
REMAPPING DEBATE

Asking "Why" and "Why Not"

Let them eat iPhones

Commentary | By Craig Guirann | Economy, Labor

Jan. 25, 2012 —The [chilling investigative piece](#) by Charles Duhigg and Keith Bradsher in Sunday's New York Times left no doubt about how Apple thinks about manufacturing and jobs, and, by extension, the attitude of its tech industry counterparts. "We don't have an obligation to solve America's problems," an Apple executive said. "Our only obligation is making the best product possible." Of the 700,000 people who work for contractors that build Apple's products, "almost none of them work in the United States."

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The lack of any sense of obligation to support American workers — indeed, the lack of any national loyalty at all — is appalling. Yet that's not even the truly frightening part of the story. Most troubling is the broader, underlying narrative conveyed and ultimately encouraged by the story: there is nothing that America as a nation can or should do to alter the trajectory of events. With economic developments beyond the control of human agency, there are some basic rules to obey. Be passive; don't think that the country can exercise authority to shape the environment within which American companies operate. In short, the United States should be a supplicant, not a sovereign. The government and U.S. citizens must adapt to corporate needs, not vice versa.

Given this perspective, one should not be surprised that, at a dinner for Silicon Valley executives last February, it wasn't Steve Jobs asking President Obama what Apple could do to further U.S. employment goals; it was, as the Duhigg-Bradsher piece related, President Obama asking for advice (the President, it appears, was rewarded for his temerity in asking the question with a brusque, "Those jobs aren't coming back").

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A central anecdote of the Times pieces related how Apple was, at the last minute, able to use a Chinese contractor to change the display intended for the iPhone to unscratchable glass. The workers — many of whom live in company dormitories — were available to be roused in the middle of the night, "given a biscuit and a cup of tea, guided to a workstation and within half an hour started a 12-hour shift fitting glass screens into beveled frames." Is that really what we want for any workers in the 21st century? An American worker quoted in the story didn't think so: "We were told we would have to do 12-hour days,

and come in on Saturdays,” the worker said. “I had a family. I wanted to see my kids play soccer.” Is it really unreasonable that he doesn’t want to turn the clock back to the days before the labor gains of the 1930s?

I know that some will reject these kinds of questions as naïve (just as the article did). In fact, they are entirely realistic — whether considered from the point of view of what sort of society we want to be, or, more prosaically, in economic terms.

Apple is not just scraping by. “Last year, it earned over \$400,000 in profit per employee, more than Goldman Sachs, Exxon Mobil or Google.” And the profit on an iPhone is “often hundreds of dollars per phone.” If the estimates of academic and manufacturing analysts are correct, building an iPhone in the U.S. would add \$65 to Apple’s costs, “building domestically, in theory, would still give the company a healthy reward.”

The article, however, consistent with a corporate-governmental consensus that emerged during the Clinton administration, rejects out of hand the possibility of an actual renaissance of good American jobs. “[S]uch calculations are, in many respects, meaningless because building the iPhone in the United States would demand much more than hiring Americans — it would require transforming national and global economies.”

The article expects it to be self-evident to the reader that the transformation of national and global economies would be impossible, or, at least, not susceptible to significant influence. The article itself, though, provides proof of the falsity of this view.

The vaunted Chinese supply chain did not emerge by magic. It relied not only on poor labor conditions, but on the fact that “[t]he Chinese government had agreed to underwrite costs for numerous industries, and those subsidies had trickled down to the glass-cutting factory.” That was a governmental decision to have and to implement an industrial policy. In the U.S., on the other hand, “industrial policy” is most often treated as a disease to be avoided, except if the policy aims to loosen restrictions on capital.

Imagine just for a moment that the U.S. government, recognizing that globalization and unrestricted movement of capital have not delivered broad-based prosperity, began to adopt policies that effectively required U.S. companies to hire (and use contractors that hired) more U.S. workers. (To cause the playing field to be level with foreign competitors, the range of policies needed would be broad, including tax, capital control, trade, environmental, and employment rules).

It’s a disaster, some say. We would have to rely on American workers and American factories, and we don’t have enough of the former with the rights skills, and we don’t have enough of the latter with the right configuration and scale.

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Hang on a minute. We're talking about what would happen if American corporations realized that they actually had to face a new reality. Would they just give up? Choose to shutter their doors? Instead, I think, they might remember the medication they have been prescribing to the government and to workers — just adapt — and start taking that medication themselves.

Wouldn't they be bringing to bear all their entrepreneurship and innovation? Wouldn't they have a powerful vested interest in seeing that enough workers got the right training and that they had the ability to build domestically the factories that were needed (and create here at home the transportation and telecommunications infrastructure necessary to facilitate efficient operations)?

They might even have to ask the government to help them do the right thing. And with that kind of lobbying, transformation might suddenly seem to be a realistic prospect.

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