing his wages up to **\$287** for the month. After deductions of \$39.17 for room and board and administrative fees, his take-home wage dropped to **\$247.83**.

CHEATED OF 14 PERCENT OF THE WAGES LEGALLY DUE HIM



Keyboard made at the Meitai factory.

As documented, this typical worker should have earned **\$328.82** for the month of May 2008, including one paid holiday and 151 hours of mandatory overtime. **Instead he earned just \$287, which is \$41.82 short of what he was legally owed.** After deductions, his take-home wage dropped to \$247.83, again, \$41.82 short of the \$289.65 he was legally owed. **This means he was shortchanged of 14.4 percent of the wages legally due him.** For these poor workers in China, this represents a staggering amount of money to lose. **It is the equivalent of being robbed of more than 1 ½ weeks' wages each month.**

It gets even worse: Including unpaid overtime, the workers are shortchanged of \$57.02—or 19 percent of the wages legally due them each month.

As has been documented, even by the most conservative estimate, the Meitai factory workers are obligated to work at least a half-hour of unpaid overtime each day. The obligatory but off-the-clock work includes attending work meetings with man-

agement as well as preparing and clearing one's work station. This does not include the extra hours "volunteers" have to put in cleaning the factory and dorms.

So instead of working 63 hours of weekday overtime as calculated above, this typical worker actually toiled 11 ½ hours of overtime each day and 73 ½ hours for the 21 weekdays. Instead of being paid \$60.48 for the weekday overtime, he should have earned **\$70.56.** [3 ½ hours of weekday overtime x 21 days = 73 ½ hours; 73.5 x \$0.96 = \$70.56] It is the same with the weekend overtime. Instead of having worked 88 hours, this worker actually toiled **92 hours** of weekend overtime and should have been paid **\$117.76** and not the \$112.64 used in the calculation. On overtime pay alone, this worker was shortchanged of **\$57.02, or 19 percent** of the wages legally due him for the month of May 2008. He should have earned \$300.96 for the month and not \$243.94.

LENOVO, DELL AND THE OTHER COMPUTER COMPANIES SHOULD MAKE THE WORKERS WHOLE AGAIN.

Microsoft, Hewlett-Packard, Lenovo, IBM and Dell should work with Meitai factory management to guarantee that the workers are finally paid their legal wages. Moreover, these powerful and fantastically wealthy companies should make these computer workers whole again, by seeing that they are paid every cent in back wages that is legally due them.

MORE WAGE VIOLATIONS:

- **Management illegally withholds workers' wages:**

This is blatantly illegal. Under China's labor laws, workers must be paid their previous month's wages no later than the seventh of the following month. At the Meitai factory, management illegally withholds twenty to thirty days' back wages from the workers. This tactic is just another way to pressure the workers, who know that if they dare upset management, they could not only be fired, but also docked a whole month's back wages.

- **By law, paying the minimum wage should be the exception, not the rule.** According to the Ministry of Labor's "Notice on Improving the Minimum Wage System":

*"When production and **business operations are normal and economic productivity continues to rise, employers should, on principle, pay above the legal minimum wage for work done during regular hours.** If the employer must pay their entire workforce or a portion of their workforce minimum wage due to operational or production reasons, they must first consult with all of the workers or with the employee representatives and receive permission. Next, they must file a report with the local Ministry of Labor and Social Security."*

"On the 20th, the company finance department will hand workers their wage stubs [for the previous month's wages] and have the money transferred into the workers' individual accounts at a commercial bank."

--Meitai Factory Regulations and Discipline, Chapter V

On "Employee Benefits"

Surely, if any factory would be in a position to pay its employees above the minimum wage of just 64 cents an hour—which itself comes nowhere near being a subsistence-level wage—it would be the Meitai factory.

First, we are not talking about low-end workers assembling cheap \$4 or \$5 pairs of sneakers for Wal-Mart. At Meitai, the workers are manufacturing computer keyboards, printer cases and other computer components. Secondly, Meitai clients—Lenovo, Dell, Hewlett-Packard, IBM and Microsoft—had a combined profit of more than \$98 billion in fiscal year 2007/2008! So there is certainly money enough here to at least comply with China’s minimum labor laws.

Workers at the Meitai factory making computer components for Microsoft, IBM, Hewlett-Packard, Dell and Lenovo ***are paid so little and are so poor, they do not have to pay any income tax.*** In China, a worker would have to earn over \$1.66 an hour—or \$66.46 a week—in order to pay taxes. For example, a worker earning \$2.08 an hour--\$83.08 a week, \$360 a month—would pay an income tax rate of \$3.60 per month. ***Due to their extreme poverty, Meitai’s computer workers are not required to pay any income tax.***

RECESSION REVEALS THE INADEQUACY OF CHINA’S MINIMUM WAGE

In response to the economic recession, export assembly factories across the south of China have stopped hiring new workers, with many factories resorting to mass layoffs. A common tactic used by factory management wanting to shed workers is to send them on an “extended holiday,” during which period the workers will receive only the legal minimum wage. However, as the minimum wage does not come close to meeting their subsistence needs, the workers have no choice but to quit “voluntarily,” which then absolves the factory of any responsibility to pay severance or other benefits. This speaks volumes regarding how inadequate China’s minimum wage really is. The export assembly plant workers survive or go under depending on how much overtime they work.



Keyboard made at the Meitai factory.

THE URGENCY TO IMPROVE U.S.-CHINA TRADE POLICY

Within a matter of years, China will emerge as the world's second largest economy, making it more critical than ever before to begin improving U.S.-China Trade Policy.

In 2007, China surpassed Germany as the world's third largest economy, behind the United States and Japan. In four years or less, China is expected to bypass Japan, leaving the U.S. and China as the world's two largest economies.

In 2008, China also passed Mexico as the second largest trading partner in goods with the U.S., right behind Canada. As of November 2008, China is trailing Canada by just \$3.2 billion in goods exported to the U.S. For now, Canada is the leading exporter of goods to the U.S., China is second, Mexico third, followed by Japan, Germany, United Kingdom, South Korea, France, Saudi Arabia, and Venezuela.

As of November 2008, the overall U.S. trade deficit is running at an annual rate of \$688.2 billion, down less than two percent from the \$700.3 billion trade deficit in 2007. In November, the **U.S. trade deficit in goods with China was \$23.1 bil-**

lion, amounting to an astonishing 45.4 percent of the total U.S. deficit in goods of \$50.1 billion for the month.

Between 2001, when China joined the World Trade Organization, and 2007, the U.S. had a **\$1.2 trillion dollar trade deficit with China.**

2001—	\$83.1 billion
2002—	\$103.1 billion
2003—	\$124.1 billion
2004—	\$161.9 billion
2005—	\$201.5 billion
2006—	\$232.6 billion
2007—	\$256.3 billion

\$1,162,600,000 deficit

Despite assurance by government officials that the U.S. could let go of many of its manufacturing jobs in order to focus job growth on the advanced technology product sector, this has not been the case. In 2007, the United States had a **\$68 billion trade deficit with China in Advanced Technology Products.** The largest deficits were in information and communications products, opto-electronic goods,

and general electronics. Data through November 2008 shows our trade deficit with China on advanced technology products growing by nine percent to an annual deficit of \$74 billion.

The Economic Policy Institute estimates that between 2001 and 2007, **561,000 U.S. jobs in computers and electronic products were lost due to the trade deficit with China in advanced Technology products.**

- Between January 2001 and December 2008 (preliminary figures) the United States has lost 4.2 million manufacturing jobs, or 24 percent of all manufacturing jobs over the last eight years, falling from 17,114,000 jobs in

January 2001 to just 12,981,000 jobs in December 2008. In December, U.S. manufacturing output fell to its lowest level in 28 years. Manufacturing now accounts for just 13 percent of our economic output.

- In 2007, the U.S. imported \$2.4 trillion worth of goods and services, \$6.43 billion a day with each man, woman and child spending \$8,000 a year on imports.
- As of 2005, China had 110 million manufacturing jobs, adding six million new jobs between 2004 and 2005 alone. Manufacturing accounts for 43 percent of China's economy.



COMPANY DORMS

SUMMARY

PRIMITIVE CONDITIONS WITH 10 TO 12 WORKERS TO A ROOM

- Ten to twelve workers share each dorm room, sleeping on narrow metal bunk beds.
- After deductions for room, board and administrative fees, workers' take-home wage drops to just 41 cents an hour.
- During the long summer, the workers' rooms are scorching hot and humid, with temperatures routinely reaching the high nineties.
- Workers use small plastic buckets to bathe. During the winter, workers must walk down several flights of stairs to fetch hot water in their buckets.
- Workers' freedom of movement is restricted. They cannot leave the locked factory compound on Monday, Tuesday, Thursday or Friday.
- Dorm lights must be out at 12:00 midnight, after which the workers cannot talk, listen to the radio or move about.
- Workers must take turns cleaning their dorm rooms. Workers who fail to carry out all their chores will be punished and their wages docked.
- Workers report that the company food "tastes bad and is hard to swallow." Workers receive rice gruel for breakfast. The so-called "meat" dishes have very little or no meat. On Fridays, as a special treat, each worker is allowed a small chicken leg and foot to symbolize "their improving life."



10 to 12 workers share each dorm room sleeping on narrow metal bunk beds. Workers drape old sheets over their cubicle opening for privacy.



Workers have just 15 minutes to eat their food before returning to work.



A watery soup.

LOCKED IN THE COMPOUND RESTRICTIONS ON FREEDOM OF MOVEMENT

DORM AND CAFETERIA

From *Meitai Factory Regulations and Discipline and “Materials for New Employee Training”*

- “The room and bed will be assigned by the dorm management personnel and cannot be changed at will in the future.”
- “It is prohibited to...use electrical appliances without permission...”
- “All residents must take turns cleaning the dorm and keeping the dorm neat.”
- **“If it is necessary for the worker to leave the factory [compound] after their shift is over, they must first have an exit pass signed by a person with authority.** [Other than Wednesday, Saturdays and Sundays, the workers are not free to leave the factory compound.]
- “Employees who return to the dorm [on the three nights they are allowed out] after 12:00 a.m. will be reported to the security team.”
- “There is a warning to turn lights off at 11:00 p.m. every night. Lights should be turned off at 12:00 midnight, when all residents should be asleep in their own designated bed and room. It is prohibited to use other lighting devices, chat, play music or wander in the factory/dorm zone after the lights are turned off.”
- “No employee shall return to the dorm during work time. If they have special reasons for returning to the dorm, workers must produce a ‘temporary absence from work form’ signed by the department manager and give it to the dorm management.”
- “All employees must follow cafeteria rules strictly. It is prohibited to bring food outside the cafeteria to consume.”
- **“All employees shall not bring relatives or children into the company or working areas.”**

The full Chapter IV of *Factory Regulations & Disciplines* and *“Materials for new Employee Training”* can be found online at <http://www.nlcnet.org/article.php?id=611>.



Dorm bathroom squat toilet.



Dorm balcony.



Workers use spigot to ‘shower’ using a small plastic bucket to take a sponge bath. There is a meter to monitor water use. Workers are charged if they exceed the water allowance set by management.

The meter tracks electricity usage in each room and charges workers accordingly.



Ten to 12 workers share each 11' x 20' dorm room, sleeping on narrow metal double-level bunk beds that line the walls. In an attempt for privacy, the workers drape old sheets or pieces of plastic over their cubicle opening. Clothes hang everywhere. There is no other furniture. Each room has two fluorescent lights and two fans. Some dorm rooms have a toilet and 'shower', often right next to each other in a small bathroom. The toilet is a squat toilet and the 'shower' is really just a water spigot. Workers purchase small plastic buckets, which they use to bathe. During the winter, if the workers want hot water, they have to walk down several flights of stairs to fill their bucket with hot water and return to their room to take a sponge bath. Hot water is only available on an intermittent schedule. The women's dorms do not have toilets or

'showers' in their rooms, and they must use a public bath located on each floor.

Surprisingly, the workers' dorm does have air conditioning. Certainly it is necessary, since the summers in Dongguan in the South of China are long, scorching hot and extremely humid. Temperatures regularly reach 90 and even 99 degrees with high humidity. But it turns out that the air conditioners are just for show. It probably makes Lenovo, IBM, Microsoft and the other computer companies that have their goods manufactured at the Meitai factory feel good that the workers are being treated so well. Each dorm room has electricity and water meters, which management monitors carefully. If the workers exceed a certain minimal level of electricity use, the cost of anything above that limit will be deducted

from the workers' wages. ***So, despite the scorching heat, the workers do not dare use the air conditioners. But they are impressive to look at.***

Management deducts 272 RMB (\$39.17) from the workers' wages each month for room, board, and administrative fees. ***This actually lowers the workers' take-home wage from 64 cents an hour to just 41 cents an hour—a 35 percent drop.***

Management also restricts the free movement of the workers. After completing their 12 ½ hour shifts, ***workers are not free to leave the locked factory compound on Mondays, Tuesdays, Thursdays or Fridays.***

This means they cannot even take a walk outside the factory or go shopping to purchase essential goods. The workers are trapped. In cases of emergency, workers must apply for an ***“exit pass,”*** which must be approved and signed by management in order to leave the factory grounds. Even those with an “exit pass” must return to the factory by 11:00 or 11:30 p.m. or face fines and other disciplinary actions. It is only on Wednesdays, Saturdays and Sundays that workers are free to leave the compound without permission. On those days, the workers have an 11:30 p.m. to midnight curfew. Anyone staying out later than that will be punished.

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The air conditioners in the workers dorms are for show, as the workers can't afford the electricity bill.





Workers required to clean the dorm—unpaid—while wearing a badge listing their duties.

NOTICE FOR PEOPLE ON DUTY

- 1) Every day: sweep the floor, mop the floor, empty out the garbage pails, wipe the dust off the electrical equipment, and wash out the shower.**
- 2) Be responsible for shutting the dorm lights, electric fan, and windows and doors.**
- 3) Be responsible when passing along the factory duty card.**
- 4) Those who are not on duty or show poor performance while on duty will be fined 10 RMB in each instance.**



Young women cue up in the factory cafeteria.



**Breakfast.
Thin watery rice gruel.**



Every Friday, workers receive a chicken leg and foot to symbolize “their improving life.”



Workers also need special permission to stay out overnight. ***“All employees who need to stay outside the dorm overnight must fill out the ‘temporary off-campus residence form’ at the factory gate.”***

Given the restrictions on the workers’ freedom of movement, management has set up what they call a “Benefits Society,” which is really just a company store by another name. The store sells food and other essentials, though the workers say its prices are the same or even higher than outside stores, so they do not see the benefit.

The workers have to take turns each day cleaning their dorm room, which is just another part of the unpaid overtime demanded of them. The worker whose turn it is must wear a “badge” which instructs the worker

to sweep and mop the floor, dust the fans, wash the toilet, empty the garbage, turn off the lights and fans, close the windows and lock the dorm room when he or she leaves. The badge warns: ***“Those who are not on duty or who show poor performance while on duty will be fined 10 RMB in each instance.”*** For each “instance,” the offending worker would be fined \$1.44, losing the equivalent of 2 ¼ hours’ wages.

The dorm regulations also make clear that workers cannot use electrical outlets in their room to plug in any personal items. Lights must be out at 12:00 midnight, after which time the workers are prohibited from talking, listening to music or walking about. “Offenders” will face more disciplinary actions, including fines. Even switching dorm beds results in fines.

COMPANY FOOD:

ON FRIDAY'S AS A SPECIAL TREAT, EACH WORKER IS ALLOWED A SMALL CHICKEN LEG AND FOOT TO SYMBOLIZE "THEIR IMPROVING LIVES."

Like everything else at the Meitai computer factory, the company cafeteria is also governed by strict rules, demanding that workers cue up properly and so on. Photos of the cafeteria show it to be crowded with young women. For breakfast, the workers receive a thin watery rice gruel and bread. Lunch and dinner consist of four "servings" amounting to a scoop of rice, two vegetables and one "meat" dish. The workers re-

port that the meat serving has "very little meat" in it. Meat is never served alone, but rather in a mixed dish, for instance with green beans. The problem the workers have with the meat dish is that more often than not, it is really just green beans. The workers say that, *"the quality of the food is poor"* and that *"the food tastes bad and is hard to swallow."*

Also, the cafeteria utensils—the small metal trays and chopsticks—are often dirty, so the workers have to search for utensils, which appear at least partially clean.

Friday is the special day when each worker receives a small chicken leg and foot to symbolize "their improving life."



Friday dinner is special. Workers receive white rice, soft tofu, an onion and radish mix with a dash of ground pork, and a small chicken leg and foot with stir-fried soy beans. The young workers are told that the chicken leg is a symbol of "their improving life."

RECREATION ROOM:

The factory does have a recreation room where staff can play ping-pong and billiards. There are also rooms for reading and karaoke, which are open at night and on Sundays. Movies are also shown on the weekends. However, working 12 ½ hour shifts, seven days a week, the workers say they have little or no time to take advantage of the recreational facilities, which are mostly used by management.

ENVIRONMENTAL COMMITMENT TRUMPS RESPECT FOR HUMAN RIGHTS

Dell's Austin, Texas headquarters is now 100 percent powered by non-fossil fuel energy, drawing instead upon solar and wind turbines along with waste management power from landfills. It's often surprising to see how a genuine commitment to protect the environment can at the same time be so distanced from a similar concern for protecting fundamental human and worker rights—for example, of young women workers in China producing Dell computer components under harsh sweatshop conditions at the Meitai factory.



Keyboard made at the Meitai factory.

I.B.M. ASSISTS CHINESE GOVERNMENT IN SURVEILLANCE OF ITS CITIZENS

In the lead up to the Beijing Olympics, the government of China set up a security surveillance system believed by intelligence experts to be one of the most comprehensive and sophisticated ever developed, including the installation of tens of thousands of surveillance cameras on lamp posts, in bars and in internet cafes across Beijing. In the Beijing area alone, the government spent \$6.5 billion on new security measures. According to *New York Times* reporters Edward Wong and Keith Bradsher, the government is using computer software and tools developed by **I.B.M.** and other U.S. companies that can “...*automatically analyze video images from thousands of cameras and alert computer operators to patterns that might indicate a threat.*”

There is a fear that the security equipment supplied by western companies like I.B.M. could be used by the government to spy on its own citizens in an attempt to suppress any sign of dissent. If misused, such sophisticated surveillance equipment could turn China into a “high-tech police state.”

(*New York Times*, August 4, 2008, “China Orders Highest Alert for the Olympics.”
By Edward Wong and Keith Bradsher.)



Meitai Factory

ILLEGALLY, WORKERS ARE NOT INSCRIBED IN THE MANDATORY NATIONAL SOCIAL SECURITY SYSTEM

According to Meitai's *Factory Regulations and Discipline's* Chapter V on employee benefits: *"The company provides workers with work injury insurance, pensions and other social insurances."* Indeed, China's labor law demands that factories inscribe their workers in the state Social Security system, which covers work injury and health insurance, maternity leave, unemployment insurance and a small pension. However, what factory regulations state and the actual reality faced by the workers on the ground are two different things. ***The vast majority of workers at the factory are not covered by health insurance or any of the other Social Security provisions. This is blatantly illegal.***

There is a **medical station** at the factory, where the workers can see a doctor when they are sick. But the benefits end there, since the workers have to pay for their own

medicines and other items including even bandages.

Workers applying for sick leave must document that they were sick. *"When returning from sick leave, workers must bring a note from the doctor to prove that they were sick."* Moreover, any worker who is absent from the factory for three days without permission will be considered to have resigned from the factory. One month's back wages can also be deducted from the worker.

It would only cost the Meitai company between \$2.81 and \$4.57 per worker per week to inscribe them in the national Social Security work injury and health insurance programs. Work injury insurance would cost management five percent of the employees' salary, while basic health insurance would cost another six percent of the workers' salary. At the base wage of \$25.59 a week, management would have to pay **\$2.81** in order to cover each employee for work injury and health insurance. Including overtime, the average wage is \$41.54, which would increase management's cost to **\$4.57** (This amounts to just \$146 to \$238 a year to provide work injury and health insurances, which is certainly not a lot of money. However, in cheating their 2,000 workers of health insurance, the company can save \$9,140 a week, which adds up to nearly half a million dollars a year).

SOCIAL INSURANCE REGULATIONS IN THE GUANGDONG PROVINCE

- Work injury insurance is 5% of total employee salaries in the company paid by the employer;
- Unemployment insurance is 2% of total employee salaries in the company paid by the employer (migrant workers to not need to pay a share);
- Migrant workers whose employer has paid unemployment insurance up to one year can enjoy a one-time living stipend upon dissolving the employment contract (there is different regulation for short-term contract employees too)
- Basic medical insurance is 6% of total employee salaries in the company paid by the employer and 2% of individual salary paid by employee (adjustable); if workers' salary is below 60% of average salary, the salary basis is calculated at 60% of average salary;
- Pension in Shenzhen is 10% of monthly salary paid by employer and 8% paid by employee (the lower end is 60% of average salary and the upper end is 300% of average salary).

**Medical Clinic.
Workers have to
pay for their own
medications.**



HEALTH AND SAFETY VIOLATIONS

In the **Plastic Molding Department**, there are more than 30 large molding machines which operate around the clock, constantly throwing off a great deal of heat. Despite the extreme temperatures, there is no air conditioning. Workers in this department are soaked in their own sweat, which results in rashes breaking out on their arms and faces. The rashes can become so itchy that back in the dorm—despite their exhaustion—some workers have trouble sleeping. These workers are also being cheated, as they should be receiving a “high temperature subsidy”—which they are not.

Workers routinely come into contact with potentially toxic liquids in the **Spray Paint Department** but are not allowed to know even the names of the solvents and cleaners they work with. The workers report that the paint also has a strong irritating smell and must in some way be corrosive, since contact with it can cause blisters and peeling skin. Only occasionally are workers in the spray paint department even provided with cheap, disposable respiratory masks. By law, workers must be informed of the names of any hazardous materials they will come in contact with, and they are to undergo proper safety training on how to handle these materials and what to do in case of an emergency.

Many work areas in the factory have a strong sickening odor of burning plastic, leading the workers to fear that they may be inhaling harmful materials. Management has never provided the workers with any explanation or assurances that the materials are safe.

[Note: Spray painting without proper protective gear does expose workers to health hazards from paint coming into contact with the skin and inhalation of spray materials. Short term harm includes burns to the skin and eyes; vomiting and diarrhea; irritation to the nose, throat and lungs, dizziness and fatigue. Long-term potential damage can lead to lung cancer, kidney and liver failure and damage to the reproductive system. Solvents such as benzene can also be absorbed through the skin or by breathing them in. Short-term effects can be nausea, headaches, and tiredness, while serious long-term exposure can result in anemia and leukemia.]

FOREIGN AUDITS

Auditors representing foreign companies do visit and tour the factory. According to the workers, the foreigners appear to be mainly interested in product quality and other technical issues. Though it could have happened, the workers our researchers spoke with knew of no cases where the auditors had attempted to interview workers regarding factory conditions.



Keyboard made at the Meitai factory.

HEWLETT-PACKARD HAS FAILED IN THE PAST

A 2007 audit showed that a full half of Hewlett-Packard's supplier plants, employing upwards of 400,000 people, failed to comply with the Electronic Industry Code of Conduct Guidelines regarding working hours. Another one-quarter of Hewlett-Packard's suppliers failed to meet acceptable wage, benefits, and health and safety standards.

(Business Green, April 7, 2008)

APPLYING FOR A JOB AT MEITAI

In order to apply for a job at Meitai, workers must first schedule a physical exam at an appointed hospital, which will cost the workers 35 RMB (\$5.04) or nearly the equivalent of a full day's wages. Along with the physical exam, the workers receive a chest x-ray and a blood test for hepatitis B. (Even though China's laws forbid discrimination against those with hepatitis B the workers believe the tests are meant to weed out workers with hepatitis B.)

If they pass their physical, the workers are hired on a trial period of one to three months, which management can extend at will. During the first week, workers can be let go for whatever reason without receiving any wages. The company's "Notice for New Workers" reads: "*Workers who are less than seven days into their trial periods but are let go due to poor performance **will not be paid their wages.***" This is illegal on two fronts. China's laws demand that those working under trial periods must be paid without exception. Further, the legal probation period for the one-year contract the company provides cannot be longer than one month and cannot be extended.

New workers must "*become familiar with all 26 letters of the English alphabet.*" This is essential, as the workers will be making keyboards and other computer compo-

nents destined for the U.S. and the United Kingdom.

Another violation is that when management and the worker sign a one-year labor contract, management keeps the only copy. China's law clearly states that, "***The employer and employee should each take away a copy of the labor contract.***" This is essential if a worker is to know and be able to protect his or her rights.

Once a worker signs their one-year contract, it becomes very difficult if not impossible to leave the factory. According to company regulations, a worker wishing to leave "*must hand in a written application, which must be approved by the boss and management before it is made effective.*" The operative words here are "*approved by the boss.*" If a worker's quitting is inconvenient for management, they simply will not approve it. They will drag their heels until the worker either gives up and keeps working or quits on their own. This is illegal, but it is a win-win situation for management since, "*Workers who have not been give permission to resign and who leave the factory of their own volition, ending their relationship with the company, **will have one month's total wages deducted from their pay.***" By law, the worker need only apply thirty days in advance in order to leave the factory with full pay.

**MICROSOFT
FIERCELY PROTECTS ITS
TRADEMARKS
BUT SHOWS LESS CONCERN
FOR WORKERS RIGHTS
ABUSES IN CHINA**

Over the last three years, Microsoft's 75-member antipiracy team joined forces with agents from the U.S. Federal Bureau of Investigation and the Chinese Ministry of Public Security to crack down on a sophisticated counterfeiting ring in Shenzhen that manufactured and sold pirated Microsoft software. To date, 11 people have been convicted and sentenced to prison terms of one-and-a-half to six-and-a-half years for violating national copyright laws. Microsoft applauded the long prison sentences, saying they are the stiffest punishments ever handed down in China for intellectual property crimes.

This case is an important and positive step forward in Microsoft's ongoing ef-

forts to increase protection for its products and trademarks under China's intellectual property and copyright laws.

When will there be similar concern and prosecutions for the gross and systematic violation of labor rights—including at the Meitai factory where Microsoft products are manufactured—both under China's law and internationally recognized worker rights standards?

(Source: *New York Times*, January 1, 2007. "Chinese Court Convicts 11 in Microsoft Piracy Case," by David Barbosa)

RACE TO THE BOTTOM

The type of computer equipment assembly work done at the Meitai factory in China would fit under the U.S. Department of Labor job category of “Electrical and electronic equipment assemblers” and “Team assemblers.” There are some **1.4 million of these jobs remaining in the United States**, and they pay an average wage of **\$12.72 to \$14.41 an hour**, and **\$26,470 to \$29,970** a year. It is hard to imagine how these jobs will remain in the U.S. given China’s 64-cent-an-hour wages, lack of health care and total repression of fundamental worker rights.

On the other hand, the second fastest growing job category in the U.S. is home health aids, nearly half of whom are dependent upon food stamps.

GOVERNMENT CONTROLLED UNIONS

Mr. Peter Ford, the Beijing Bureau chief for the *Christian Science Monitor* recently observed:

“The government [of China] controls trade unions here, and has always reined them in to stop them causing trouble for the investors and employers who have been fueling economic growth.” One All China Federation of Trade Unions official told Mr. Ford...*“We coordinate labor relations; we do not fight against management.”*

“A lot of employers,” Mr. Ford explained, *“have been complaining for a year or so that the Labor Law, along with the rising value of the RMB until last July, was a major factor in making them uncompetitive.”*

“Trade Unions and Social Unrest in 2009,” posted by Alice Xin Liu, January 9, 2009.

DELL AND MICROSOFT EXPERIMENT WITH PRISON LABOR

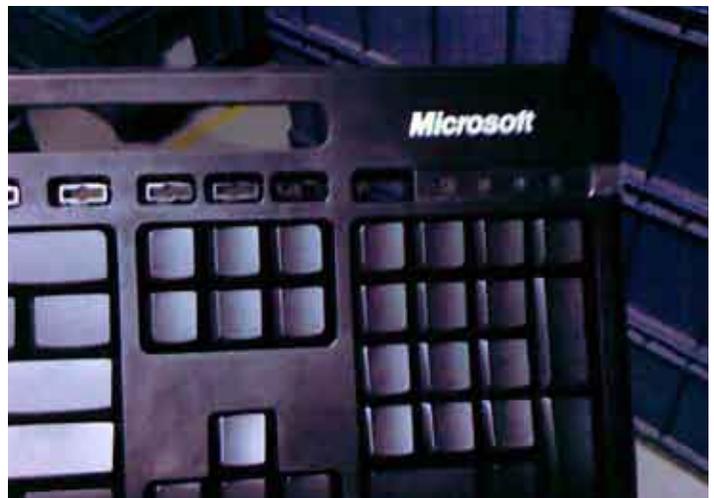
For at least a year—August 2002 through August 2003—Dell used prison labor, paid 20 cents to \$1.26 an hour, supplied by the Federal Bureau of Prisons to recycle its computers and components, including printers. The Silicon Valley Toxics Coalition was able to stop Dell's use of prison labor, pointing out that the prisoners could be handling potentially toxic chemicals such as lead, mercury, cadmium, and brominated flame retardants. Also, prison labor undercuts the creation of a profitable recycling industry. (*New York Times*, July 4, 2003)

In mid-1995, **Microsoft** also used prison labor from Washington State's Twin Rivers Correction Center to assemble Microsoft mice and to shrink wrap and package goods for shipment. After state prison

deductions, the prisoners were earning around 98 cents an hour. Mr. Mark Murray, Microsoft's public relations spokesman at the time, commented on the use of prison labor: "*This seems to be a good program that benefits the prison workers, the broader community, and our company as well.*" (*Newsweek Business Information Inc., Newsbytes*, January 17, 1997)

Prison laborers in Texas repaired **Konica** copiers for 50 cents an hour, while others manufactured circuit boards, car windows and air conditioning parts for \$4.00 an hour, which was less than half the prevailing wage in Texas. In 2005, prison laborers helped build a Wal-Mart distribution center in Wisconsin. ("A Sweatshop behind Bars," *Wiretap*, September 13, 2006)

Keyboard made at the Meitai factory.



COMPANY CONTACT INFORMATION

Lenovo / U.S. Office

1009 Think Place
Morrisville, North Carolina 27560

Phone: 866-968-4465 (Lenovo's North Carolina corporate office number and fax is virtually unobtainable. This number directs callers to an Indian call center.)

- Revenues (for the quarter ending September 30, 2008) of **\$4.3 billion** with a gross profit of **\$545 million**, and a net profit of **\$23.4 million**.

President and CEO: Mr. William J. Amelio
Director of the Board: Yang Yuanqing

Hewlett-Packard Company

3000 Hanover Street
Palo Alto, CA 94304-1112

Phone: 650-857-1501 Fax: 650-857-5518

- 321,000 Employees
- Revenues (year ending October 31, 2008) of **\$118.364 billion** with a gross profit of **\$28.8 billion** and a net income of **\$8.3 billion**.
- CEO Mr. Mark Hurd paid himself **\$35.5 million** in compensation and stock options.

International Business Machines Corp.

1 New Orchard Road
Armonk, NY 10504-1722

Phone: 914-499-1900 Fax: 914-765-7382
E-mail: sam@us.ibm.com (CEO Samuel Palmisano's e-mail address)

- Revenues (ending December 31, 2007) of **\$98.8 billion** with gross profits of **\$42 billion**, and a net income of **\$10.42 billion**.
- CEO Mr. Samuel Palmisano paid himself **\$17 million** dollars in wages and stock options.

Dell Inc.

One Dell Way
Round Rock, TX 78682

Phone: 512-728-4100 Fax: 512-238-2773

- **82,700** full-time employees
- Revenues (year ending February 1, 2008) of **\$61.133 billion** with a gross profit of **\$11.7 billion** and a net income of **\$2.95 billion**.
- CEO Mr. Michael Dell paid himself over **\$150 million dollars**, including wages and stock options.

Microsoft Corporation

One Microsoft Way
Redmond, WA 98052-6399

Phone: 425-882-8080 Fax: 425-936-7329

- **91,000** Full-time employees
- Revenues (year ending June 30, 2008) of **\$60.4 billion** with a gross profit of **\$49 billion** and a net income of **\$17.7 billion**.

HIGH TECH MISERY IN CHINA

“The factory is forever pressing down on our heads, and will not tolerate even the tiniest mistake. When working, we work continuously. When we eat, we have to eat with lightning speed. When I need to go to the bathroom, I have to try my hardest to control myself, to hold it in and not go. The security guards are like policemen watching over prisoners. We’re really livestock and shouldn’t be called workers.”



I FEEL LIKE
I AM SERVING
A PRISON
SENTENCE.