# AdvertisingAge<sup>\*</sup>

## THE ROT AT APPLE'S CORE COULD SICKEN CONSUMERS -- AND ITS BUSINESS They May Be Unable to Stomach Any More Awful News About Labor Practices

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### A correction has been made in this story. See below for details

Let's start by talking about how great Apple is.



Apple is soooo great!

This week its fourth-quarter earnings were announced. On the strength of phenomenal sales of 15 million iPads and 37 million iPhones, the company recorded profits of \$13.1 billion on revenues of \$46.3 billion.

In cash. In three months. This windfall helped Apple's stock price, which surged enough to nudge the company past a little boutique called Exxon-Mobil as the largest industrial

corporation in the world.

Plus, the iPad is super cool, and the iPhone is, too. And, duh, iTunes! And the biography of Steve Jobs, may he obsess in peace, has been on the bestseller list for three months. No wonder President Barack Obama, in his State of the Union Address, singled the company out as emblematic of all we as a nation should aspire to:

"You see, an economy built to last is one where we encourage the talent and ingenuity of every person in this country. That means women should earn equal pay for equal work. It means we should support everyone who's willing to work, and every risk-taker and entrepreneur who aspires to become the next Steve Jobs."

Now, the mood in Washington is such that if Obama admires the weather, the Republicans will disagree; they will call the weather a path toward socialism. But not Tuesday. In the GOP response to the president's address, Indiana Gov. Mitch Daniels got his licks in, but he also raced to bow at the altar of the sainted one.

"Contrary to the president's constant disparagement of people in business, it's one of the noblest of human pursuits. The late Steve Jobs -- what a fitting name he had -- created more of them than all those stimulus dollars the president borrowed and blew."

Finally, as evidence of just how far-reaching Apple infatuation has become, in this very publication, on Jan. 2, a 4,000-word essay on Relationship Era commerce began by asking readers to Google the search term "I love Apple," and then be bowled over by the 3.27 million search results. This exercise was meant to demonstrate how by doing no more than being itself, Apple was beloved by individuals moved, of their own volition, to declare themselves. The co-author of that essay?

Me.

Since then, however, there have been what the TV news anchors call "new developments." One is a series of New York Times stories documenting how Apple's manufacturing jobs -- 700,000 of them -- are provided by contractors overseas, chiefly China, and how workers there labor for long hours at vanishingly low wages in hazardous conditions. Perhaps Mitch Daniels should call the late CEO Steve Offshore Jobs.

Then came a long segment on "This American Life" by monologist Mike Daisey, who infiltrated Shenzhen, a Chinese factory city and Apple contract-manufacturing plant, to find out where his iPad came from. There he discovered inhuman dormitory conditions, brutal shop-floor hazards including haphazard use of the neurotoxin n-hexane to spray-clean tablet screens, child labor and a huge net dangling over the shop floor to stem the tide of worker suicides: at least 12 at the plant in 2010 alone. When a worker complained to the local "labor board," she was promptly fired and blacklisted -- in writing, with no attempt to conceal the act:

"In a fascist country run by thugs, you don't have to be subtle," Daisey said. "You can say exactly what you mean. The sheet is very clear that it comes from the labor board, and it says right across the top, 'The following is a list of troublemakers. If any of them are found in your employ, dismiss them immediately.' And then there's just column after column after column of names. Page after page after page of them."

In fairness, these evils are not unique to Apple. The same factories churn out electronics for <u>Dell</u>, Acer, Lenovo, Nintendo, Panasonic, <u>Samsung</u>, <u>IBM</u>, Cisco, Motorola, <u>Amazon</u> and so on. And over time such enterprise will create a middle class in China, and other developing countries, helping to eradicate grinding property -- and new markets for our own export goods. In the meantime, however, Apple and the rest are raking in billions of dollars of profits by relegating foreign workers to conditions we wouldn't tolerate in our own prisons. The heroes of free enterprise were caught, Red China-handed, being themselves.

And the world is beginning to figure it out, because in the digital age all corporations live in glass houses, and people in glass houses shouldn't clean the windows with n-hexane. Furthermore, in the social-media age scandal is traded back and forth, perpetually, at the speed of send. Perhaps many Apple aficionados are prepared to strike a Faustian bargain -- vague tugs of guilt in exchange for the coolest stuff ever -- but some will not. The backlash is no doubt under way. In the Relationship Era, you can surely benefit from 3.27 million spontaneous expressions of affection, but just ask Johnson & Johnson . It can all very quickly turn to dust.

Here is but one blog post I located in the wake of recent news coverage:

"I don't think I will be an Apple customer anymore! I would rather inferior technology."

The headline on the post? "Apple sucks!"

ABOUT THE AUTHOR

Bob Garfield, now a consultant, has reported on advertising, marketing and media for 28 years.

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CORRECTION: An earlier version of this piece used revenue figures from the previous year. We regret the error.