

# China's

# World

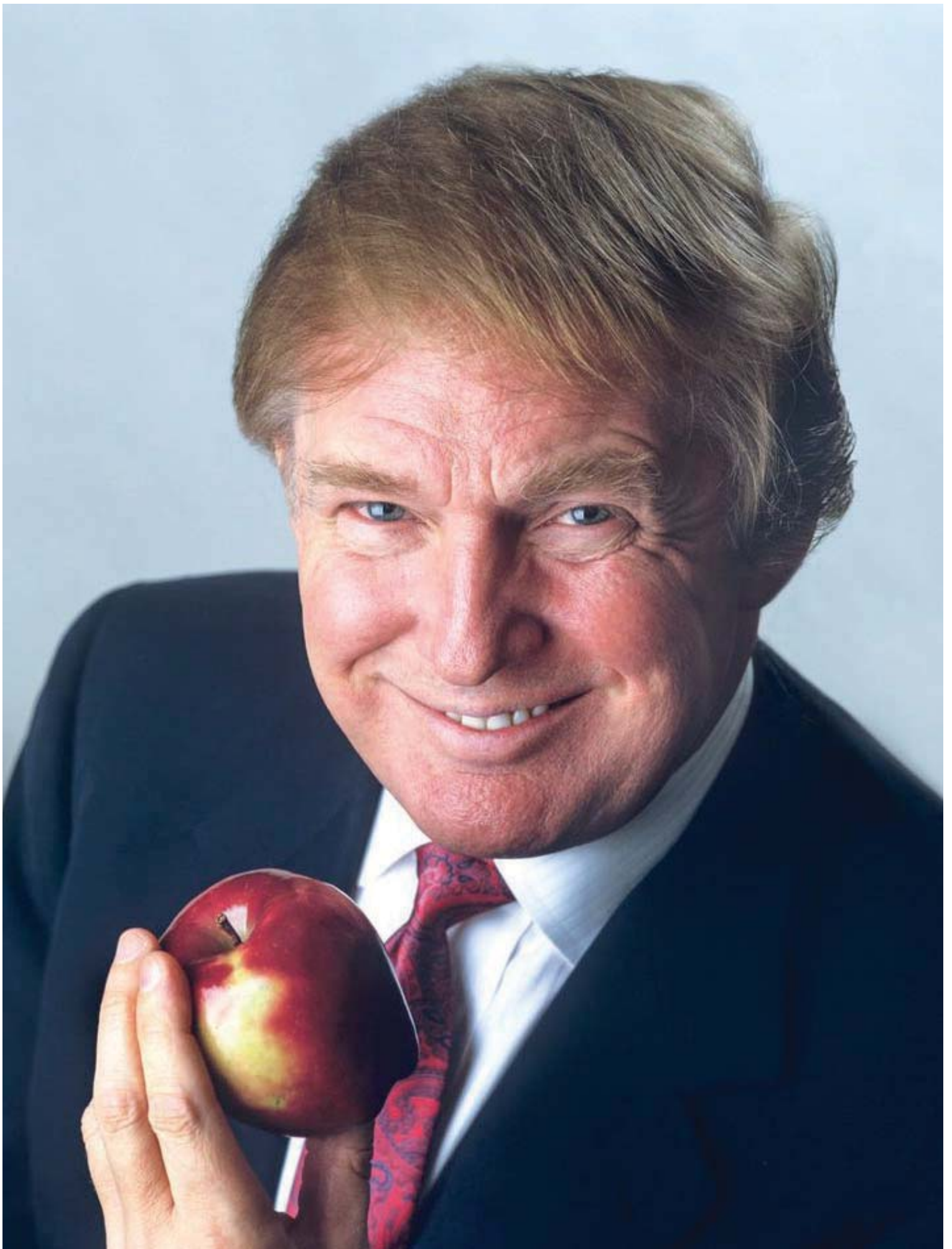
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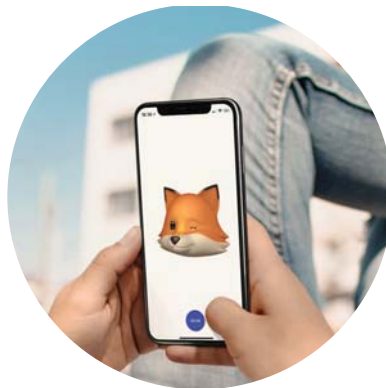
## China's Goal: Hegemony or Global Partnership?



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# Apple and Foxconn in the Trump Era

Jenny Chan and Mark Selden

“Designed by Apple in California, Assembled in the USA” — is a recent company slogan. But few Apple products have been assembled, still less built, in the US in recent decades. In 2013 Apple began building small numbers of its Mac Pro computers through partnering with Flextronics in Austin, Texas. However, the operation is small and is likely at best to remain so.<sup>1</sup> In common with many other American firms whose products are produced by low-wage workers overseas, Apple has faced heavy criticism from the President Donald Trump administration and demands that it create jobs in the US.

During the 2016 election campaign Trump not only warned that he would slap huge tariffs on goods imported from China but directly

targeted Apple as a company that needed to produce its products in the US. “We’re going to get Apple to build their damn computers and things in this country, instead of in other countries,” he said at Liberty University in Virginia in January 2016.<sup>2</sup> Trump’s repeated campaign accusations that “China is raping the US economy” ignore, among other things, the fact that top American multinationals such as Apple are reaping big gains in international trade, that American consumers are the beneficiaries of low prices on imports, and that China is the second largest purchaser of U.S. treasury bonds that prop up the value of the dollar, even as its trade surplus with the US remains very large. “China,” as Stephanie Luce and Edna Bonacich have convincingly argued, “is not the only country to which the United

<sup>1</sup> Dan Zehr, 2013, “Apple Confirms Mac Pro Production Has Started in Austin,” *Statesman*, 18 December, <http://www.statesman.com/business/apple-confirms-mac-pro-production-has-started-austin/QiCi2lly9wCP3M0JgM8KI/>; Eric Slivka, 2014, “Tim Cook Visits Mac Pro Factory ‘Loaded with American Manufacturing Expertise’ in Austin,” *MacRumors*, 6 June. <https://www.macrumors.com/2014/06/06/cook-visits-mac-pro-factory/>





States and other countries of the Global North are losing jobs.... The demonization of China implies that it is the primary source of U.S. job loss, which is false.”<sup>3</sup>

Behind the “Made in China” label is a vast network of global brands and their suppliers. In China alone, according to information provided by an Apple University researcher, in 2016 Apple has more than 2,000 large and small suppliers, including first-tier and sub-tier suppliers of parts and components, materials and equipment.<sup>4</sup> Apple’s interactive map of global suppliers shows that 346 big suppliers were located in China, more than those in Japan (126), the United States (69), Taiwan (41), Korea (28), Malaysia (23), Thailand (19), the Philippines (19), and Vietnam (18) combined.<sup>5</sup> If, as these data suggest, China is a big winner in globalized electronics production, “in the age of globalization,” Sean Starrs highlights the fact that “it is more important to investigate who ultimately profits from the production and sale of goods and services rather than where their production or sale is geographically located.”<sup>6</sup> When the calculation of the value of the products is credited entirely to China,

<sup>2</sup> C-Span, 2016, “Presidential Candidate Donald Trump at Liberty University — Road to the White House Campaign 2016,” A 50-minute Speech, 18 January. <https://www.c-span.org/video/?403331-1/donald-trump-remarks-liberty-university>

<sup>3</sup> Stephanie Luce and Edna Bonacich, 2009, “China and the U.S. Labor Movement,” *China and the Transformation of Global Capitalism*, edited by Ho-fung Hung, Baltimore, MD: The Johns Hopkins University Press, pp. 153-54.

<sup>4</sup> Jenny Chan and Mark Selden’s joint interview with Joshua Cohen, Apple University faculty member and Distinguished Senior Fellow at the School of Law, the Department of Philosophy, and the Department of Political Science of the UC Berkeley, on 9 August 2016.



the picture is distorted and misrepresented. It is necessary to point out as we have stressed, for example, that the largest share of the profits is retained *not* by Chinese corporations but by American, Japanese, Korean, European and Taiwanese corporations that designed and manufactured the most sophisticated parts of the iPhone and other Apple products outside



China.<sup>7</sup>

Nevertheless, when right-wing politics are spreading wide and far, the Trump effect can be seen in many realms. Two days after Trump's "America First" themed inauguration speech, Apple's top supplier Foxconn on 22 January 2017 announced plans for a US\$7

<sup>5</sup> Evertiq, 2016, "Top 9: Apple and Partners," 31 March. <http://evertiq.com/news/39035>

<sup>6</sup> Sean Starrs, 2015, "China's Rise is Designed in America, Assembled in China," *China's World* 2(2), pp. 11-23. <http://www.chinasworld.co.uk/>

billion investment in the US to manufacture displays for televisions. CEO Terry Gou's provisional and qualified remarks were made in the wake of Foxconn's acquisition of Sharp, a manufacturer of displays, in the context of Japanese entrepreneur Son Masayoshi's call for new investment in the US by a consortium of firms at a time when the Trump adminis-



tration was floating plans to slap high tariffs on imports, particularly those from China.<sup>8</sup> At its annual shareholders meeting in June, Gou gave a few more details concerning “Wisconsin, Ohio, Michigan, Pennsylvania and North Carolina as possible locations,” with a prospective budget of “more than US\$10 billion.”<sup>9</sup> In July, Wisconsin Assembly speaker Robin

Vos confirmed that Foxconn “is considering bringing 10,000 jobs to southeastern Wisconsin.”<sup>10</sup> President Trump hailed Foxconn in a White House media event hailed plans for Wisconsin to provide an extraordinary US\$3 billion subsidy for the company to make a US\$10 billion investment in the state to produce flat screen panels. The 20 million square feet Foxconn Wisconsin plant, located in the

Village of Mount Pleasant in Racine County, is scheduled to open in 2020.<sup>11</sup>

For all the media hype surrounding President Trump’s claims of bringing industrial jobs back to the US after their flight since the 1980s, there is scant prospect of the return of industrial jobs from China or elsewhere. This is particularly

true with respect to stable, well-paying jobs which would reward Trump’s working class base. With industrial wages in China and Mexico a fraction of those in the US, and with the shift from industrial to service jobs as the foundation of the US economy, and with robotization on the horizon, there will be no significant return of industrial manufacture and assembly jobs. ■

<sup>7</sup> Wayne M. Morrison, 2017, “China-U.S. Trade Issues,” Congressional Research Service, pp. 11-15. <file:///C:/Users/wlchan/Downloads/nps65-022317-18.pdf>

<sup>8</sup> Reuters, 2017, “Foxconn CEO Says Investment for Display Plant in US Would Exceed \$7 Billion,” 22 January. <http://www.cnbc.com/2017/01/22/foxconn-ceo-says-investment-for-display-plant-in-us-would-exceed-7-billion.html>

<sup>9</sup> Jess Macy Yu and J.R. Wu, 2017, “Foxconn Plans U.S. Display Making Plant for Over \$10 Billion, Scouting for Location,” *Reuters*, 22 June. <https://www.reuters.com/article/us-foxconn-strategy-idUSKBN19D0AH>

<sup>10</sup> Patrick Marley and Jason Stein, 2017, “Foxconn Considering Bringing 10,000 Jobs to Southeastern Wisconsin, Assembly Speaker Says,” *Journal Sentinel*, 5 July. <http://www.jsonline.com/story/money/business/2017/07/05/foxconn-considering-bringing-10-000-jobs-southeastern-wisconsin-assembly-speaker-says/453704001/>

<sup>11</sup> Rick Romell and Rick Barrett, 2017, “Foxconn Confirms Racine County Site for Sprawling Factory Complex,” *Milwaukee Journal Sentinel*, 4 October. <http://www.jsonline.com/story/money/2017/10/04/foxconn-confirms-racine-county-site-sprawling-factory-complex/731331001/>