

Dumb, Dumber, and Foxconn

Wisconsin taxpayers bamboozled once again by clueless politicians

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In the annals of dubious management (<https://www.psychologytoday.com/basics/leadership>), Terry Gou has a storied place. He is CEO of the Foxconn Technology Group, a transnational Taiwanese corporation that controls half the global market in electronics manufacturing. If you own a smartphone, the odds are that it was assembled in a Foxconn factory in China. If you want to believe that your smartphone was made by well-paid, happy workers in healthy working conditions, you will be sorely disappointed by what we have to tell you (http://www.playgroundmag.net/noticias/actualidad/interior-Foxconn-fabrica-iPhones-suicidios_0_1995400454.html?utm_source=facebook.com&utm_medium=post&utm_campaign=repeticion&utm_term=madre).

Gou's Foxconn has been responsible for some of the most reprehensible labor practices of the twenty-first century. For almost 20 years after setting up its first factory in China, Foxconn "evaded its legal responsibility to establish a trade union." When the company took steps to do so in 2006-07, Gou put one of his personal assistants in charge. After 12 young workers jumped from Foxconn's high rise factory dormitories in the first five months of 2010, the union leader refused to investigate workplace (<https://www.psychologytoday.com/basics/career>) causes, remarking only that "suicide (<https://www.psychologytoday.com/basics/suicide>) is foolish, irresponsible and meaningless." Another six suicide attempts followed, resulting in over two dozen deaths over the course of the year. The company responded with self-help (<https://www.psychologytoday.com/basics/self-help>) seminars and an emergency hot line for troubled workers. But it also increased automation at its plants, built new factories in low-wage interior regions of China, and routinely failed to pay workers for overtime while actively manipulating health (<https://www.psychologytoday.com/basics/health>) and pension plans to deny workers money and benefits.¹

The company's factories are managed with military discipline (<https://www.psychologytoday.com/basics/self-control>) to ensure that quotas and deadlines are met.

The high-stress (<https://www.psychologytoday.com/basics/stress>) conditions that provoked much of the workers' despair include longer mandatory workdays, an inhumane pace on the assembly line, and few

breaks for food and drink, all of which company bosses forced upon workers so Foxconn could meet product delivery dates promised by Apple and other brands to US customers. Anyone who can't wait to upgrade to the latest i-Phone should reflect on their connection to the perilous conditions at Foxconn's plants.²

Which takes us to Wisconsin, where Foxconn's reputation for mistreating workers appears to have resonated deeply with Governor Scott Walker and Wisconsin Representative Paul Ryan (Speaker of the House in the US Congress).

Walker and Ryan oversaw a deal in which Foxconn pledged \$10 billion to build a new factory that will make flat-panel displays in Ryan's district. The deal was sealed when Walker agreed to enact state legislation that would give the company \$3 billion in tax breaks and other incentives in an arrangement that analysts say (<http://www.marketwatch.com/story/this-1-number-sums-up-why-that-foxconn-deal-is-over-the-top-bad-for-wisconsin-2017-07-28>) hits "each Wisconsin household ... with a nearly \$1,200 bill to subsidize a company that is half as productive as Wal-Mart, and one-tenth as productive as Harley-Davidson."

Walker described the deal as "transformational." We agree. By creating this massive gift from taxpayers to Foxconn's multi-billionaire owner (<https://www.nytimes.com/2017/07/27/business/wisconsin-foxconn-tax-subsidies.html>), Walker and Ryan continue their ultra-rightwing mission to transform American society by rewarding the rich, rescinding the rights of workers, women, immigrants, and LGBTQ, and gutting budgets for public education (<https://www.psychologytoday.com/basics/education>), public services, and environmental protections—all of which they justify by claiming to believe in "fiscal conservatism" and free-market ideology

But the subsidy to Foxconn is neither conservative, nor evidence of a faith (<https://www.psychologytoday.com/basics/religion>) in the free market; it is a cynical redistribution of public money to a private corporation (https://www.washingtonpost.com/news/wonk/wp/2017/07/27/foxconn-deal-would-cost-wisconsin-230700-per-worker/?utm_term=.e5620a618bd4&wpisrc=nl_wonk&wpmm=1) with one of the worst records of environmental and worker protections in the world. This is corporate welfare to an undeserving and wealthy supplicant.

One-third of that subsidy could have restored the budget cuts that Walker has imposed on the University of Wisconsin (<https://www.insidehighered.com/news/2017/03/01/wisconsin-higher-ed-leaders-welcome-proposed-funding-worry-about-details>) since becoming governor in 2010.

And on the environmental front, the deal is disastrous

(https://www.washingtonpost.com/business/environmentalists-rip-proposed-foxconn-permit-rollback/2017/07/31/076469ae-7618-11e7-8c17-533c52b2f014_story.html?utm_term=.abed35081047). Foxconn has been promised waivers on a number of environmental protection regulations to expedite construction of the plant (<https://m.dailykos.com/stories/1686365>)—removing restrictions on dredging and dumping waste in surrounding waterways, changing the natural course of rivers and streams, despoiling clean air and water, building over waterways without permits, advancing construction minus environmental impact studies, and consuming energy without approval from the state’s Public Service Commission.

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And the promises to bring thousands of new jobs to Wisconsin? Ask the folks in Pennsylvania, where Foxconn made headlines in 2013 with an offer of \$30 million and hundreds of new jobs, neither of which materialized. Gou has regularly reneged on or reduced similar investments in India, Vietnam, Brazil, and elsewhere (https://www.washingtonpost.com/business/economy/how-foxconns-broken-pledges-in-pennsylvania-cast-doubt-on-trumps-jobs-plan/2017/03/03/0189f3de-ee3a-11e6-9973-c5efb7ccfb0d_story.html?utm_term=.3bb9228905fa).

And, of course, the orange Julius occupying the White House (<https://www.theguardian.com/technology/2017/jul/29/foxconn-china-apple-wisconsin-trump>) elbowed his way to the front pages to take credit for the whole deal. “If I didn’t get elected, [Foxconn] definitely would not be spending \$10bn,” he said.

Notes

1. Jenny Chan, Ngai Pun, and Mark Selden (2016). “Chinese Labor Protest and Trade Unions.” In *The Routledge Companion to Labor and Media*, Richard Maxwell (Ed.), 290-302. New York: Routledge.
2. Harris, Anthony. (2014) *Dragging Out the Best Deal. How Billion Dollar Margins Are Played Out on the Backs of Electronics Workers*. Amsterdam: GoodElectronics.



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