

Introduction

Today, nearly all nations have a stake in participating in the global capitalist system. In order to produce this capital, populations need to be mobilised. The mobilisation of labour is what drives the capitalist system; people are the instruments of labour. When citizens are employed whether through capitalism or through trade, the nation is more prosperous. More jobs support the health of the national economy, creating more prosperous lives for individuals. Technology and globalisation have given more people access to jobs, to capital allowing more of the whole world to prosper, lifting people up from poverty (Jaumotte, Lall, and Papageorgiou: 2013: 272). Corporations from developed, post-industrial economies frequently design these modern goods. While once upon a time, the products were also manufactured in the country where they were designed, today the “commodity chain” with each link in the chain representing a different point in the build process, largely takes place far away from where these items were designed through labour outsourcing (Mansvelt 101-103).

Electronics, which are one of the largest contributors to United States gross domestic product (GDP) have contributed to this shift in a big way (Mason et al. 2002: 611). President Barack Obama asked why these jobs had to be outsourced to one of the most successful electronics manufacturers in the world, Apple Inc. and the ex-CEO Steve Jobs. He replied, that the wages and flexibility of the overseas factories made them more viable to meet the needs of a company, which produces over 100 million products per year (Duhigg and Bradsher 2012). This flexibility of a manufacturing plant is called agility. Where new products must be manufactured in the millions and changes must be processed immediately agility to hire, fire, and mobilise workers is key, it allows corporations to maintain competitive status in the market place (Mason et al. 2002: 611). This type of mobilisation, Cook argued, could not be done in the United States, which has significant barriers to hiring and mobilising enough people to produce the numbers needed to manufacture Apple’s needs. Instead the company, as well as the majority of other manufacturers around the world, have chosen to move the bulk of their labour to countries with fewer regulations and lower wages, generally poorer countries like China, Bangladesh, and India. What impact does this have on the developed versus developing dichotomies of the countries of the world?

Arthur Lovejoy in his book *The Great Chain of Being* emphasises the innate hierarchical qualities of human society through the ideas of continuity and gradation. Continuity is that the world is full and balanced with creatures and gradation shows that these creatures exist in hierarchical forms (Lovejoy 1933: 59). This idea was used to justify colonialism and slavery in the

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twentieth century. It justified the superiority of whites and Europeans over other races outside of Europe. In the early twentieth century, many non-European countries were under some type of colonial, European rule. This allowed Europeans to buy and steal resources for economic gain. Today we see something rather different but still under the same guise of imperialism: exploitation of people for corporate profit and public consumerism of the rich. D.K. Fieldhouse argues in his compilation *The Theory of Capitalist Imperialism* that the idea of capitalist imperialism is that richer groups open up world markets at the exploitation of the poorer groups. The idea is that profit from production in industrialised, or post industrialised societies is lower and declines over time, with the implication that societies with fewer people who enjoy the benefits of modernisation are more easily profited from (Fieldhouse 1945 xiii-xviii). Fieldhouse's argument is slightly dated, as he is writing at the end of World War II, but his basic premise is valid for capitalist imperialism today, rich exploitation of the poor.

Although during this time it was easy to make development arguments concerning 'centre/periphery,' the centre being Europe and the United States and the periphery being the rest of the less developed world, dichotomies, today they are much less distinct. Many countries that were once considered undeveloped have segments of society that live as lavishly as the developed countries. In China, India, and Brazil it is possible to enjoy the fruits of globalisation, capitalism, and modernity just like any American or European would. Colonisation as it was known in the twentieth century has largely been eliminated. In spite of this, many people around the world still live with Western corporations as their only means for survival through manufacturing jobs exported by the West. Does the modern capitalist system perpetuate these issues?

Current world powers, namely the United States and the United Kingdom, once being the great colonial power of the world, claim to have eliminated political subordination through territorial expansion (Callinicos 2009: 9). Territorial expansion, which was once the world organisational order has been replaced with a new organisation, rather than global interdependence through colonial powers, it is through the market economy, which creates interdependence between nations to increase GDP, rather than one country stealing the resources of another country for their own personal gain. This new organisational model encompasses free trade and global capitalism, where each country has equal ability to participate and gain the fruits of international economic cooperation through capitalism.

Robert Biel, author of *The New Imperialism: Crisis and Contradictions in North/South Relations* posits that even in the new system based on competition, development is unequal:

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capitalism is inherently exploitative of labour and “it is uneven in time (Biel 1945: 29).” Countries, like the United States, which projected global capitalism onto the world, which had a stake in maintaining it, had a rapid head start in building up their national capital. The perpetuation of capitalism, allowed the United States and the United Kingdom to continue to dictate the national agenda without direct colonisation and subjugation of other nations (Biel 2000: 174). In the new system, we still see exploitation of the labour of poor countries for the gains of the rich. This will examine the role of capitalist imperialism throughout history and on the modern day economic system. It will attempt to understand whether the modern system perpetuates colonialism of the twentieth century and examine the role of the individual in modern manufacturing. Finally it will look at Apple, Inc. as a modern corporation and whether its labour practices maintain low wages, adverse conditions, and decrease upward mobility for its supply chain employees.

History of Capitalist Imperialism

Rather than examining post-colonialism, which is a loaded term and isn't often used in the modern era and generally refers to African ex-colonies, or dependency theory, which is a theory about inequality between nations, largely from Latin America, this paper will explore imperialism in the twentieth and twenty-first century through capitalism. Imperialism can be simply defined as using power to assert influence over another, however in today's economy it is slightly more nuanced, it is no longer simply one power asserting itself over other powers. Today we see the whole world taking advantage of the bottom billion with multinational corporations at the forefront. Corporations can gain more capital outside of economically advanced nations by taking advantage of permissive labour policies in non-western countries (Oneal and Oneal 1988: 349). States all over the world are intent on increasing their economic competition in the market in order to gain greater power in the international system, capital is essential for greater power. This creates an environment in which states will submit to creating cheap and easily procured labour for the large multinational companies (Biel 1945: 28-29). Rather than state focused colonisation or state subjugation of third world economies, which is how imperialism is generally defined throughout the nineteenth and twentieth century, we see large, multinational corporations, who, with state approval or state disinterest, move the majority of their labour, money, and economic endeavours abroad while maintaining a home base in the country of their choice (Oneal and Oneal 1988: 348). To better understand this system, Alex Callinicos, author of *Imperialism and the Global Political Economy* outlines the history of capitalist imperialism in three stages.

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Classical Imperialism 1870-1945: this is the beginning of the classical capitalist economy with goods for sale, labour as a commodity, and technological advancement (Callinicos 2009: 138). It was the start of globalisation of liberal ideas and theory and an interlinking of many powers around the world (Callinicos 2009: 144). At this point, colonialism was alive and well and the powerful and rich countries conquered who they perceived as poorer countries to exploit the goods within them.

Superpower Imperialism 1945-1991: or “Open Door Imperialism” which was cemented in place by America’s economic prosperity after World War II (Callinicos 2009: 138). The United States helped rebuild Europe, allowed other countries to model their new economies in the image of America. This further reinforced the United States’ power in the global economic system and allowed American corporations to prosper. “There took shape the idea of a transnational expansion of capital accumulation that transcended politico-territorial demarcations (Callinicos 2009: 165).” Then during Cold War, there became a threat to the ability to accumulate capital, communism, which encouraged the United States to further capitalism as a means for non-developed nations to gain support and aid from the powerful nation (Biel 2000: 250). This allowed the United States to posit “free trade” as a way to open other nations to capitalism (Callinicos 2009: 193) This new world order allowed the United States to eschew traditional colonialism in favour of indirect economic hegemony over other nations, roping them into the global economic system or risk obsolescence in the world system (Callinicos 2009: 166). At this time, we began the to see moneymaking and capital accumulation eclipse all other considerations (Biel 2000: 9).

Imperialism after the cold war: Today, it is taken for granted that the international institutions and political-global economy were set up in the United States’ image (Callinicos 2009: 138). It has allowed the US to innovate and create a “non-traditional territorial empire” through a state-by-state dependence on the world economy (Callinicos 2009: 189-90). Intriguingly, this economy is based on a race to the bottom, where companies move to the cheapest labour, to countries with the fewest taxes and regulations to maximise profit. It is a system where countries with less capital attempt to make themselves as appealing as possible to the multinational corporations, who have almost unlimited choice of labour (Callinicos 2009: 29). This is the transition from colonialism to capitalist imperialism (Biel 2000: 250). While a pillar of capitalism is constant growth, it tends to be at the expense of individuals with less ability to grow in the system (Callinicos 2009: 29-30).

Labour

Karl Marx, one of the major adversarial voices about the political economy wrote *Capital: a Critique of Political Economy* to outline his views on the human being becoming commoditised in the political world order. Marx lived through the beginning stages of capitalism and found the system to be inherently unequal. Although Marx is writing long before the current imperial system, Callinicos writes: “Marx’s aim in *Capital* is not to provide an empirical account of capitalism of his day...” instead he attempted to “[uncover] the structural logic of the capitalist mode of production,” specifically of labour as a commodity under the system of capitalism, which transcends time. Marx believed that capitalism moved individuals away from a subsistence lifestyle into an exploitative wage based society (Callinicos 2009: 27-29). While Marx believed that a person could not be exploited by maintaining power and rights over his labour, which he was selling (Marx 1887: 242-245).

Today, having a job to make money is almost a necessity. With almost no country outside of the capitalist monetary economy, people all around the world look for better work with consistent wages and multinational corporations are keen to take advantage of this. Not all jobs are created equal, and in countries with better education and greater opportunities for higher education, demand for skilled versus unskilled labour becomes skewed. Skilled labour gets paid at a premium and includes manufacturer labour on the production line who gain sizeable wages, sometimes up to twenty dollars per hour (Trading Economics 2014). Labour prices in these countries could be huge losses for a company, especially when there are individuals around the world who would do the same work at a quarter of the price (Anwar, Sun and Valadkhani 2012: 590). Low tariffs and low shipment costs support the abilities of corporations to produce goods in one area and send them back to headquarters in another area, especially from the China to the United States, where import tariffs are low (Anwar, Sun and Valadkhani 2012: 590).

By saving money on unskilled labour, corporations can put more money in their skilled employees who are generally located at the corporation’s home base. As technology advances, companies have even more incentive to pay their employees higher due to high competition from other companies. Whereas with a global market, and more unskilled workers than ever before, corporations can make up those costs by moving to locations where they can pay the workers the least. In Chile, Mexico, and Uruguay, wages of unskilled workers rose .3, .5, .2 cents respectively over a decade whereas wages for college graduates have increased around 15% (Chowdhury 2009: 380-381). While these wage inequalities increase for both developed and developing countries,

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there are significant advantages for developed nations where the majority of these companies are based from and where they place most of their capital and recruit their highest paid workers. This creates a larger base of well-paid workers generally in the United States and Europe, who already had a few decades head start on most nations to advance their GDP and national capital.

As technological companies need incredibly skilled workers to design their products and tech companies like Apple, Inc., Google, and Samsung are some of the most profitable in the world, it would seem their methods are paying off, however these multinational tech companies seem to be exacerbating the already prominent rich and poor country divide. The next section will examine the labour practices of Apple, Inc. to understand whether they fit into the capitalist imperialist model or whether it is something else entirely.

Apple

Apple was named the top supply chain in 2010 and its iPhone and tablet have been top sellers on the global markets. They have experienced unprecedented growth almost every quarter for the last four years in 2011, it earned about \$400,000 per employee (Investor Apple 2014, Duhigg and Bradsher 2012). It employs about 50,000 Americans and pays more corporate taxes than almost any other company in the country at about 8 billion (The Economist 2012, Duhigg and Brasher 2012). While the workers who work in headquarters in Cupertino and Austin and the store employees receive liveable wages and benefits, these workers make up a very small part of Apple's success. Apple's website states that they employ 3.8 million people through their supply chain, largely employed through contractors such as Foxconn (apple.com 2014). These people manufacture the iPhones, iPads, and Macs by the tens of thousands per day (Duhigg and Barboza 2012). Foxconn, an employee contractor for many technology companies supplies housing and work for millions of workers, largely Chinese peasants (SACOM 2012). These factories exist far from their homes and once they start work, they tend to spend most of their waking, and sometimes their sleeping, time on the production floor, where they are exposed to chemicals, dust, and many substances that are bad for their health (SACOM 2012). Overall these conditions create dangerous conditions for the workers, both for their mental and physical health. In 2012, Apple received extensive criticism for its labour practices and enacted some reform, as can be seen on their supplier responsibility webpage and while the criticism has largely tapered off, it is not clear that these problems have been eliminated.

Wages

Despite that Apple, Inc. makes \$400,000 per employee, the workers through the supply chain never see just a minuscule fraction of that money. The average Foxconn worker for Apple, Inc. makes about \$228 per year (SACOM 2012). The workers do not get increased salary from working overtime but are forced to do just that, for risk of losing their positions (SACOM 2012). For example, if Apple last time redesigns a component of its line, the workers, who live on the factories campus are roused, regardless of the time of day to produce the amount of products that Apple requests (Duhigg and Barboza 2012). While it may seem that Foxconn is the real imperialist in this situation, subjugating workers, in order to gain contracts like Apple, Foxconn must price its contract services low, or else lose Apple as a client. In 2010, Foxconn actually lost money (Anderson 2012). Apple Inc. is looking to maximise profit and decrease production costs, if Foxconn raises its prices Apple can easily move to another supplier. Similarly if China began to enforce labour laws or higher wages, Apple could easily move its main production to a location with fewer restrictions. This would cause China to lose out on a huge industry, eliminating employment for thousands of workers and creating a rather large negative dent in the economy.

Adverse Labour Conditions

An Article in January 2012 in the New York Times titled “In China, Human Costs Are Built Into an iPad,” highlights some of the terrible conditions inside Foxconn and Apple’s plants. Workers work 10 and 12 hour days, sometimes longer depending on Apple's deadlines. Sometimes the workers work until their legs are swollen and they cannot walk. In 2010, the workers were using toxic chemicals to clean iPhone screens. In 2011, an explosion killed four people and injured dozens more, and the plant and Apple had been previously warned about the explosion. A former Apple executive said, “Most people would... be really disturbed if they saw where their iPhones come from (Duhigg and Barboza 2012).”

In the past, Apple has stated that it will reform it’s labour practices, for example in 2005 executives gathered to create a “code of conduct” for suppliers, however every few years new data comes to light that Apple is abusing its workers (Duhigg and Barboza 2012). Ultimately, if Apple wanted better working conditions it could easily mandate that Foxconn do just that, Foxconn relies on Apple much more than Apple relies on Foxconn.

Conclusion

Capitalist imperialism, appears to be a valid and relevant coercion of the rich over the poor. It is no longer under the guise of colonialism but the exploitation of labour. What is still valid and relevant is the coercion of the rich over the poor. American consumers desire mass amounts of high tech goods, and corporations desire to make a profit when so they find the individuals who will do it the fastest and the cheapest, the many poor individuals around the world. Why does it matter that many individuals are exploited for the benefit of the few? These people sacrifice life with their families and even basic human rights to serve the rich who can afford the products. Today there is so much humanitarian work going on around the world, the blame gets placed on failed states, non-state violent actors, and terrorists. The blame is pushed outward, while consumerist cultures can look the other way and pretend that they are supporting peace and the rise of the bottom billion up from poverty. They ignore the fact that every many of the benefits they enjoy are at the expense of the corporations and governments they support.

Apple is just one of the many corporations who perpetuates this model of labour exploitation. Foxconn has many technological companies as its clients, including Dell, Inc. (Blanchard 2010). The significance of using Apple as a case study is that the company is one of the most profitable companies in the world and has the opportunity to make real changes in supply chain responsibility, in corporate social responsibility. Instead coerces governments to be permissive to its need for cheap labour and unsafe working hours and production levels. American workers, many of whom are unionised, would never submit to working as much or producing as much as Chinese workers do. However, Chinese workers would never imagine being able to afford a new iPhone every two years and American consumers expect it, and can afford it, further feeding Apple's need to produce without inhibition.

Is there a way to prevent this massive inequality? Potentially, but it will require governments and consumers to call on the major corporations, the trendsetters like Apple and Dell, Inc. to almost completely overhaul their production strategies. This might cause hang-ups in production, loss in profits, and reputation loss with angry customers around the world looking for the iPhone 6. Apple has been criticised for its supply chain and treatment of workers many times over its reign as one of the top multinational companies in the world, but has failed to make any significant strides in humanitarian treatment of its workers. Solutions ought to come from governments and multinational organisations such as the UN or the World Trade Organisation, calling for increased humanitarian treatment or sanctions and less permissive environments for imports and exports will

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