Published on *Adam Smith Institute* (http://www.adamsmith.org)

Blame socialism for conditions in Apple's Chinese factories [1]

Written by **Sam Bowman** [2] | Thursday 8 March 2012

There have been some grim stories [3] from Apple?s factories in China, of a spate of fatal accidents and worker suicides at Foxconn plants, which make parts for iPhones and iPads. The news has caused many to accuse Apple of exploiting Foxconn workers. Some say it?s capitalism in action. This is understandable, but wrong.

Like sweatshop workers in China and elsewhere, Foxconn employees endure long hours, low pay and dangerous working environments, but do so because there is no better alternative. In fact, jobs in sweatshops (and Foxconn factories) tend to be massively in demand, because the alternative is worse. It?s not uncommon for a new employee?s first action being to sign up their relatives to the waiting list for new job openings.

It?s easy to recoil from seen evils, while ignoring unseen alternatives that are even worse. No one in the West will ever have to put up with such bad conditions.

If wages and conditions in Apple?s hometown of Cupertino, CA, were as bad, nobody would work there. That people do so in China is because they have no better alternative. China?s economy is growing quickly, but much of it is still grindingly poor, and difficult to do business in. It?s poverty that makes China?s factories such unpleasant places to work in.

Tom Palmer spoke at the ASI on Tuesday, and made the point that poverty doesn?t have to have a ?cause? ? it?s simply the absence of wealth. This is quite true, but it?s still fair to ask why some places are poor and others are not. I?ve been reading Frank Dikkoter?s superb book*Mao?s Great Famine* [4] lately. Dikkoter describes in chilling detail how Chinese communism murdered at least forty million people and utterly ruined the country?s economy.

It?s no surprise that China is still very poor compared to neighbouring countries like Japan, South Korea, Taiwan and Singapore. Forty years of brutal socialism under Mao?s Communist state halted China?s development, and decimated institutions crucial for wealth creation, like strong civil society and the rule of law.

The exception, of course, is Hong Kong, where conditions and wages are much better than on mainland China ? not because of a bigger government, but because of greater wealth caused by freer markets.

I don?t think Apple should be blamed for the conditions in their factories, exactly, but that doesn?t mean that consumers are powerless to improve them. Apple has already brought in the Fair Labour Association, an independent body that certifies that working conditions meet a certain standard in a workplace. This will impose a premium onto the cost of Apple products, but as long as people are willing to pay it, it?s a good

way of circumventing the slow climb out of poverty.

In other words, the problems with Foxconn and other Chinese factories are problems with poverty itself. In the long run, investment by firms like Apple in poor countries will raise the quality of life in those places, but market mechanisms like Fair Labour Association ratings can reduce some of the worst bits of poverty. But Foxconn-like conditions will only be history when the rest of the world is as rich as we are. It?s markets that will do that.

blog comments powered by Disqus [6]

Source URL: http://www.adamsmith.org/blog/international/blame-socialism-for-conditions-in-apples-chinese-factories

Links:
[1] http://www.adamsmith.org/blog/international/blame-socialism-for-conditions-in-apples-chinese-factories
[2] http://www.adamsmith.org/taxonomy/term/5809
[3] http://www.nytimes.com/2012/01/26/business/ieconomy-apples-ipad-and-the-human-costs-for-workers-in-china.html?pagewanted=all
[4] http://www.amazon.co.uk/Maos-Great-Famine-Devastating-Catastrophe/dp/0747595089
[5] http://disqus.com/?ref_noscript
[6] http://disqus.com