

Toys of Misery

A Report on the Toy Industry in China

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Preface

by Charles Kernaghan

When you go into a Wal-Mart or a Toys 'R' Us store to purchase *Harry Potter* or Disney's *Monsters Inc.*, Mattel's *Barbie*, *Sesame Street*, Hasbro's *Star Wars* or *Pokemon* do you ever think of the young women in China forced to work 16 hours a day, from 8:00 a.m. to 12 midnight, seven days a week, 30 days a month, for months on end, for wages of 17 cents an hour? Workers forced to work overtime, but cheated of their pay? Do you ever imagine women working all day long in 104-degree temperatures, handling toxic glues, paints and solvents, women fainting, nauseous, sick to their stomachs? Women housed 16 to a dorm room and trying to get by on four hours of sleep a night? Workers whose bodies ache, who are exhausted from racing through the same operations 3,000 times a day, day in and day out? Women who are fired when they get sick? Workers who have no rights, and who--if they try to defend their most basic, internationally recognized human and worker rights, will be immediately fired and blacklisted? Workers who are worn out and used up by the time they reach 30 or 35 years of age and are removed to be replaced with another crop of young teenagers?

Unfortunately, this is the real world behind the toys we purchase in the United States. And we do purchase a staggering number of toys each year: 3.6 billion toys in the year 2000 alone--76 million dolls, 349 million plush toys, 125 million action figures, 279 million hot wheels and matchbox cars, 88 million sporting goods items and so on. This is big industry. **We spend \$29.4 billion a year on toys.**

Eighty percent of all the toys we purchase are imports, and 71 percent of those are from China. **More than one out of every two toys we purchase in the U.S. is made in China.** We purchase hundreds of millions of toys each year that are made in China, but when was the last time we heard from a toy worker in China about their working conditions and lives? Even once? Ever? Isn't it a little strange that we know so little?

In 2000, U.S. toy companies spent \$837 million on advertising. The companies do not want us to know or to think, just to buy.

Examples of Harry Potter Toys Made in China - Sold at Wal-Mart	
• Snitch Chasing Harry	\$ 19.96
• Talking Portrait	\$ 29.97
• Hogwarts	\$ 22.94
• Malfoy Wizard Collection	\$ 6.77

In the driver's seat, directing this huge toy industry are the major U.S. retailers. **Wal-Mart**, with \$191.3 billion in annual sales and \$6.3 billion in profits, sells one out of every five toys sold in the U.S. today. Wal-Mart, together with **Toys "R" Us**, accounts for more than one out of every three toys sold. And when you add **Kmart** and **Target**, you have accounted for 50 percent of all the toys sold in the U.S. These U.S. retailers are leading the Race to the Bottom in the toy industry, slashing wages and benefits, cutting corners, paying no taxes in the developing world, ignoring health and safety standards, turning their faces away when workers are fired and blacklisted for trying to exercise their rights. If China were to implement its labor and environmental laws tomorrow, Wal-Mart would pull out and go to Bangladesh or Honduras.

This is a battle over the hearts and minds of the American people who are, by-and-large, very decent people, with an ingrained sense of fairness and justice. Only they do not know.

But there is hope. The American people have a powerful voice in the global economy. We are the largest market in the world. We take in 40 percent of China's exports worldwide. We ran an \$83.8 billion trade deficit with China in the year 2000. As mentioned, 71 percent of all the toys imported to the U.S. are made in China. This gives us a powerful voice. These are our retailers. We purchase these toys--especially during this Holiday Season, when the average American family will spend \$462 on holiday shopping, as a country \$206 billion. Eight to twelve-year-old children alone will spend \$2.4 billion on holiday gifts.

There is real hope that the youth of America, the more they learn and see and feel, can become the voice of the voiceless young workers around the world who make our sporting goods and toys. The one million toys workers in China do not have a voice in the great North American market, but U.S. students do. There are 32 million teenagers 12 to 19 years of age in the U.S., and they spend **\$155 billion a year**--an average of \$110 a month on clothing alone. There are 15.6 million college students in the U.S. with a combined purchasing power of **\$268 billion**.

The Wal-Marts and Disneys of this world are terrified that these young people will wake up and start asking some serious questions: Where are the factories? How old are the workers? What are they paid? Can they live on the wages they earn? How many hours a week do they work? Are their rights respected? How do they live?

This is not a boycott. It is a call, especially during this Holiday Season, for Mattel, Hasbro, Disney, McDonald's, Toys 'R' Us and Wal-Mart to do the right thing. Do not cut and run from China. Rather, work with your contractors to clean up these factories and guarantee that China's labor laws--including wage, hour, overtime compensation and health and safety laws--are strictly adhered to. ***There is no excuse for young workers in China to be handling the toxic chemicals currently used in toy making, with no health and safety education, training or protections. This must end--immediately. We must demand that our companies do better than this.***

Also, Mattel, Hasbro, Toys 'R' Us and Disney should stop hiding the sweatshops they use around the world. They are following the lead of Wal-Mart, which uses several thousand factories in China alone, but continues to refuse to release the name and address of even a single one of those factories to the U.S. people. Wal-Mart does not want us to know. But Wal-Mart and the other companies are wrong. ***We have the right to know in which factories and under what conditions the products we purchase are made.***

We will eventually win this. But it will take the involvement of all of us--to stand up and demand that our corporations be held accountable to respect human and worker rights, including the right to organize and to pay fair wages. There will never be real peace in a world full of child labor, sweatshop abuses, starvation wages, union busting and women thrown out at 35 because they are worn out.

Typical Toy Factory in China (Peak Season, which lasts 5, 6 or more months)

- Mandatory daily shifts of 15 to 16 ½ hours, 8:00 a.m. to 11:00 p.m. or 12:30 a.m.
- Some 20-hour, all-night shifts required, from 8:00 a.m. to 4:00 a.m.
- Seven-day workweek
- Working 30 days a month
- At the factory 103 to 112 hours a week
- Workers fainting from the long hours and exhaustion
- Twelve-to-14-cent-an-hour wages
- \$8.42 for a 72 ¼-hour workweek
- Workers cheated of \$20.79 a week--70 percent--of the legal minimum wage owed them
- Handling toxic chemical glues, paints and solvents. Workers do not even know the names of the chemicals, let alone their health hazards
- Workers constantly dizzy, nauseous and on the verge of throwing up from the strong chemical paint odor which hangs thick in the factory air.
- 104-degree factory temperature
- Sick workers fired
- 16 workers share one small dorm room
- Workers have never heard of, let alone seen Mattel's, Hasbro's, Disney's, McDonald's, Toy's 'R' Us or Wal-Mart's so-called Codes of Conduct.
- Freedom of Association absolutely repressed.

“We have seen people faint at the workplace. That’s expected. We are tired, we get low pay, we don’t eat well, we can’t sleep well, and we want to save every penny we get. A lot of us young girls just buy an ice-cream or a slice of watermelon for lunch. You just don’t want to eat, being so tired and under such heat.” ---a young, teenaged toy worker

Toys of Misery

A Report on the Toy Industry in China

Executive Summary

More than half the toys sold in the United States are made in China—about \$20 billion worth last year—but until now very little has been known about the conditions under which these toys are produced. Giant retailers like Wal-Mart and Toys “R” Us, which sell one of every three toys in this country, and major manufacturers and licensees like Hasbro, Mattel/Fisher Price, Disney and McDonald’s deliberately conceal this information from the public.

“Toys of Misery” is the result of an investigation of eight toy companies with 19 factories and more than 50,000 workers located in the southern province of Guangdong. The interviews with workers at these plants were conducted between July and September of this year. The report tears away the veil of secrecy that has covered working conditions in this industry, and what it reveals is truly shocking.

Most of the workers are young women between the ages of 18 and 30, migrants from rural areas who live and work with restricted rights under an apartheid-like pass system. They face long hours of forced overtime that leave them with two or three hours of sleep a night. They are exposed constantly to chemicals that make them sick. Several reported fainting on the job. They are paid wages as low as seven cents an hour, and not a single worker interviewed was receiving the legal minimum wage.

- A typical work day during the peak busy season, which can last several months, begins at 8:00 a.m. and often goes past midnight. Overnight sessions are common. Work-weeks of 90 hours and more are routine.
- During one brutal five-day period at a plant producing stuffed toys for McDonald’s, Disney and Warner Brothers, workers were forced to work virtually around the clock—including one shift of 27 straight hours.
- There was a wide variation in wages, with the lowest at 7 cents an hour and the highest at 33 cents. The average production wage ranged between 14 to 19 cents an hour.
- Workers at two different factories, one producing stuffed and plastic “Happy Meals” toys for McDonald’s and the other Barbie dolls for Mattel, were paid 17 cents an hour.
- Because of the long hours of uncompensated overtime and the refusal of factory management to provide workers with accurate information on their hours and wage rates, workers are cheated out of as much as 75% of the wages due them.
- This same policy of denying workers critical information was applied to health and safety conditions. It was highly unusual, for example, to find workers who knew the names of the chemicals they handled. But they knew what the chemicals did to them: dizziness, nausea, fainting, skin rashes, sore throats.

- Hundreds of workers diagnosed with Hepatitis B were fired without legal compensation. The disease can be spread from sharp exposed edges at work and from close household contact. Some factory dorms have as many as 24 workers in a small room.
- Factory temperatures of more than 100 degrees were common, with the pressing department of one large factory producing for major U.S. toy companies registering a high of 109 degrees.
- The noise from machinery could leave workers with temporary hearing loss, paint often could not be removed from skin, and paint dust easily penetrated flimsy cotton masks. Hands and fingers are cut on sharp machinery.
- From time to time management issued protective gear to workers but provided no training on its use. Workers usually discarded the gear, either because it was ineffective or it prevented them from working fast enough to complete their production quotas.
- Workers weakened by illness and pregnant workers, who are supposed to have legal protection, are forced to resign.
- Several factories had not conducted any fire drills and others did not include drills for dormitories. Workers reported uncovered flammable materials near hot machinery. Hundreds of toy factory workers in China have perished in fires in recent years.
- Most workers had not signed or were not given work contracts, which would inform them of their legal rights.
- Workers at several factories were required to sign falsified time cards and wage records. One company had been caught keeping a double set of books by local authorities.
- Workers were ordered to lie to inspectors and auditors about conditions in the factories. Workers also reported that any attempt to protest these conditions would result in their being fired.
- U.S. companies claim to strictly enforce their corporate codes of conduct that at minimum are supposed to assure compliance with local labor laws. All of the findings listed above, however, and extensively documented in “Toys of Misery,” are violations of China’s labor laws.

The report urges U.S. retailers, manufacturers and licensees of toys to begin to remedy these abuses by taking the following actions:

- 1. Disclose the names and addresses of their suppliers in China, including subcontractors, and make public the results of inspections.**
- 2. Review pricing and ordering policies with local factory management and representatives of workers to assure that it is possible to meet these orders in compliance with China’s labor laws.**
- 3. Develop a comprehensive plan of occupational safety and health education aimed at raising the consciousness of toy workers regarding these issues and their overall legal rights, with the participation of qualified Non-Governmental Organizations.**

Protecting Workers in China

*We are withholding all factory names and addresses--in agreement with our partners in China, France, Germany and Canada--since we cannot trust that, once exposed, **Hasbro, Mattel/Fisher-Price, Disney, McDonalds, Wal-Mart and Toys “R” Us** will not cut and run, pulling out of the factories and leaving tens of thousands of workers on the street with nothing.*

This is how the system works:

Wal-Mart, for example, which uses several thousand factories across China, continues to refuse to provide the American people with even the names and addresses of their factories. This way, Wal-Mart and the other companies can keep them hidden. Then, as part of their public relations operation, the U.S. companies claim to have strong corporate Codes of Conduct which guarantee the rights of workers anywhere in the world who make their goods. In fact, they have to do very little, since the factories remain hidden. This leave the companies in a win-win situation. In the unlikely event that their production in China is exposed by a handful of tiny NGOs working on shoestring budgets, then Wal-Mart, Disney, McDonald’s or Mattel can respond with outrage that their Code of Conduct has been violated and, while self-righteously thumping their chests, can pull out of the factory--resulting in the firing of thousands of young women. The real message delivered by the companies is that if the workers dare to speak up to defend their most basic rights, then they will be fired and left in the street with nothing. McDonald’s recently did just this when it was revealed that children were working in factories in China producing toys for McDonalds. Thousands of workers lost their jobs.

This proves again why the **People’s Right to Know** is so critically important. We have the Right to Know where, in which factories and under what conditions the products we purchase are made. **Full public disclosure** of factory names and addresses drags these sweatshops out into the light of day where it is harder to pay starvation wages and violate the rights of the young workers around the world who make our clothing, walk-mans, computers and other goods.

The Voice of Workers from China's Toy Factories

“We sleep very little. We don't get back to the dormitory until after midnight. There are only two bathrooms on the floor and it can take three hours waiting in line before you can take a shower. Sometimes there's no water, and you can't take a shower. You can't wash your face or brush your teeth. We're all exhausted. They give you a half-day off after working around the clock. It isn't enough. Every once in a while you can get a day off, but then they don't allow you to stay in the dormitory. We have to go outside and sleep under the trees.”

--A worker from the trimming department in Company A

“Every day we work in temperatures that can go over 100 degrees. The molding machines are noisy and hot. The air is filled with a strong chemical smell. I have to repeat the same motions, over and over, open the machine, put in the plastic, press the machine, take out the plastic... A lot of us can't stand the heat, the smell and the noise, and some of us faint.”

--A worker from the molding department in Company C

“I've been working since I was 15 years old. People said you could earn more in Guangdong, but it's worse here. I've worked in the spraying department for three years. I've always suspected the paints are poisonous. I've been sick ever since I started working in spraying. And they lie about the wages. We never know how they're calculated. There's no pay stub and no way to check. We're given a sheet of paper with a lot of numbers on it to look at for a few seconds and then have to sign it. We get what they give us.”

--A worker from the spraying department of company F

“Only management staff gets [the legally required] maternity leave. Production workers like myself work as usual even if we are pregnant. When you are about to give birth, you have to quit. Management makes sure of that.”

--A worker in Company D

“I’ve worked for more than a year now. The highest wages I’ve gotten was 700 rmb (\$84.57) a month. I make an average of 500 to 600 rmb (\$60.41 to \$72.49) and 300 rmb (\$36.25) during slack season. My husband also works in Shenzhen. He’s a driver and earns 1500 rmb (\$181.23) a month. My kids are left with my parents at home. My husband I come from a poor village where nothing grows on the land. We had to leave. We live separately because we can’t afford to rent a flat. We meet every Saturday. I can’t save much on my salary. In toy factories, you get a better income only during peak season. When the slack season comes, you can’t even survive with what you get, never mind saving anything.”

--A worker in Company B

“The working hours are long and the pressure is terrible. My team has to finish 45,000 units every day. During the peak season we usually work until midnight every day. We have no day off. Now we are working a night shift, from 6 p.m. to 6 a.m. because of a big order. The overnight work avoids the inspection of the client, but it makes us very tired. We can’t help dozing off, and for that we are fined 30 to 40 rmb” (\$3.62 to \$4.83).

--A worker from the spraying dept in Company E

Toy Company A

Toy Company A is among Hong Kong's top five toy producers, with upwards of 20,000 young workers in nine factories in southern China's Guangdong Province. Company A produces for all the major U.S. toy companies, including **Hasbro, Mattel/Fisher-Price** and **Tommy**, and the toys are sold at **Wal-Mart, Toys "R" Us** and other major retailers. Company A is hardly a tiny, out-of-the-way, Mom & Pop operation. It is a very large company, known well by the major U.S. toy companies and retailers which source production at the company's plant in China. There is no excuse whatsoever for the continued violation of minimum wage laws, the systematic violation of basic human and worker rights, the hundred-hour plus workweeks, the unsafe working conditions, and the fact that Hasbro, Mattel/Fisher-Price and Wal-Mart's so-called corporate Codes of Conduct remain completely meaningless and unknown to the workers. The U.S. companies know exactly what is going on. They just do not want the American people to know how their toys of misery are produced. What follows is research on six of Company #1's factories in the south of China.

Toy Factories "A1" and "A2"

Peak Season Hours/Forced Overtime:

- ◆ **Thirteen to 16 hours a day; 8:00 a.m. to 9:00 p.m. or midnight**
- ◆ **Seven days a week; 30 and 31 days a month**
- ◆ **At the factory up to 107 hours a week**
- ◆ **Some all-night, 20-hour shifts**
- ◆ **Not one day off in a five-month period**
- ◆ **Workers try to get by on just four hours of sleep**

The **peak season** at factories "A1" and "A2" lasts at least five months each year, stretching from April through August as toys are churned out to be ready on time for the Christmas holiday in the United States. The "normal" shift at these factories is 13 hours a day, from 8:00 a.m. to 9:00 p.m., but during the peak season, the hours are much longer and the workweek is seven days.

In the **assembly department**, the toy workers are forced to work **15 hours** a day, from **8:00 a.m. to 11:00 p.m.**, with just two hours off for meals. It is obligatory to work **seven days a week**. However, on Sunday nights the workers are given a "break" and are required to stay only until 9:00 p.m. Under this schedule, the assembly workers are at the factory **at least 103 hours a week while working for 89**. When all-night, mandatory 20-hour shifts are required, from 8:00 a.m. to 4:00 a.m., the workers would be at the factory more than 103 hours a week.

Many assembly workers reported suffering from waist and shoulder pain due to the long hours seven days a week and the rapid repetitive motions as they struggled under constant pressure to meet production goals.

In the **Spraying Department**, where the toys are painted, the standard peak season shift stretches **15 ½ hours a day, from 7:30 a.m. to 11:00 p.m.** **They work seven days a week and are at the factory an average of 106 hours a week.**

The **Molding Department**, where the toy pieces are stamped, appeared to have the longest hours, stretching from **8:00 a.m. to midnight, 16 hours a day, seven days a week.** Here too, the workers received a “break” on Sunday night and were not required to work past 9:00 p.m. These workers are at the factory **109 hours a week**, and during the peak season, they will do this for months on end without a single day off. The workers reported some mandatory all-night 20-hour shifts when toy orders had to be met.

In the **Packing Department**, the daily shift was also **16 hours a day**, from 7:30 a.m. to 11:30 p.m. The workers complained of being exhausted, especially since they are on their feet all day long.

As bad as this sounds, it can get even worse. When a particularly successful toy comes along--a real hit in the U.S.--the workers in China making that toy are forced to work 364 days that year, with just one day off--the Chinese New Year. In fact, this happened recently at Company A.

Trying to Get by on Four Hours Sleep

Working 15 ½ hours a day, seven days a week, only to have to return to your dorm and cue up to take a shower.--

This is how one young woman in the spray paint department described it: “We work until 11:00 p.m. at night these days. Back at the dormitory, you have to take turns to take a shower, wash your clothes and you can get to sleep only around 2:00 a.m. The following morning you have to get up at 6:30 a.m. for breakfast and go to work at 7:30 a.m. How can we have enough sleep?”

For the U.S. Toy Industry, Ignorance is Bliss

Not a single worker at either Factory “A1” or “A2” knew that China’s labor law set the regular workweek at eight hours a day, five days a week for a total of 40 hours. Not a single worker was aware that all overtime is supposed to be voluntary and cannot exceed three hours a day or nine hours in a week. This means that no single shift can extend beyond 11 hours, and total hours worked in a week cannot exceed 49.

The fact that 100 percent of the workers interviewed had no idea that there were legal limits on how many hours they could be forced to work each week suits Hasbro, Mattel, Disney, Wal-Mart and the others just fine.

One might ask, what about the U.S. toy companies' corporate Codes of Conduct, which supposedly guarantee the strict implementation of all local labor laws? As we will see later, no workers had heard of these U.S. Codes, and they had no idea as to their existence or function.

Not one worker knew the legal minimum wage in their area.

For the U.S. companies, ignorance is bliss. They would prefer to keep it this way.

- In this same vein, no worker at Factories "A1" and "A2" was provided with the legally mandated written work contract. So they had no idea what their rights were, nor the hours and wages they would be working for.

Wages: Making Toys for 13 Cents an Hour

- ◆ **Paid 13 cents an hour;**
- ◆ **Paid less than half the legal minimum wage;**
- ◆ **Paid just \$16.73 for a 95-hour workweek and cheated of up to \$26.39 a week in wages due them;**
- ◆ **Cheated on overtime pay;**
- ◆ **Wages illegally withheld for one month;**
- ◆ **Workers force to live in tiny cubicles.**

The average production wage at Factories "A1" and "A2" appeared to be **12 rmb a day** --or **\$1.45** for an 11-hour shift, which comes to **13 cents an hour**.

Average Production Wage

- **13 cents an hour** (\$0.131801651)
- **\$1.05 a day** (8 hours)
- **\$5.27 a week** (5 days, 40 hours)
- **\$22.85 a month**
- **\$274.15 a year**

Beyond knowing the average production wage and the fact that they were paid according to a piece rate system supposedly based on how much their section actually produced each day, no worker had any idea how their wages were actually calculated. Their piece rate, total production and overtime premium were not listed on their pay stubs.

Conveniently for Company A and its U.S. clients, not a single worker interviewed even knew what the legal minimum wage was in their town. China's minimum wage is not set nationally, but rather by district and town. For example, in a Shenszhen Industrial Zone, the legal minimum wage is **440 rmb. per month, \$53.16**, which comes to **31 cents an hour**.

Shenzhen Legal Minimum Wage

- **31 cents an hour** (\$0.306692304)
- **\$2.45 a day** (8-hour shift)
- **\$12.77 a week** (5 days, 40 hours)
- **\$53.16 a month**
- **\$637.92 a year**

Even such a low minimum wage, which does not come close to meeting basic subsistence-level needs is being violated all across Southern China by U.S. toy companies, retailers and their contractors, such as Company A.

Among the very highest production wage we heard of in Factories “A1” and “A2” was for an **experienced assembly worker**, who could sometimes earn up to **800 rmb, --\$96.65 a month**. But that was only during the peak season, when she worked from 8:00 a.m. to 11:00 p.m., 15 hours a day, seven days a week, 30 or 31 days a month. Only on Sunday nights did she receive a break, meaning that the workers did not have to work past 9:00 p.m. This woman was at the factory 109 hours a week, while being paid for 89 hours. During the entire daily 15-hour shift, the workers had only two one-hour break periods for meals.

Highest Paid Assembly Worker

At the factory 109 hours a week; paid for 89 hours (800 rmb/month)

- **22 cents an hour** (\$0.219325842)
- **\$2.85 a day** (13 hours)
- **\$19.52 a week** (7 days, 89 hours)
- **\$96.65 a month**
- **\$1,159.85 a year**

There were two additional bonuses paid at the factory, one for perfect attendance--not missing a single day's work in an entire month, the other a living allowance, each for 50 rmb, \$6.04--which comes to \$1.39 per week. The two bonuses, totaling \$2.79 a week, bring her monthly wage to \$96.65. So including all overtime, piece rates and bonuses, her wage could reach 25 cents an hour during the peak season.

Some assembly workers thought they were sometimes cheated on their overtime when they worked Saturdays and Sundays. There were assembly wages as low as **380 rmb**, or **\$45.91** a month, even during the peak season month of July. For working a seven-day, 89-hour week, this woman earned just **\$10.59 for the entire week**, which amounts to only **12 cents an hour**--and this would include overtime, piece rates and all bonuses.

In the Molding section, one machine operator reported that their department was working 16-hour shifts, from 8:00 a.m. to midnight, seven days a week, 30 and 31 days a month. On Sunday nights they were let out “early,” at 9:00 p.m. They also received two hours break each day for meals. So the Molding section was at the factory for 109 hours a week, while being paid for 95 hours. This worker's wages during the peak season average between 600 and 700 rmb per

month, or **\$72.49 to \$84.57**, which comes to between **18 and 21 cents an hour**. This wage includes all overtime premiums, piece rates, the perfect attendance bonus and living stipend.

Average Molder's Peak Season Wage

At the factory 109 hours a week; paid for 95 hours (600 to 700 rmb per month)

- **18 to 21 cents an hour**
- **\$2.47 to \$2.89 per day** (14 hours)
- **\$16.73 to \$19.52 a week** (7 days, 95 hours)
- **\$72.49 to \$84.57 a month**
- **\$869.89 to \$1,014.87 a year**

In the **Spray Paint department**, the wages and hours were more or less the same. For working 15 ½ hours a day, from 7:30 a.m. to 11:00 p.m., seven days a week, all month without a single day off, a painter could earn on average **650 rmb per month**, or **\$78.53**, which comes to **20 cents an hour**. Again, this includes all overtime premiums, bonuses and piece rates.

Average Peak Season Painters Wage

At the factory **106 hours** a week; paid for **92 hours**

- **20 cents an hour** (\$0.196986164)
- **\$2.66 a day** (13 ½ hours)
- **\$18.12 a week** (7 days, 92 hours)
- **\$78.53 a month**
- **\$942.38 a year**

However, some workers in the spray paint department were earning as little as **450 rmb** per month, or **\$54.37**, for the same grueling seven-day, 92-hour workweek. This would bring their wages to just \$12.55 a week and 14 cents an hour.

Cheated of 60 Percent of the Legal Minimum Wage

It is easy to see how badly the Company A workers are being cheated of the legal minimum wage due them. The legal minimum wage is **31 cents an hour, \$12.27** for the regular 40-hour workweek. All overtime is supposed to be paid at at least a 100 percent premium, which would bring the overtime wage to **62 cents an hour**. Since in the Spray Paint department, they worked a 92-hour week, including a shocking 52 hours of forced overtime, their overtime wage should have totaled \$32.24. Added to the legal minimum wage of \$12.27, this would bring their total wages to **\$44.51**. However, the workers in the Spray Paint department were working 92 hours a week to earn just \$18.12. This means they were being cheated out of **\$26.39 a week--60 percent of the wages legally due them**.

This is why it is so critical for the U.S. toy companies and their contractors in China that their toy workers remain ignorant of the legal minimum wage laws in their town or industrial area. An operation the size of Company A, with upwards of 20,000 toy workers, could be pocketing over a half a million dollars each week in legal wages stolen from their workers.

Besides being cheated of the wages legally due them, the workers at Factories “A1” and “A2” also have their wages illegally withheld for one month, so that the pay they receive is always one month behind. This makes it more difficult for the workers to leave the factory, since they could lose an entire month’s back wage which the company is illegally holding onto.

No One Can Possibly Live on Wages of 18 to 21 Cents an Hour

Making toys for U.S. companies. Working 16 hours a day, seven days a week. Without a single day off for months on end. Forced to live in a “tiny cubicle.”

The machine operator in the Molding section, referred to above, worked from 8:00 a.m. to midnight, seven days a week, without a single day off in a month to earn just 18 to 21 cents an hour, \$16.73 to \$19.52 a week. This is how he describes wages and living conditions:

“During peak seasons, we worked at least three hours overtime. That is the case from Monday to Saturday. We don’t have to work overtime on Sunday night. We have not taken a day off for month now. In the worst case, we have to work overnight. But after all this, rmb 600 to 700 [\$72.47-\$84.57] is all I get. This includes everything, overtime rate and allowances. We ‘take a vacation’ when there are no orders. The food at the dormitory is poor and the workers have to eat outside. My wife and I rent a tiny squatter nearby (perhaps seven by seven feet). We eat, sleep, cook and bathe inside this small cube. It costs us rmb 70 [\$8.46] a month. We spend another rmb 200 [\$24.16] a month on food. Including other basic expenses, we have to spend rmb 400 to 500 [\$48.33 to \$60.41] a month. You can tell how much is left of my wages. And we have to save money for the low season when nobody can tell how much work there will be to do. I just learned from my colleagues that we will take a long ‘vacation’ starting in October...”

This worker’s most basic survival costs come to \$12.55 a week:

- **Rent** \$ 8.46 a month \$ 1.95 a week (7” x 7” cubicle)
- **Food** \$ 24.16 a month \$ 5.58 a week
(to supplement the very poor quality food available in the dorm)
- **Miscellaneous Necessary Expenses** \$ 21.75 a month \$5.02 a week

This, of course, does not even begin to include clothing, education, health care, transportation, some little entertainment and savings.

You can see this worker’s desperate predicament. In the slow period, wages can drop to 13 cents an hour, and **\$5.27** for a 40-hour week. Even living like he does, in a tiny seven-by-seven-foot cubicle with his wife, his most basic weekly expenses will exceed his slack period wages by

more than double. So, despite the fact that he works 95 hours a week making toys for U.S. companies, he is trapped in a desperate struggle just to survive.

Exhausted, sick, fainting. Handling toxic glues, paints, thinners. No health and safety enforcement.

The worst working environment in Factories “A1” and “A2” is in the Spray Painting section, where the toys are painted. The workers complain of constant strong chemical odors and heavy concentrations of “paint dust” which hangs in the air. Even experienced workers report suffering near-constant headaches, dizziness and stomachaches. Some women carry a sort of smelling salts which they use to prevent fainting, since it is not a good idea to faint too often. In October 2000, a plant manager got angry after seeing a woman faint twice and fired her on the spot. Now workers say they have a constant sick feeling, making them feel as if they need to throw up.

No worker knew the names of the chemical paints or the solvents they used each day, or anything of their health hazards. Management did give the workers cotton gloves and masks, but few workers used them. They explained that their daily production quota was so high that they could not wear the gloves or masks, which “would slow down the speed” at which they could work. Their wages were already so low, and the constant pressure to reach production goals was so great that they could not take the chance. Nor did they think the cotton gloves and masks would provide much help, since they became soaked through and stained with the paints.

Management also advised the workers not to use the paint thinners to wash with, but since there was little alternative, many of the workers continue to wash with the solvents, which at least remove the paint stains on their hands and arms. Some of the workers developed serious skin rashes, which could be the result of an allergic reaction or even a skin disease.

One worker in the Spraying department described their conditions as follows:

“The chemical smell is strong at the workplace and you can see paint dust everywhere. I wanted to throw up every day when I first came. I never stopped having stomachaches and dizziness in the first month.”

She explained that the workers do not wear gloves because:

“Our work is counted by the piece, so everybody wants to finish as many pieces as possible. We had a better price for our job last year. It is much worse this year. I went to work every day and I got only rmb 600 to 700 a month [\$72.49-\$84.57]. For a lot of workers, the average is just rmb 400 or 500 a month [\$48.33-\$60.41]. And we pay for our food and lodgings. If it were not for sending my son to school, I would never work in the Spraying Department.”

In the **Assembly Departments**, besides complaining of repetitive stress disorders from repeating the same motions over and over again, 13 hours a day, seven days a week under constant pressure to meet the high production goals set by management,

the workers also had to handle chemical glues, paint thinners and other solvents constantly. They had no idea of the names of the glues or solvents they used, and had been provided no information as to their health hazards. The workers also reported that noise levels were very high. In the summer, due to poor ventilation, their section is exceedingly hot, and the air is thick with dust.

When the workers went back to their dorms, after working from 8:00 a.m. to 11:00 p.m., most reported suffering from waist and shoulder pain.

In the **Pressing Department**, the workers also reported intolerably high temperatures of 42 to 43 degrees Centigrade (107 to 109 degrees Fahrenheit). There was no formal training for machine operators. Another serious complaint is that much of the equipment is what the workers call “one button” machines, meaning that there is only one switch to turn the machine on and off. In a time of emergency or injury, this can be very dangerous to the operator, who may not be in a position to immediately shut the machine off.

Just such an accident took place in the **Molding Section** in July 2001. In July, the department was working 16 hours a day, from 8:00 a.m. to 12:00 midnight, seven days a week. Late at night, one molder badly cut and damaged two knuckles on his hand. This was a “one button” machine and the power switch was too far away from the operator to allow him to shut the machine off immediately, which made his injury worse. The worker received no compensation from the factory for this industrial accident, which is illegal under China’s labor law. The man was given just \$1.81 living expenses each day and was allowed to stay in the dorm. Two months after the accident, he was still not fully recovered.

The workers in the Molding Section also reported very high noise levels. Further, the temperatures in the department were quite high, since the machines were closely packed together.

- Factories “A1” and “A2” have no Occupational Health and Safety departments.
- There are no fire drills at either the factories or the dorms.
- Workers in the Pressing and Packing departments said they had no idea where the emergency fire exits were. One worker commented that his area is so packed with machinery blocking the aisles that, *“it does not make a difference [where the exits are] anyway, you go wherever you can go.”*
- There is no factory clinic, and the workers must pay for all their medical expenses.
- There are no yearly medical exams or blood tests to monitor the health of the workers, even those handling toxic paints, glues and solvents each day.
- When asked, **78 percent** of the toy workers were anxious for more health and safety education and training. They wanted to survive and they wanted a healthier working environment. If the U.S. toy companies and retailers were at all serious about their Codes of Conduct, this is an area they could move on immediately.
- **Codes of Conduct completely unknown and meaningless:** As has been pointed out earlier, not a single worker interviewed at Factories “A1” or “A2” had even heard of, let alone seen, any U.S. company’s Code of Conduct. No explanation was ever provided. The concept that

U.S. corporations like **Hasbro, Mattel/Fisher-Price, Disney, McDonald's, Toys "R" Us** and **Wal-Mart** have Codes of Conduct that are supposedly meant to guarantee their fundamental human and workers rights and to assure a safe and healthy workplace, is completely alien to these toy workers. **These companies, which have so touted their Codes of Conduct, their strict monitoring programs and enforcement to the American people, now have some serious explaining to do. What went wrong?**

- **Freedom of Association totally repressed:** Despite China's recent entry into the WTO, no worker in any toy factory in China producing for the U.S. market can dare exercise the core internationally recognized worker rights of Freedom of Association, the Right to Organize an independent union and to bargain collectively. Any worker attempting to exercise these rights will be immediately fired.

Factory “A3”

Toy factory “A3” is a large plant in Guangdong Province with more than 8,000 members, 70 percent of who are young women.

Peak Season – Hours, Overtime:

- **Routine daily 14-to-17.5-hour shifts. 8:30 a.m. to 10:30 p.m., or to 2:00 a.m.**
- **Some forced 19.5-hour shifts to meet production goals. 8:30 a.m. to 3:00 or 4:00 a.m.**
- **Workers cannot leave the factory until their production quotas are met**
- **Seven-day workweek**
- **Working 30 and 31 days a month. Some workers received just two days off in four months.**
- **At the factory 93 to 114 hours a week**
- **The only weekly ‘rest’ the workers received was on Sunday night, when they are left out at 5:30 p.m., or 8:30 p.m.**
- **Workers are threatened and coached to lie to auditors denying the long hours they work. If they do not lie they are fired.**

The peak season in the toy industry in China lasts five or six or more months, usually starting in early spring and lasting through the summer. During the peak season the Assembly Department at Factory “A3” operates on mandatory 14-to-15.5-hour shifts, from 8:30 a.m. to 10:30 p.m., or to 12:00 midnight. When production goals must be reached for shipping dates, there are some 18.5-to-19.5 hour all-night shifts stretching from 8:30 a.m. straight through to 3:00 or 4:00 a.m. In fact, it is company policy that no one can leave the factory until their production quota is met, and management sets the quota extremely high – upwards of 3,000 pieces per day. There are just two meal breaks during the entire shift, totaling one hour and 45 minutes. The required workweek is seven days. Also, during the peak season, it is common to be forced to work 30 and 31 days a month, for months on end. Some workers reported receiving just two days off in a four-month period.

The only ‘time off’ the workers receive during the week is on Sunday night when they are let go at 5:30 p.m. or 8:30 p.m.

Under this schedule, the assembly workers are at the factory between 93 and 105.5 hours a week.

In the Packing Section, the routine was the same, with mandatory 12-to-17-hour shifts, from 8:30 a.m. to 8:30 p.m., or to 1:30 a.m. These workers are at the factory 84 to 114 hours a week, with the average being 99 hours.

In the Spray Paint section, the daily shift stretched from 8:30 a.m. to 11:30 p.m., or to 2:00 a.m., 15 to 17.5 hours a day.

Conveniently for Company A and its US toy clients, not a single worker at Factory “A3” was aware of local labor laws governing legal working hours. By law, the regular workweek is

set at 40 hours, eight hours a day, five days a week, with two rest days. At most, two or three overtime hours per day are allowed, and nine per week, meaning the workweek must be capped at 49 hours.

To make sure that the truth never gets out, management also threatens and coaches the workers to lie to any auditors, instructed to deny the long grueling overtime hours they are actually forced to work each week. If a worker does not lie, they are fired.

Workers in the assembly line report being exhausted by the combination of the long grueling hours and the constant pressure and speed up to meet excessively high production goals. After 14 to 17.5 hours at the factory, when they return 'home' to the dormitories, they report suffering from shoulder, back, neck and waist pains, while their eyes are sore from the constant strain of concentrating on small fine details all day long.

Wages:

- Production wages range between 14 and 24 cents an hour
- Average wage is 17 cents an hour
- Workers earned \$13.94 for an 80.75-hour workweek
- No overtime compensation
- Some workers cheated out of 59 percent of the legal minimum wage due them
- Not one worker knew of local labor laws setting the minimum wage at 28 cents an hour, and 56 cents for overtime
- No worker even knew how their wage was actually calculated
- In January 2001, some toy workers were so broke they were forced to pick through garbage to find something to eat

In the Assembly Department, the average peak season wage was 500 rmb per month, or \$60.41, which comes to just 17 cents an hour. This is for working from 8:30 a.m. to 10:30 p.m. – a 14-hour shift, seven days a week, with three hours 'off' on Sunday night. An assembly worker would be at the factory 93 hours a week, while being paid for 80.75 hours.

Average Peak Season Assembly Wage:

At the factory 14 hours a day, seven days a week; 93 hours a week while being paid for 80.75 hours.

500 rmb per month, or \$60.41

- **17 cents an hour (.1726384)**
- **\$2.07 a day (12 hours)**
- **\$13.94 a week (7 days, 80.75 hours)**
- **\$60.41 a month**
- **\$724.91 a year**

The highest assembly wage the researcher discovered in Factory C was 24 cents an hour. This was for a woman who worked at least 15.5 hours a day, from 8:30 a.m. to midnight or later – seven days a week. At a minimum, she was at the factory 105.5 hours a week, while being paid for 93.25 hours. She earned 800 rmb per month, or \$96.65.

Highest Assembly Wage:

15.5-hour shifts, from 8:30 a.m. to midnight, seven days a week; at the factory 105.5 hours a week while being paid for 93.25 hours.

800 rmb per month, or \$96.65

- 24 cents an hour (.2391945)
- \$3.23 a day (13.5 hours)
- \$22.31 a week (7 days, 93.25 hours)
- \$96.65 a month
- \$1,159.85 a year

In the Packing Department the average wage is 22 cents an hour. The Packing Department operates on mandatory 12-to-17-hour shifts during the peak season, from 8:30 a.m. to 8:30 p.m., or straight through to 1:30 a.m. They do this seven days a week. On average, they are at the factory 99 hours a week while being paid for 86.75 hours. The average wage was 700 rmb per month, or \$84.57.

Average Packing Section Peak Season Wage:

12-to-17-hour shifts, seven days a week; at the factory 99 hours while being paid for 86.75 hours.

700 rmb per month, or \$84.57

- 22 cents an hour (.2249773)
- \$2.70 a day (12 hours)
- \$19.52 a week (7 days, 86.75 hours)
- \$84.57 a month
- \$1,014.87 a year

During the slack season wages could drop to as low as 14 cents an hour, but the average wage appeared to be 21 cents.

Low Peak Season Wage:

(200 rmb per month, or \$24.16)

- 14 cents an hour (.1394055)
- \$1.12 a day (8 hours)
- \$5.58 a week (5 days, 40 hours)
- \$24.16 a month
- \$289.96 a year

Many workers are being cheated of as much as 59 percent of the legal minimum wage due them. The legal minimum wage in the area would be at least 28 cents an hour, and \$11.15 for the regular 40-hour workweek. By law, all overtime must be paid at a 100 percent premium, or 56 cents an hour.

The average assembly worker who is paid just \$13.94 for working a seven-day, 80.75 hour week, is being systematically cheated of over \$20 a week in wages legally due them. For 40 hours of regular time at 28 cents an hour, she should have received \$11.15. For the 40.75 hours of overtime at 56 cents an hour, she should have received \$22.87, which together totals #33.97 for the 80.75-hour week. Instead she was paid just \$13.94. She was cheated out of 59 percent, or \$20.03, of wages which are legally due her. If management illegally cheated all 8,000-plus workers in a similar fashion, they would be pocketing \$160,240 a week in money robbed from the workers.

Production workers are paid only according to a piece rate, and do not receive even one cent extra for all the overtime hours they are forced to work, which is also illegal. Not only that, but the workers have no idea how their piece rate is actually calculated. There is no way for the workers to even attempt to verify their wages, since their pay stubs list merely their factory ID number and their total pay for the month. No explanation, no breakdown is provided.

Not one single worker even knew of the local minimum wage laws, which sets the legal wage at 28 cents an hour.

The wages outlined above include an 84-cents-a-week ‘attendance bonus’, provided by management to workers with a perfect attendance and punctuality bonus.

Also, three dollars and sixty-two cents are deducted each month from the workers’ pay for ‘lodging’ expenses – 16 workers shared one small dorm room. Workers had to pay for their own food. Since their wages were too low, most workers attempted to limit their spending on food purchases to just \$5.58 a week, which is nowhere near sufficient to provide even the most minimally necessary diet.

The factory also illegally withholds one month’s wages from the workers, making it much more difficult for anyone to try and leave to look for better work, since in leaving, she forfeits 40 percent of the back wages due her.

No one can live on these wages:

Working seven days a week – with just two days off in over four months – yet barely able to survive and unable to save a single penny.

One young woman in the Packing Department explained her situation as follows:
“There is a lot of overtime work in this factory. We work 10 to 15 hours a day. I’ve been working for more than four months and I got two days’ leave only. I get rmb 600 to 800 a month (\$72.49 to \$96.65). I pay for my food and I rent a place for rmb 30 (\$3.62). My two younger brothers are in school and I came to work here to support them. But the wages are so low that I have difficulty even supporting myself. That’s why I haven’t sent a penny home. I never imagined working in a factory means laboring non-stop from day to day. I’d quit for a better factory if there is one.”

During the slack season some toy workers earned so little that even during China’s most important holiday – they were forced to dig through garbage in search of food.

Another assembly worker, a young woman, spoke with real anger as she explained: “I’ve been here for more than a year. The highest salary I got was rmb 800 (\$96.65). I had to work till 12 midnight or later every day for that. The lowest I got was rmb 200 (\$24.16). That was delivered after the Chinese New Year. We had a bad time this Chinese New Year (end of January). Factory X delivered lunch coupons to their workers – we in this factory got nothing. We had no money for the New Year. We did not even have money to eat. I knew of workers picking up remains in the canteen. We are still angry about it. How can you treat workers like this?”

Safety and health violations:

- **Exceedingly long hours**
- **Handling toxic glues, paints and solvents without training or protection**
- **Dizziness and fainting in the Spray Paint Department. New workers nauseous and constantly on the verge of vomiting**
- **Excessive heat and noise levels**
- **Workers getting sick are told to ‘take a vacation’ – i.e. they are fired with nothing**

In the Assembly Department the long grueling hours and the constant pressure to speed up to reach production goals wears the workers down and affects them physically. After working 12 to 17.5 hours a day, they return ‘home’ to their small crowded dorm rooms full of aches and pains in their backs, necks, waists, and their eyes are sore from the constant strain of attending to small details all day long. They also have to constantly handle toxic chemical glues, paints, and solvents, or thinners. The workers are not even informed of the names of the chemicals they handle, let alone their health hazards. Management did provide cotton gloves which most of the workers ignored because of the extreme heat, and even more so because of the furious rush to meet production goals, since their wages were tied to how many pieces they actually completed. At any rate, the workers explained, the paints stain right through the cotton gloves – so what real protection can they possibly provide?

In the Spray Paint Department, it is a similar story. No worker had any idea of the real health hazards of the paints and solvents they use on a daily basis. There was not health and safety education, no training on how to safely handle these chemicals, and no discussion of what to do in case of an emergency, such as a chemical poisoning. Before factory audits by U.S. companies like Hasbro and Mattel, management handed out new cotton gloves. But here too, the workers saw them as next to useless since the paints quickly stained right through the cotton material.

A major complaint by the workers is the very strong constant chemical odor which hangs thickly in the factory air, despite a ventilation system which is obviously inadequate. **The strong odor overwhelms new workers who are constantly dizzy and nauseous and always on the verge of throwing up.**

Workers passing out and fainting is not uncommon in the Spray Paint Department. In August 2001, when the researchers visited the factory, another woman had just passed out. One older worker showed her arms to the researchers, where serious skin allergies had developed.

In the Pressing Department the major complaints were of the excessive sound level, extremely high temperatures and the nauseating smell of melting plastic. The pressing machines – which molded the plastic toy pieces – are densely packed and throw off a great deal of heat, which quickly becomes intolerable, especially during the peak season summer months.

There is no Occupational Health and Safety Department at the factory, and the workers have no idea of whom to even approach with their concerns, or in case of an accident. Also, they must be very cautious and guarded, because workers who report being sick are told to ‘take a vacation’ without pay – in other words, they are fired.

Eighty-six percent of the interviewed workers were anxious for more information, education and training on occupational health and safety issues. However, there remains this deep skepticism on the part of the workers that factory conditions can ever be changed for the good. One worker commented: “Even if there was enough [information on health and safety], how can it be changed in a factory as big as this?”

Sick days are not permitted at Factory “A3.” If you miss a day your pay is docked. So the toy workers routinely go to work sick, trying to get by through purchasing whatever cheap medicines they can afford.

The workers can use the factory clinic, but they must pay for all expenses, such as medicines.

Mattel’s Code of Conduct, in reality, turned into a farce:

First, not a single toy worker at Factory C had ever heard of, let alone seen, or received any explanation as to the supposed function of Mattel’s Code of Conduct, which is purported by Mattel to be a serious attempt to guarantee the human rights of anyone mailing these toys. This means the reality of other toy factories across the South of China, where no worker has heard of the U.S. Codes of Conduct, and they remain completely meaningless.

One factory “A3” supervisor – wishing to remain anonymous – explained that management was alerted of impending visits or audits at least 10 days in advance. From that point on, the factory would be cleaned and the workers threatened and coached to lie should any auditors approach them. If they deviated from the ‘correct’ response to any auditors’ question, they knew they would be fired. In the assembly section, the workers were instructed to lie and cover up the long grueling hours they are actually forced to work.

According to one supervisor, Factory “A3” actually has a specific department which deals with audits and record keeping. One can only imagine two sets of company books. One meant for Mattel, showing wages paid in accordance with local labor laws, with at least one day off a week, and limits on overtime hours, etc. And the other ledger used by the company to track actual expenses, which would include all the forced overtime hours and the illegal low wages. On the other hand, if Mattel was at all serious, and sought the assistance of respected labor rights NGOs based in Hong Kong, it is difficult to see how Mattel would not suspect, and see through this sham.

Another clerical worker – also speaking anonymously – explained that factory management actually switched to more expensive chemical gloves, paints and thinners just prior to audits. Afterwards, when the auditors were gone, the cheaper chemicals were immediately returned.

In the Assembly Section, also just before audits, targets and production goals were lowered and the normal relentless pressure to speed up eased quite a bit. Here too, following the auditors' visit, everything returned to the brutal norm.

In the Pressing Department, management dispensed protective ear headgear before audits, since noise levels on the shop floor were excessively high. Once the audits left the protective headgear was taken away. One worker explained that the protective headsets were very expensive and not for ordinary times.

In the Spray Paint Department clean cotton gloves and masks were also dispersed just prior to scheduled audits.

If Mattel takes its Code of Conduct at all seriously, then the toy workers themselves must immediately receive a clear and serious explanation of how the Code is meant to help guarantee their rights. This process could also be facilitated by the involvement of respected independent NGO's, as well as the workers themselves through democratically chosen representatives, to assure workers that Mattel's Code is indeed serious, and that business as usual in the factory can actually change. Finally, if Mattel is serious about cleaning up their contractors' factories, ending abuses and guaranteeing the rights of workers making their toys, then why would Mattel not allow worker participation and involvement, to begin with, for example, an independent workers' committee to oversee and monitor health and safety conditions in the plant? That is, of course, if Mattel has nothing to be afraid of, has nothing to hide.

No Freedom of Association:

Like all other toy factories in China, there is absolutely no Freedom of Association at Factory "A3", no right to organize and no right to collectively bargain. The workers are caught in a trap, without a voice, with no way out, and at this point, with no one even listening. Any worker attempting to defend her most basic rights will be immediately fired ... and who will ever know?

Factory “A4”

Toy Factory “A4” is a large operation, with approximately 4,000 workers.

Peak Season Hours, Forced Overtime

- **Mandatory daily 15 to 16.5-hour shifts, 8:00 a.m. to 11:00 p.m. or 12:30 a.m.**
- **Some 20-hour all-night shifts required, from 8:00 a.m. to 4:00 a.m.**
- **Seven-day workweek**
- **At the factory 103 to 112 hours a week**
- **Workers fainting from long hours and exhaustion**
- **Not a single worker was aware of local labor laws limiting weekly hours**

During the peak season in the Assembly Department, the standard shift is 15 to 16.5 hours a day, from 8:00 a.m. to 11:00 p.m. or 12:30 a.m. If it is necessary to meet shipping deadlines, 20-hour all-night shifts are required stretching from 8:00 a.m. straight through until 4:00 a.m. After such grueling 20-hour shifts, the workers are permitted to take the next morning off, returning to work at 12:00 p.m. During the peak season, the standard workweek is seven days, with at most one or two days off per month. The only regular weekly “break” the workers receive is on Sunday night when they are let out “early” at 9:00 p.m. after putting in a 12-hour shift. Under this schedule, the toy workers are at the factory 103 to 112 hours a week.

In the Trimming Department, the schedule is much the same. The daily shift is 15 to 16 hours, from 8:00 a.m. to 11:00 p.m. or midnight, seven days a week. Due to the long hours and exhaustion, it is not uncommon for workers in the Trimming section to faint while on the job.

In all the sections there are just two one-hour meal breaks during the entire shift. Sometimes however, even these rest periods are cut short if management is in a rush to complete orders. For example, on Sunday, August 19, 2001, the workers were locked in and not permitted to leave the factory for their lunch hour. Instead, supervisors brought in boxed lunches and the workers were told to eat quickly and return to work after just a 10 or 15 minute break.

Every worker complained of the grueling hours and exhaustion.

Not a single worker interviewed was aware of local labor laws governing regular working hours and limiting overtime work. By law, their regular workweek should have been eight hours a day, five days a week for a 40-hour workweek. Legally, overtime is capped at nine hours a week, limiting the workweek to 49 hours. Yet the toy workers at Factory “A4” were at the factory a *minimum of 103 hours a week*, while being paid for 89 hours!

Wages

- **12 to 14 cents an hour**
- **\$8.42 for a 72¼-hour workweek**
- **Workers cheated of \$20.79 a week--70 percent of the legal minimum owed them**
- **Workers have absolutely no idea how their pay is calculated**
- **Not one worker was aware of local labor laws, which set the minimum wage at 28 cents an hour and 56 cents an hour for overtime**

In the Assembly Department, one women worked 10 hours a day, seven days a week, 31 days a month to earn 340 rmb, just \$41.08, for the entire month. This comes to just 14 cents an hour.

Assembly Worker's Peak Season Wage

Ten hours a day; 7 days a week; 31 days a month; 70-hour workweek; wage of 400 rmb (\$41.08).

- **14 cents an hour** (\$0.1354225)
- **\$1.35 a day** (10 hours)
- **\$9.48 a week** (7 days / 70 hours)
- **\$41.08 a month**
- **\$492.94 a year**

A second assembly worker earned 400 rmb--\$48.33 a month, \$11.15 a week for being at the factory 95 hours a week while being paid for 81 hours. Her daily shift was from 8:00 a.m. to 11:00 p.m. She also had to work a 20-hour shift until 4:00 a.m.

Assembly Worker's Peak Season Wage

Fifteen hours a day, 8:00 a.m. to 11:00 p.m.; at the factory 95 hours a week; paid for 81 hours; monthly wage of 400 rmb, \$48.33.

- **14 cents an hour** (\$0.1376845)
- **\$1.79 a day** (13 hours)
- **\$11.15 a week** (7 days / 81 hours)
- **\$48.33 a month**
- **\$579.93 a year**

Another toy worker put in 72 ¼ hours a week to earn just \$8.42--or 12 cents an hour. She worked from 8:00 a.m. to 11:00 p.m. and was at the factory 86 ¼ hours a week.

Assembly Worker's Peak Season Wage

Fifteen-hour shift, 8:00 a.m. to 11:00 p.m.; at the factory 86 ¼ hours; paid for 72 ¼ hours; monthly wage of 302 rmb, \$36.49.

- **12 cents an hour** (\$0.1165411)
- **\$1.52 a day** (13 hours)
- **\$8.42 a week** (six days / 72 ¼ hours)
- **\$36.49 a month**
- **\$437.85 a year**

As low as these wages are, they do not yet include management's deductions for food and lodging. The workers described both the food and housing as "very poor." In fact, for periods in 2000, the dormitories were so crowded that two women had to share one narrow cot.

Not one worker interviewed was aware that local labor law set the legal minimum wage at 28 cents an hour and 56 cents an hour for all overtime. Had they known this, they would have realized that they were being cheated of 70 percent of the wages legally due them.

The legal minimum wage in the area where Factory "A4" is located is 400 rmb. per month, or \$48.33. This is for a five-day, 40-hour workweek and amounts to 28 cents an hour.

Legal minimum wage:

- **28 cents an hour** (\$0.2788111)
- **\$2.23 a day** (8 hours)
- **\$11.15 a week** (5 days / 40 hours)
- **\$48.33 a month**
- **\$579.93 a year**

The woman, for example, who worked 72 ¼ hours a week to earn just \$8.42 --12 cents an hour-- was illegally cheated of more than 70 percent of the wages legally due her. By law she should have received \$11.15 for the regular 40-hour workweek and another \$18.06 for the 32 ¼ overtime hours at 56 cents an hour, a total of \$29.21. Instead she received only \$8.42 and so was cheated of \$20.79 a week, or a little more than 70 percent of the wages legally due her. If management similarly cheated all of its 4,000 employees, they could be pocketing \$83,160 a week and \$4.3 million a year--in wages stolen from the workers.

The workers had no idea how their wages were actually calculated. No explanation had ever been provided. There were not shown their piece rates or pay scales. Nor were they allowed to question management. Their wages varied a great deal, seemingly without any reason or pattern--but they just had to accept it.

The Sad Reality behind our Toys

- **Exhaustion**
- **Getting by on 4 hours of sleep a night**
- **Fainting on the job**
- **Going without food in an attempt to save a few pennies**

One worker in the Trimming Department spoke about his day to day life as follows:

“We sleep very little. When we come back to our dormitory, it is after 12:00 a.m. There are only two bathrooms on the dormitory floor. It takes three hours (till 3:00 a.m.) before all of us can finish our showers. ... It pissed us off that there was no water. You could not take a shower. You could not wash your face or brush your teeth the next morning. We are all exhausted. We can take a half-day rest after working overnight. But it is not enough. It is difficult to ask for a day off when we have to rush production. Even if you are so lucky to have a day off, you are not allowed to stay in the dormitory. We can only go outside and sleep under the trees.”

One young teenager in the Assembly section explained:

“We have seen people faint at the workplace. That’s expected. We are tired, we get low pay, we don’t eat well, and we want to save every penny we get. A lot of us young girls just buy an ice cream or a slice of watermelon for lunch. You just don’t want to eat being so tired and under such heat.”

Health and Safety Violations

Factory “A4” workers were not provided the legally mandated work contracts, so they had no idea what rights or protections they were entitled to. No worker was provided health insurance or a pension.

In the Assembly Department, where many workers handled toxic glues all day long, no one even knew the name of the glues, let alone the health hazards associated with handling such chemicals. A few workers had been provided with protective gloves, but the majority would receive them only prior to factory audits. The workers also reported that the Assembly section was very crowded, stuffy and extremely hot. In July 2001, there were two reported cases of heat poisoning.

It is the same in the Welding Department, where workers reported receiving protective gloves only when audits were due. The workers also complained of excessively high temperatures.

In the Trimming Department, where it was not uncommon for workers to cut themselves, there was no formal training on how to properly and safely operate the machinery. This section is also very overcrowded, stuffy and excessively hot, especially during peak season summer months. There were several cases reported of workers fainting on the job.

It is mandatory for the workers to undergo annual health check-ups, for which they must pay 40 rmb (\$4.83) which is more than three days' wages. It happened that following blood tests in the second half of 2000, 100 workers were found to have contracted Hepatitis B. In 2001, another 50 to 60 workers were also found to have acquired Hepatitis B. **All the infected workers were immediately fired without a single cent of compensation.** They were told to take a vacation. One worker explained it like this: *"They told you to take a rest.--We all know it means you are fired."*

Hepatitis B is spread through body fluids and blood. Fifteen to 25 percent of chronically infected people die from liver disease. Hepatitis B can be spread from sharp exposed edges at work and from close household contact (such as an overcrowded dorm with 16 people sharing a small room--especially sharing personal care items such as toothbrushes or razors with an infected person). The Hepatitis B vaccine is the best protection against infection. Forty percent of the time, those infected can be helped with two drugs, Alpha Interferon and Lamivudine. Factory management is responsible to do more to protect its workforce from contracting Hepatitis B and assisting those who have become infected--not just summarily firing them.

Eighty percent of the workers interviewed wanted more occupational safety and health education and training. Yet among the workers there is a lingering, deep-seated sense that nothing can change in these factories, since the workers have no rights. One worker commented: *"I might leave when I can't stand anymore. Or I might just be fired tomorrow. I don't care."*

Codes of Conduct unknown and meaningless

No worker had heard of, let alone seen Mattel's, Hasbro's, Toys "R" Us's, Wal-Mart's or any other company's Codes of Conduct. No explanation had ever been provided to the workers regarding the Codes' supposed function to help guarantee their basic rights.

No Right to Freedom of Association

As in other toy factories in China, the workers have absolutely no freedom of association. Anyone attempting to organize to defend their rights will be immediately fired.

Factory “A5”

This is a relatively small factory in comparison with Company A’s other plants. Factory “A5” has less than 800 workers, 60 percent of whom are women.

Peak Season--Hours, Forced Overtime:

- **Standard 14-to-19-hour shifts 8:00 a.m. to 10:00 p.m. or 3:00 a.m.**
- **Four to nine hours of overtime required each day**
- **Seven-day workweek**
- **At factory 96 to 111 hours a week**
- **Just two days off in a six month period**
- **Missing a single shift is punished with the loss of three days’ wages**

During the peak season, four to nine hours of overtime are mandatory each day in addition to the regular eight-hour shift. This would put the workers at the factory 14 to 19 hours a day, from 8:00 a.m. to 10:00 p.m., or even straight through until 3:00 a.m. The only breaks in the day are two one-hour meal periods. The workweek is seven days a week. **The workers are at the factory between 96 and 111 hours a week!** Their weekly “rest” comes on Sunday night when they are not required to stay past 8:00 p.m. and are let out “early” after working a 12-hour shift.

Days off are few and far between. In Factory “A5” workers reported being allowed just two rest days in a six-month period. Since the beginning of this year, their only days off were May 1 and July 1.

Despite the fact that the workers are blatantly and illegally paid not one cent in overtime premium, if the miss a single shift, they are docked a full three days’ wages as punishment.

Wages:

- **10 to 17 cents an hour**
- **Average wage--17 cents an hour**
- **Paid just \$11.15 for an 82-hour workweek**
- **No overtime pay**
- **Cheated of \$23.52 a week, 68 percent of the legal minimum wage owed them**

A woman in the Assembly Department who worked 14 hours a day from 8:00 a.m. to 10:00 p.m., seven days a week without a single day off in April 2001 was paid just 330 rmb or \$39.87 for the entire month. She was at the factory 96 to 98 hours a week, while being paid for 82 to 84 hours. She earned just **11 cents an hour**.

Peak Season Assembly Wage:

Fourteen-hour shift; seven days a week; at the factory 96 to 98 hours a week; paid for 82 to 84 hours; 330 rmb a month--\$39.87.

- **11 cents an hour** (\$0.1122044)
- **\$1.31 a day** (12 hours)
- **\$9.20 a week** (7 days / 82 hours)
- **\$39.87 a month**
- **\$478.44 a year**

Her wage fell within the average wage range of production workers' wages at Factory "A5," which was rmb 300 to 500 per month, or \$36.25 to \$60.41. This comes to 10 to 17 cents an hour and \$8.36 to \$13.94 for an 82-hour workweek. The average production wage is **14 cents an hour**.

Average Production Wage:

Fourteen hours a day; seven days a week; at the factory 96 hours a week, while being paid for 82 hours (400 rmb per month, or \$48.33)

- **14 cents an hour** (\$0.1360054)
- **\$1.63 a day** (12 hours)
- **\$11.15 a week** (seven days / 82 hours)
- **\$48.33 a month**
- **\$579.93 a year**

These workers are being systematically cheated of **68 percent** of the legal minimum wages due them.

The legal minimum wage is 28 cents an hour, \$11,15 for the regular 40-hour workweek. All overtime is to be paid at double the regular rate, or 56 cents an hour. So for the 82 hours of work they put in each week, Factory E production workers should have been paid:

$$\begin{array}{r} 40 \text{ regular hours} \times 28 \text{ cents:} \quad \quad \quad \$ 11.15 \\ \text{plus, } 42 \text{ overtime hours} \times 56 \text{ cents:} \quad \underline{\$ 23.52} \\ \quad \quad \quad \quad \quad \quad \quad \quad \quad = \$ 34.67 \end{array}$$

Each week these workers are being cheated of \$23.52, or 68 percent of the legal wage owed them.

At Factory "A5," production workers are paid only according to a piece rate and, as previously mentioned, illegally, they are paid no overtime compensation. There are no other allowances, stipends or bonuses.

Also illegally, the factory withholds more than one month's wages. This makes it almost impossible for a worker to quit, since if they do so, they will forfeit the withheld 40 days' wages owed them. As the workers have no savings and are forced to live from day to day, from hand to mouth, they could not survive with the loss of these 40 days' wages.

No legally mandated work contracts were given to the workers, nor were they insured.

The workers are “housed” 14 people to each small dorm room, and there is just a single toilet for the entire floor. The women describe the sanitation as “filthy” and “horrible.”

When the workers in the Molding Department went on a wild cat strike in May 2001 to demand fairer wages, management responded by simply firing all those who participated. These toy workers have no rights.

Factory “A6”

Peak Season Hours, Forced Overtime:

- **Standard 14-hour daily shift, 8:00 a.m. to 10:00 p.m.**
- **Mandatory seven-day workweek**
- **Working 30 and 31 days a month**
- **At the factory a minimum of 96 hours a week**
- **Workers must remain until their quota is reached**
- **Not one worker knew the local labor laws governing legal hours**

Fitting the pattern of Company A’s nine toy factories in Guangdong province, at Factory “A6” during peak season--which lasts five, six or more months--the required daily shift is at least 14 hours a day, stretching from 8:00 a.m. to 10:00 p.m. Workers are prohibited from leaving the factory until they have completed their assigned quotas, which are very high. There are just two one-hour meal breaks during the day. All overtime is obligatory and the workweek is seven days. For example, in July 2001, when the researchers visited the factory, the workers were not permitted a single day off in the entire month.

The only “break” the toy workers received in the grueling routine came on Sunday nights when they were let out at 8:00 p.m. after working a 12-hour shift. They were not kept until 10:00 p.m.

Conveniently for the company, not a single one of the workers interviewed knew the local labor laws governing hours--which, in fact, limited the workweek to 49 hours!

Every worker complained about the long, exhausting hours and the constant stress and pressure to speed up to meet excessively high daily production goals. So that there would be no interruptions on the production line, access to bathrooms and drinking water was restricted to just one worker per section at a time. The women complained that this created “waiting lists” to use the bathroom.

Wages:

- **14 to 20 cents an hour**
- **Earning as little as \$11.15 for an 82-hour workweek**
- **Some workers cheated of 63 percent of the wages legally due them**
- **Less than 40 percent of the workers even knew of local minimum wage laws**

During the peak season, the average production wage at Factory “A6” ranged between rmb 400 and rmb 600 --or \$48.33 to \$72.49 a month.

Peak Season Production Wage:

At the factory 96 hours a week; paid for 82 hours; 400 to 600 rmb per month; \$48.33 to \$72.49.

- **Fourteen to 20 cents an hour**
- **\$1.63 to \$2.45 a day** (12 hours)
- **\$11.15 to \$16.73 a week** (7 days / 82 hours)
- **\$48.33 to \$72.49 a month**
- **\$579.93 to \$869.89 a year**

Some production workers reported being paid 19 cents an hour for regular time and a premium of 25 cents an hour for overtime, which would be slightly above the average range listed above. These workers would be earning \$18.10 for an 82-hour workweek--which still systematically violates local labor laws.

By law, the local minimum wage is set at **28 cents an hour** for the regular 40 hours of work each week and at double time or **56 cents an hour** for all overtime. So the workers, paid just 400 rmb, \$48.33 a month and \$11.15 a week for 82 hours of work are being cheated of 68 percent of the wages legally due them. They should have earned:

40 regular hours x 28 cents:	\$ 11.15
42 overtime hours x 56 cents:	<u>\$ 23.52</u>
=	\$ 34.67

They are being cheated of \$23.52 in wages owned them each week.

Less than 40 percent of the workers were even aware that there were local laws establishing a legal minimum wage.

Violations of Worker Rights at Factory “A6”

- Illegally, no worker was provided a signed work contract, so they had no idea what their rights were, of the number of hours they would be required to work or of the pay scale.
- There is a medical clinic at the factory, but the workers have to pay for all expenses such as medicines.
- In the Welding Department, the workers reported that there was no formal occupational safety and health education or training with the equipment they would be using, nor was protective gear provided, and the section has excessive noise levels.

When asked, 67 percent of the workers responded that they would like to receive occupational education and active training. However, many workers have a strong and experienced skepticism that factory conditions could ever change for the better. One worker put it this way: *“You think we can have it if we want? It is not possible.”*

- Asked about special company regulations and protections for women workers, one woman responded: *“I know it says pregnant women have to resign.”* This is, of course, the very

opposite of China's labor law, which supposedly guarantees that pregnant women will not be fired.

- Not one worker had heard of, let alone seen, any of the Codes of Conduct for Mattel, Hasbro, Toys "R" Us, Disney, Wal-Mart, etc. The Codes were totally meaningless.
- **Freedom of Association is completely denied:** Any worker trying to exercise their right to freedom of association will be immediately fired, and if they are thought by the company to be leaders they will be imprisoned.

Toy Company B

Company B is one of the largest of the Hong Kong toy manufacturers. It broke into the big time with the Cabbage Patch Kid doll and since then has expanded its business significantly. Company B has a number of factories in China, employing more than 10,000 workers. It produces Barbie dolls, Star Wars toys, die cast cars and various other plastic, electronic and stuffed toys for Disney, Hasbro, Mattel, Fisher-Price, Playskool and other brands. Interviews were conducted with workers from three Company B factories, located in the second industrial zone of Shenzhen in Guangdong Province.

Toy Factories “B1,” “B2”, “B3”

Peak Season Hours/Forced Overtime:

- **Fourteen to 18 hours a day; 8:00 a.m. to midnight or 2 a.m.**
- **Seven days a week; 30 and 31 days a month**
- **At the factory up to 126 hours a week**
- **Up to 56 hours a week overtime; more than four times the legal limit**
- **No breaks between meals**

Most workers at Company B factories did not have a single day off for months during the peak season. A typical day for an **assembly worker** in Factory B3 would begin at 8:00 a.m. and not end until 1 or 2 the following morning, with a lunch break at noon and a dinner break at 5:30 p.m. She’s in the factory 18 hours a day, seven days a week, 126 hours a week.

“The major problem is fatigue,” she says. “My shoulders are stiff and aching after days and nights of work. We have very little time to rest. I don’t complain about working hard. It’s expected because we need the money. But what happens now in this factory is that I’m tired to death and I don’t earn much. It makes everything meaningless.”

Sometimes the meal breaks are less than a half hour, then it’s back to work. Workers have to take turns and get a permit to go to the bathroom. So a worker in the assembly department puts in a “normal” shift of eight hours and then must stay another eight hours to complete her quota. **This amounts to 56 hours of forced overtime a week, more than six times the legal limit.** And that’s when she gets her regularly scheduled meal breaks of an hour and a half at lunch and an hour for dinner, which are often cut short by the pressures of production.

The hours at Factories B1 and B2 seem to be more humane. Workers there report overtime of only 120 hours a month, a mere three times more than the legal limit. This means they would be in the factory on the average from 8:00 a.m. to 10:30 p.m., 15.5 hours a day, 108 hours a week.

In the **die casting department** there are two 12-hour shifts. To keep the machines running, workers must take turns for their meal breaks and are always rushed. They eat at odd hours, according to the production schedule; the machines come first.

“We work long overtime hours like dogs,” says a worker from the **spraying department**. “It’s after midnight when we get back to the dormitory. And it makes you even more tired when you see the long line at the bathroom. By the time I go to bed, it’s already 2 a.m. and at 8 a.m. the next day, I am already at my work place. It’s the same every day. It’s very exhausting.”

Keeping the Workers in the Dark

Not a single worker in Factories B1, B2 and B3 knew that China’s labor law set the regular workweek at eight hours a day, five days a week for a total of 40 hours. Not a single worker was aware that all overtime is supposed to be voluntary and cannot exceed three hours a day or nine hours in a week. This means that no single shift can extend beyond 11 hours, and total hours worked in a week cannot exceed 49.

The fact that 100 percent of the workers interviewed had no idea that there were legal limits on how many hours they could be forced to work each week suits Disney, Hasbro, Mattel and the others just fine.

One might ask, what about the U.S. toy companies’ corporate Codes of Conduct, which supposedly guarantee the strict implementation of all local labor laws? As we will see later, no workers had heard of these corporate codes, and they had no idea as to their existence or function.

Only 7% of the workers knew the legal minimum wage in their area is 31 cents an hour, about half of what Company B pays them.

Wages: Making Barbie Dolls for 17 Cents an Hour

- **Paid 17 cents an hour**
- **Paid a little more than half the legal minimum wage**
- **Paid just \$12.04 for a 72-hour work week**
- **Cheated out of \$32.55 a month**
- **Wages illegally withheld for as long as 45 days**
- **Wages illegally deducted**

Wage calculations varied between departments and different plants of Company B. **Workers had no way of knowing how their wages were being calculated.** Workers in the same line, doing the same job, working the same hours were being paid different amounts. One thing workers learned quickly, however, was that the factory advertised wages that were not true. **The factory promised to pay 700 rmb (\$84.57) a month or higher, plus food and lodging.** In fact, only one worker interviewed reported earning this much, for which she had to work between 92 and 96 hours a week. This wasn’t the minimum, as suggested by the advertisement, but the maximum. **During the slow season workers earn as little as 200 rmb (\$24.16) a month.** In both cases, food and lodging wasn’t free. It was deducted from paychecks, \$14.50 a month.

Workers also discovered a multitude of **illegal deductions**: up to \$2.28, which is more than any worker at Company B earned in a day, for staying too long in the bathroom; 60 cents for not wearing the appropriate uniform; absence from work, even on a legal holiday or for a legitimate medical cause, would cost a day's salary plus \$2.28. Wages would be reduced also for refusing to work overtime.

“This factory plays tricks with our time,” said a worker from the **delivery department**. “If we cannot finish the quota, our working hours are deducted. Once they marked my time card six hours when actually I had worked 14, until midnight.” It's quite common for workers in the delivery department to work this late, handling goods and materials to and from Company B's ten sub-contractors. **Has Disney, Hasbro and Mattel ever inspected the factories of these ten sub-contractors? Do they even know their names?**

A worker in the **spraying department** was paid 440 rmb (\$53.16), which was what was left after a 120 rmb (\$14.50) food and lodging deduction and included a “full attendance” bonus of 60 rmb (\$7.25). Her July pay did not come until mid-August. Not so coincidentally the \$53.16 is what she would be legally owed for working a standard 8-hour day, five days a week, but this full attendance bonus reflects **the 70 hours of overtime she put in that month and for which she was not paid a penny**, except of course for that generous \$7.25 bonus. At the regular time and a half overtime rate, not even counting the double time for Sundays and triple time for legal holidays, **this worker was cheated out of \$32.55 in legal overtime for the month**. She worked 72 hours a week for \$1.72 a day, or a little less than 17 cents an hour.

A worker in the **die casting department** was paid 12 rmb (\$1.45) a day plus 2 rmb (24 cents) an hour for three hours of overtime, a total of \$2.17 for 11 hours of work, which comes to a little less than 20 cents an hour (\$0.1972727). **For working 11 hours a day, seven days a week, 31 days a month, this worker was paid \$67.27**. It was unusual to find a worker like this one paid overtime, rather than straight piece work, but the factories have many ways of cheating on wages. If this worker were paid the legal minimum of 31 cents an hour for her 8 hours a day, she would be owed \$53.16 for the month. For her 93 hours of overtime for the month, which is legally paid at time and a half, or 46.5 cents an hour, she would be owed \$43,25 for a total legal salary of \$96.41. **So this worker was cheated out of \$29.14 for the month, nearly half the salary she actually received.**

This systematic cheating of workers translates into a huge windfall of ill-gotten profits for Company B, which has an estimated 10,000 workers in these factories. **At \$30 a month per worker, Company B pockets \$3.6 million a year that rightfully belongs to workers on the production line.**

A worker at Factory B3 was paid 700 rmb (\$84.50) for the month of July. She worked 14 hours a day in Monday through Saturday in temperatures that sometimes reached 105 degrees in the factory; but she got Sunday night off and so worked only ten hours on Sunday. Her hourly pay rate was less than 18 cents an hour (\$0.1767782)—**and she had to wait 45 days until mid-September to get her July pay.**

Health and Safety: Dizziness, Fainting, Sore Throats, Skin Rashes, Fire Hazards and Wages Deducted for Missing Work When Sick

Workers in Company B factories report a vast array of industrial illnesses and virtually no training in how to prevent them. There seem to be no records kept on injuries, and certainly no documentation provided to workers who need it to make claims for compensation.

Dizziness, sore throats and skin rashes were reported by workers in the **spraying department**. Gloves and masks were made available to workers in this department, but the equipment did not seem to do much good. Workers still got sick. The gloves were impractical because they slowed down the work and were therefore often discarded. Even with the gloves, paint would get on their hands and could only be removed with solvents that irritated the skin. The masks did not prevent inhalation of chemical dust and fumes, but workers assumed the masks were “better than nothing.”

A senior worker in this department said that he knew the names of thinner, **acetone, ethylene, trichloride** and other chemicals but that management had never provided instructions on safety measures in using them or treatment in case of contamination. Workers said the smell of acetone was particularly strong in the poorly ventilated work area. **“When I walk out of that place, I feel like a bird leaving its cage,”** said one worker.

An interviewed supervisor from the spraying department said that management would make sure that everybody wore gloves and masks when auditors from Hasbro and Mattel visited the plants, and then everything went back to normal.

Workers in the **painting department** use four pens of different sizes to paint the small parts or joints of the semi-finished toys. It is impossible to prevent paint from getting on their hands and fingers, but they were not even given gloves or masks to wear, nor did they know the names of any of the chemicals they were using or possible hazards. Long before their 14-hour day is over, workers feel dizzy or nauseous but are afraid to leave because they will be docked pay for not completing their quota.

Workers in the assembly department said they did not know the names of the chemical solvents used to clean the finished products or whether it was these chemicals and glues that made them feel weak. Some thought it was just the exhaustion and stress of the 13 to 15-hour shifts they were working. One worker recalls working until 3 a.m. one night assembling die-cast cars, her vision bleary, her hands and fingers bleeding from cuts from the sharp metal, her stomach aching.

Over the past few years hundreds of workers have perished in China’s toy factories and their dormitories. Earlier this year in Factory B2 a fire broke out when toy parts piled near a drying machine dropped into the hot liquid chemical used to clean the molds. In 1998 a fire broke out in Factory B1 where thinner contained in barrels was left uncovered. Panic broke out as workers couldn’t get to blocked exits. Workers say many of these conditions in Company B are still uncorrected. **Will it take another tragedy before Disney, Hasbro, Mattel and the other companies do something about these hazards?**

Toy Company C

Toy Company C is a Hong Kong based enterprise producing electronic toys, plastic toys, die-cast toys, stuffed toys and gift items. Its main clients are Hasbro and Wal-Mart. Company C has at least five factories in Guangdong and approximately 20,000 employees. Interviews were conducted with workers at four factories of Company C near Guangzhou in Guangdong Province.

Toy Factories “C1”, “C2”, “C3”, “C4”

Hours and Wages:

- **11-15.5 hours/day at the factory, seven days a week**
- **Sometimes no dinner break allowed**
- **Monthly pay averages \$60**
- **Hourly pay rate in peak season ranges from 14 to 20 cents**
- **Many deductions from paychecks**

The four factories of Company C fit the industry pattern of long grueling hours of piece rate work during the peak busy season **for as little as 14 cents an hour**, even though one of the factories appeared to be paying legal overtime rates. Paychecks get whittled down by multiple deductions: \$8.22 to apply for a temporary resident permit and then \$3.26 a month; \$4.83 family planning fee; \$3.02 labor administration fee; \$14.50 management fee; \$4.83 for a bunk in the dormitory; \$4.23 social service fee. **More than half the salary is gone before a worker can even think about basics like food, clothing and medical expenses.** One experienced worker who had been on the job six years and reported earning as much as \$120 a month said she couldn't even send her son to school because she couldn't afford the school fees. And that's in the “good” times, the busy peak season. **During the slow season some factories pay as little as \$24 a month.** No wonder some workers literally starve during those months. But what this worker was most worried about was that pretty soon management would get rid of her because she was too “old,” she would not be able to find another job and would have to go back to her village.

Health and Safety Violations:

- **No training for new or current workers**
- **No medical check-ups**
- **No industrial accident insurance for production workers**
- **No breaks other than lunch or dinner, overtime up to 6 hours a day**
- **Temperatures over 100 degrees inside the factory**
- **Workers fainting from heat, fatigue and chemical smells**
- **Most workers have no knowledge of labor laws or company codes of conduct**
- **Multiple violations of China's labor laws and ILO Conventions**

Long Hours, Hazardous Conditions, No Information

On their feet or doing the same repetitive task for fifteen hours a day during the busy season, with breaks only for lunch and dinner that are often rushed, workers are exposed to chemicals and machinery that would be dangerous under the best of conditions. But here they are given no chance. They are told practically nothing of the hazards they face. **The only safety training reported in Company C is an annual fire drill for the factory, but there is none for the dormitory and not a single worker interviewed knew how to use a fire extinguisher.** Not a single worker knew how much compensation she was due in case of an industrial injury. Not a single worker was familiar with Chinese labor law that provides special protection and leave for pregnant women and lactating mothers.

The only instruction given to new machine operators in the **molding department** was to watch the older workers. These molding machines run extremely hot. “Every day the temperature is at least in the 90s and sometimes over 100,” says one worker. “The machines are noisy and hot. The air is filled with a strong chemical smell. I have to repeat the same motions, open the machine, put in the plastic, press the machine, take out the plastic. **The heat, the smell and the noise make some people faint.**” Water sprayed on the roof and fans inside do little to abate the heat, dust and chemical smells. Workers burn their hands on the machines. Gloves are issued but most workers don’t wear them because of the heat and because they make it too difficult to handle the small plastic pieces. Only some workers get earplugs as protection against the intense noise of the grinding machines. The combination of the strong chemical smell from the plastic when it is heated and molded and the use of thinner and cleaning alcohol in the poorly ventilated space causes dizziness, nausea and fainting.

Similar problems were found in the **spraying department**, where workers received no training or instructions on the names or hazards of the chemicals used in this department. Cotton masks and gloves are provided erratically, but workers said **the paint still seeps into their skin and the noxious fumes make them dizzy and give them sore throats.** Some workers suspect that the thinner they use to wash off the paint is what makes them sick, but they have been given no information about this substance or precautions they should take in using it. **They work without a break from lunch to dinner** and seldom leave their work places even for a drink of water due to the intense pressures to meet their quotas. Once a week during the summer, management would provide them with a cold drink.

In the **assembly department** workers are constantly exposed to glues, thinner and other chemicals that get into their skins, hands, eyes and lungs. With rare exceptions, workers did not wear gloves, eye protection or masks. **The stress of meeting quotas is tremendous, as much as 10,000 pieces a day.** They have to stay until the quota is met. There isn’t even time to go to the bathroom or get a drink of water. They work like this 10 to 13 hours a day and routinely experience stiffness and soreness in shoulders, neck, legs and stomach and bleary eyesight.

So much for labor laws, ILO Conventions and Corporate Codes of Conduct

This treatment of workers is not only outrageous and immoral. It is also a violation of China’s own labor laws, of ILO conventions signed by China, and of corporate codes of conduct that

claim to enforce health and safety and other standards. **Chinese labor law requires that companies provide regular medical exams for those working under hazardous conditions, that workers be insured for industrial accidents and that under no circumstances shall overtime exceed 36 hours a month.** Article 15 of the ILO Convention on the regulation of industrial chemicals, which China has signed, requires employers to inform workers about the hazards of chemicals in their work place and assist them in gaining access to such information. Under this Convention **employers are also required to provide regular training and education on the safe use of hazardous chemicals.** The Code of Business Practices (revised June 8, 2001) of the International Council of Toy Industries, of which all major U.S. toy manufacturers are members, states that all its members and their suppliers must “provide a safe working environment for their employees and comply with or exceed all applicable local laws concerning sanitation and risk protection.” It then goes on in some detail about proper ventilation, the availability of protective safety equipment and training in its use, safeguards on machinery and numerous other matters.

Fewer than 10% of Company C workers interviewed said they knew anything about local labor laws or corporate codes of conduct that provided protection for their health and safety. But 90% said they would like more information. **When will these companies comply with the law and their own codes of conduct?**

Toy Company D

Company D is another large Hong Kong-based manufacturer with several factories located in Guangdong province. Company D supplies a broad range of toys to several prominent toy brand companies including Hasbro. The following report is based on interviews at two Company D factories in the second industrial zone of Shenzhen, Guangdong province.

Factories “D1”, “D2”

Peak Season Hours/Forced Overtime:

- **Twelve to 16 hours a day, seven days a week**
- **At the factory from 8:00 a.m. to sometimes past midnight**
- **Up to 126 hours a week at the factory**
- **Only two brief meal breaks**
- **Eighteen workers to a dormitory room**

The impossibly high production quotas in the **assembly department** could keep workers there until 3:00 a.m. They put in an average of 14 to 16 hours of work, but it could go even longer when Hasbro or one of the other big clients had a rush order. The workers were always exhausted and got only two short meal breaks. “We usually work until 1:00 or 2:00 a.m.,” said one assembly department worker. “We have to take turns to take a shower before we go to bed, and there’s 18 people in the room. At 7:00 a.m. we get up and it’s another work day.”

Sewing department workers had it slightly better, working only 13 or 14 hours a day but still with only the two short meal breaks.

Wages: Highest Paid Workers Are Still Cheated

- **Average production wage of 22 cents an hour**
- **Paid \$2.66 a day for 12 hours of work**
- **Top pay of \$3.94 a day, seven days a week, 31 days a month**
- **Still cheated out of \$46.34 a month**

Company D workers were typical in that they were not given enough information to calculate their legal wages. The total amount was printed on their checks, but not the wage scale and how it corresponded to hours worked. “There’s almost nothing written on the pay stub,” said one worker. **“I’ve been here six years and I still don’t know how to calculate my wages. If you go to the accountant, you never know what will happen.”**

Company D was not typical in that it paid overtime, though only at only 2/3 the legal rate of 46.5 cents an hour. The highest paid worker at Factories D1 and D2 could earn \$122.14 a month, working 16 hours a day, seven days a week, 31 days a month. But if she were paid at the legal overtime rate, she would earn \$168.48, so she is being cheated out of \$46.34 a month, more than a third of what she is actually being paid.

Health and Safety: hearing loss, numbness in legs, fainting, sore throats

Workers in the **sewing department** reported noise so loud they couldn't hear each other talk. It took some time for hearing to return to normal after they left work. They were not given ear plugs or any other protective gear. Because of the high production quotas they had to work very fast and often stuck themselves with needles. This happened a lot with the stuffed toys that had to be sewn from the inside out. The wooden work benches had no back support and were often mismatched for the height of the sewing machines. Not surprisingly, all the workers interviewed said that after 13 and 14 hours a day of these constantly repetitive motions, their arms and back ached and their legs were numb.

The same kind of body aches were experienced by workers in the assembly department putting in days of 14 to 16 hours, with only two short meal breaks. When they worked with furry toys, the air would be filled with fur particles and they would get sore throats. No masks were issued.

There were strong chemical smells in the **silk screening department** that made workers there dizzy. Even long-time workers did not know the names of the chemicals used in the department or their potential hazards. Workers could not get the dyes and paint off their skin, even with thinner and strong detergents.

Article 15 of the ILO Convention on safe usage of industrial chemicals (1990), to which China is a signatory, states that the employer must inform workers of the hazards of chemicals being used. The employer must also assist workers in gaining access to relevant information and provide regular safety and health training to employees on the use of chemicals. **Chemical poisoning in the silk screening department is a major risk due to constant and lengthy exposure to paints, thinner and solvents. Company D provided neither protective gear or information to workers in this department.**

While Company D conducted fire drills for the factories and dormitories, most workers did not know how to use a fire extinguisher. Workers are aware of the fires that have killed hundreds of toy factory workers in China in the past few years, and the danger makes them nervous. "I worked in a foreign toy factory years ago," said one. "There was a fire there and lot of workers were killed. I am very sensitive to this. One time a light bulb burst and I ran for the stairway. My colleagues laughed. But it can be very dangerous if a fire breaks out."

Toy Company E

Company E is a Hong Kong-based company with two factories in Guangdong. The two plants employ between 3000 and 4000 workers, most of whom come from inland provinces like Sichuan, Hunan, Hubei, Guangxi and Anhui. About 2/3 of the workers are women, their age ranging from 18 to 30. Company E's biggest client is McDonald's. The interviews for this report were conducted with workers at Factory "E1," which produces plastic and stuffed Happy Meals premium toys for McDonald's in the U.S.

McDonald's "Happy Meals" Toys Not So Happy for Workers

- **Paid 17 cents an hour, 13.5 hours a day, 31 days a month**
- **All-night shifts, 6:00 p.m. to 6:00 a.m.**
- **Payment of wages delayed for a month**
- **Deduction of three-days' pay for one-day's absence**
- **Deduction of \$4.83 for dozing off at work**
- **Dizziness, fainting, loss of appetite from chemical smells and fatigue**
- **Workers told to lie about conditions**

The brutally long hours at Company E are unfortunately typical of toy factories in China, as can be seen from the reports of many other factories in this investigation. A worker in the **spraying department** of Factory "E1" worked an average of 5.5 hours of overtime a day, **over 170 hours of forced overtime for the month**. He received his July paycheck of 600 rmb—\$72.49—in early September, **more than a month late**. He had worked every single day in July, 94.5 hours a week, a total of 418.5 hours for the month, so his hourly pay rate for the month was 17 cents (\$0.1732138).

Many of these hours were put in on the **6 p.m. to 6 a.m. shift**, which a number of workers were forced to take when a big order came in that had to be turned around quickly.

"The working hours are long and the pressure is terrible," said another worker in the **spraying department**. "My team has to finish **45,000 units every day**. During the peak season we usually work until midnight every day. We have no day off. Now we are working a night shift, from 6 p.m. to 6 a.m. because of a big new order. The overnight work avoids the inspection of the client, but it makes us very tired. **We can't help dozing off, and for that we are fined 30 to 40 rmb**" (\$3.62 to \$4.83).

One worker from the **sewing department** said that McDonald's corporate code of conduct was posted on a wall. "But it's just for show," the worker said. "Nobody tells the inspector the truth." Other workers confirmed that management had coached them on answers to give inspectors, and warned them never to discuss factory conditions with outsiders. McDonald's doesn't really seem to care about improving conditions in these factories. When problems were reported last year at other McDonald's contractors, McDonald's "cut and run," retaliated against the workers instead of working with factory management to correct the abusive conditions.

That's why we are withholding the names and addresses of factories in this report. The companies can't be trusted to do the right thing. They talk a lot about their codes of conduct and assuring compliance with local laws, but nothing could be further from the truth.

The factories can't turn down a big client like McDonald's, and **these big companies take full advantage of the situation.** They come in with orders at prices and delivery times that they know very well can't be completed without forcing these young women to work for wages and hours that are blatantly unfair and illegal.

A woman in the **assembly department** did slightly better than her colleagues in the spraying department. **She had to work "only" about a hundred hours overtime for the month.** After a deduction of 125 rmb, or \$15.10, for food and lodging, her paycheck came to 400 rmb, \$48.33, making her hourly rate less than 19 cents (\$0.1858718).

Dizziness, Vomiting, Fainting, Cut Hands and Fingers

Workers in the spraying department suspect that the chemicals, thinner and paint dust they are exposed to every day is what makes them sick, but nobody has told them what these chemicals are and why it is important to take precautions. In some cases workers were issued cotton masks and gloves and cartridge masks. The cotton masks don't do any good and the heavier cartridge masks make it impossible to work fast enough to finish the quotas. Workers also reported that heavy masks also made them dizzy. They were required to wear them when there was an inspection, however, and then they were discarded.

There are high temperatures and intense noise in the tooling department, where molds are made from steel and other metals, but workers said they were not provided with any protection for their hearing or eyes. The finished molds are hot, heavy and have sharp edges, and many workers' hands are cut and injured due to lack of proper gloves.

Company E seems to know what kind of protection workers should have, as their shows for visiting auditors or inspectors indicate, and the company haphazardly issues safety equipment like flimsy cotton masks and gloves. What it does not do is fulfill its legal obligations to assure that workers are adequately educated and trained to deal with the dangerous substances they are exposed to daily.

Toy Company F

Toy Company F is a Hong Kong company. It has two factories in Guangdong province, both located in the second industrial zone of Shenzhen. Company F makes games, toys and novelty items for McDonald's and other clients. In September 1998 workers of Company F complained to local authorities that the company had not properly insured them against serious injuries and accidents that had been reported previously. **When the local government sent officials to look into the situation, Company F barred them from entering the plant.** In the investigation that followed it was discovered that Company F was keeping a false set of books to deceive government inspectors and auditors sent by McDonald's. Three years later it seems that not much has changed.

Factory "F1"

Peak Season Hours, Forced Overtime

- **Standard 14.5-to-19.5-hour shifts, 8:00 a.m. to 10:30 p.m. or 3:00 a.m.**
- **Three and a half to seven and a half hours overtime required each day**
- **Seven-day workweek**
- **At factory from 101.5 to 133 hours a week**
- **Workers forced to sign false time cards**

The regular shift at Factory "F1" would begin at 8:00 a.m. and go until 10:30 p.m., with an hour and a half lunch break at noon and an hour for dinner at 5:30 p.m., but when there were big orders to fill workers said it was not unusual to have to stay until midnight or even 3:00 a.m. During these periods workers are at the factory over 100 hours a week.

The longest hours seem to be in the **assembly department**, where workers reported shifts that often went until 3:00 a.m. In a typical practice, management kept raising the production quota, stretching the endurance of workers beyond human limits.

In one case there was an initial quota of 45 batches of toy pens for the day, which workers could barely get done in the regular 8-hour shift. Then the quota was raised to 60 and then again to 70, forcing the worker to stay as long as it took to fill the quota. Even then, she would be paid only for the additional piece work and not on the basis of the legal overtime rate. **If she left before completing the quota, she would be fined.**

Workers in the **spraying department** said they faced the same problem with the quota of 4000 to 5000 plastic toy trains that they were expected to finish in a day. They pushed themselves to finish. They knew they couldn't leave until the quota was met and that they wouldn't be paid overtime. They were trapped.

Workers did not punch time clocks. At the end of the month they would then be required to sign two sets of time cards and pay records. **When auditors from McDonald's or other clients came around, they would look at the phony records and move right along.**

“Management told us to lie to the auditors,” said a worker from the spraying department. “They told us to say that we worked eight hours and not more than three hours overtime when in fact every day we worked more than three hours overtime. They told us to say that we got four days off in a month. The truth is we have not had a single day off for months now.”

During the slow season workers would get Sunday off or told to take an unpaid vacation.

Wages:

- **13 cents an hour (\$0.1257197)**
- **Pay records falsified, workers get half of what is reported**
- **Workers not informed of how pay is calculated**

The average production worker was paid between 300 rmb and 500 rmb (\$36.25—\$60.41) a month, which during the peak season could be as much as 108.5 hours a week and a total of 480.5 hours for the month. A worker paid at the high end of the average would earn less than 13 cents an hour (\$0.1257197).

But that isn’t what it would say on the record seen by any inspector or auditor. Workers say they were required to sign pay records indicating that they got between 600 rmb and 900 rmb (\$72.49 and \$108.74). **One worker in the spraying department reported that he was forced to sign a sheet stating he received as much as 900 rmb (\$108.74) when his real pay was no more than 400 rmb (\$48.33).**

More than 80% of the interviewed workers at Factory F1 said that they didn’t understand how their wages were calculated. It seemed to be on the basis of both piece rate and time rate, but the rates would be switched or one of them eliminated depending on the flow of work and the product. During the slow season, they would be paid for time. When there was a lot of work, it would be by piece, but workers were never informed about the unit price of the piece and therefore could not calculate whether or not they were being paid what they were owed.

“Our wages are low and the calculation is a mess,” said a worker from the **spraying department**. Supervisor are yelling at people all day. We are not treated as human beings. We had young women leave because they couldn’t stand the yelling and abusive language. Even the security guards didn’t respect us. They would use fist, not just hands. And the factory just turns a blind eye. The worker is always wrong. Management has many ways of giving you a bad time. You wouldn’t be fired because then they would have to compensate you. You would be told to ‘take a leave.’ But you can’t go anywhere and you have to report to work whenever they like. If you don’t, they have their excuse to fire you without compensation.”

Health and Safety Violations:

- **Chemical smells and paint dust in the air**
- **Dizziness and nausea**
- **Masks that don’t work**
- **Skin rashes from thinner**
- **No protection against hearing loss**

- **Workers pay for their own medical exams—and are forced to resign if sick**

Workers in the spraying department said there were strong chemical smells and a lot of paint dust in the air. They were not told what chemicals were being used or the potential hazards.

Carbon masks would get filled with paint dust every day or two, but management issued new ones only once a week. Workers felt dizzy and nauseous after long hours of exposure to these smells. Other than the two meal breaks, there were no other breaks.

It was impossible to avoid getting paint on your hands. Workers used the gloved hand to hold the semi-finished toys and the other bare hand to operate the spraying machine. The only way they could get the paint off was with thinner that irritated their skin.

The work area was very noisy with the spraying machines and fans operating. Workers couldn't hear each other speak. No hearing protection was provided.

Workers had to pay for their own medical exams. If they “failed” the exam, they would be forced to quit, without the legal compensation due them if they were officially fired. In the latest round of exams, several workers were diagnosed with Hepatitis B.

Toy Company G

The ownership of Company G is South Korean. It has one factory located in the second industrial zone of Shenzhen in Guangdong province which produces stuffed toys for McDonald's, Disney, Warner Brothers and other clients.

- **13-hour days, seven days a week, 31 days a month**
- **Overnight work**
- **At the factory 109 hours in one five-day period**
- **Cheated on overtime pay**
- **Paid 30 cents an hour**
- **Fire hazards in factory**

Workers at Company G's factory averaged five hours a day overtime without a single day off in the month. But this was the average, which means there are periods when workers put in a lot more time.

We found one of those cases, which may set some kind of record for the lengths to which employers push workers in China's toy factories. **In one brutal five-day period in July, workers at Company G spend a total of 109 hours in the factory!**

On Sunday, July 8, workers in the **sewing department** of Company G reported to their jobs at the regular 8:00 a.m. starting time. They had a lunch and dinner break and knew they would probably be staying late, perhaps close to midnight, which was not unusual, to finish the high production quota.

But there was even more work than they expected, and supervisors had them stay through the night, until 6:00 a.m. At 8:00 a.m. Monday they were back at work.

On Monday night they stayed until 2:00 a.m., on Tuesday until 4:00 a.m., and on Wednesday they had to work around the clock again, until 11:00 a.m. on Thursday morning. **At that time they were ordered to report to work in the afternoon!** But after nearly a week of around-the-clock work, no worker was able to get out of bed, and management cancelled the order.

Wages:

The highest pay reported at Company G was 788 rmb (\$95.29) a month in the peak season. For a month of 13-hour days, seven days a week, a total of 315 hours for the month, this works out to an hourly rate 30 cents (\$0.302222). We found one worker who somehow managed to work only 26 days in the month and was paid at an hourly rate of nearly 33 cents (\$0.3282758).

Even at this unusually "high" rate of pay, which of course is not enough to live on and does not come close to legal compensation for the more the 160 to 160 hours of overtime a month, workers said their time cards were regularly falsified to show fewer hours than they actually worked.

Health and Safety Violations:

Workers said they were very concerned about the way flammable materials were carelessly stored in the factory. The only concern that management showed for safety, the workers said, was to conduct fire drills for the benefit of inspectors.

Workers were also concerned about their safety on the way to work. Several had been hit by traffic crossing the highway between their dormitory and the factory. Management said it was not its responsibility, a direct violation of Chinese labor law which requires employers to assure the safety of workers to and from work and to compensate them for any injuries incurred in transit.

Codes of conduct

Two workers said they were aware of clients' codes of conduct that had recently been posted on a wall. They said the codes were ignored, except during the visits of auditors.

Toy Company H

Company H is from Hong Kong and has a relatively small factory in Dongguan City, Guangdong province. This plant produces stuffed toys for Wal-Mart, McDonald's, Disney and other clients. Most of the workers are young women between the ages of 18 and 25 who have come from other provinces.

- **13 to 19 working hours a day**
- **7: 30 a.m. to as late as 4:00 a.m.**
- **One day off in three months**
- **Paid 7 to 10 cents an hour**
- **Payment delayed 45 days**
- **24 workers to a dorm room**
- **No medical exams**
- **Worked to death**

The “normal” work shift at Company H was nine hours, from 7: 30 a.m. to 5:30 p.m. with an hour off for lunch. Everything beyond that was overtime, though the workers were not paid for their time. They had to stay until the production quota of 600 to 1000 pieces was met and would be fined if they failed to meet it.

Time cards for 9-13 August, 2001 show workers finishing the earliest at 12:40 a.m. and as late as 4:00 a.m. They went back to work as usual at 7:30 a.m. the next day.

Obviously, nobody had enough sleep. They were exhausted. They had only one day off from June through August. Many workers said the hours were unbearable and they wanted to quit but were prevented from doing so because their pay was held back 45 days. They could not possibly afford to lose that, even though the pay rate at Company G was among the lowest of all the factories surveyed for this report.

Wages and living conditions:

There were wide variations in wages, but two specific cases of hole-makers show hourly rates of 10 and 7 cents.

In the first case the worker put in 19 hours a day, seven days a week, and earned 500 rmb (\$60.41). With the one day off over three months, he worked an average of 583 hours a month, for an hourly rate of 10 cents (\$0.1036192)

The second hole-maker worked until 11 p.m. every night for 240 rmb (\$29) for the month. He worked an average of 399 hours a month at a rate of 7 cents (\$0.0726817) a month.

New workers are illegally required to make a deposit of 80 rmb (\$9.67) and there is a regular monthly deduction of rmb 60 (\$7.25) for food and 20 rmb (\$2.42) for water and electricity in the dormitory. **Workers said the food was often inedible and that there were 24 people squeezed into the dorm room, sometimes with two people to a bunk.**

The workers were not aware of being covered for any medical insurance.

Most production workers interviewed had not signed a contract with the employer, which is a legal requirement. Those that had signed were not given copies of the contract. The whole point of a contract is for workers to be aware of their legal rights and obligations. What happens at Company H, as is the case in many of the other factories investigated, is that management has a few contracts in a file to pull out as an exercise to show auditors and government inspectors.

Health and Safety Violations:

The stress of the production pace and the long exhausting hours wear down the workers and make them more accident-prone. A hole-making worker, for example, has to use his feet to punch the hole while using his hands to position the piece. This requires a lot of concentration. Many hands are punctured and crushed. No reinforced gloves are provided. There was a lot of dust from the stuffing material, but no masks were provided.

Workers develop respiratory illnesses, skin rashes, chronic aches and pains, and they faint on the job, like 27-year-old Wang Cei Hueng.

A Not So Mysterious Death

On April 17, 2001, the *Hong Kong Commercial Daily* reported that on March 28 Wang Cei Hueng became sick while on the job at Company H, fainted, and died the next day. The newspaper charged that “labor regulations in Guangdong are not strict enough. Some of the local authorities take the side of the employers rather than enforcing the law. Workers are mistreated...their situation is desperate.”

When Wang Cei Hueng fainted, the company refused to provide her with any medical assistance. Her brother borrowed money to take her to a nearby health center, where they recommended she be taken to the hospital. But the brother could not afford the hospital fee. Wang Cei Hueng died the next day, on a bus on her way home. Her family insisted that the long hours and harsh conditions at the factory had killed her. The factory denied any and all responsibility, but the local Labor Bureau eventually forced the company to pay the family 11,000 rmb (\$1,329). **No official cause of death was ever determined, and her case was not considered to be job-related.**

There are many other Wang Cei Huengs who are literally being worked to death producing toys of misery in China. We don't know their names today, and that's the way Wal-Mart, Toys “R” Us, Hasbro, Mattel, McDonald's, Disney and the others would like to keep it.

The Big Retailers Call the Shots

In the driver's seat, directing this huge toy industry are the major U.S. retailers. **Wal-Mart**, with \$191.3 billion in annual sales and 6.3 billion in profits, sells one out of every five toys sold in the U.S. today. Wal-Mart, together with **Toys "R" Us**, accounts for more than one out of every three toys sold. And when you add **Kmart** and **Target**, you have accounted for 50 percent of all the toys sold in the U.S.

The inhuman pressures on toy workers begin with these giant retailers and work their way down through the production chain, to the big transnational toy manufacturers like **Mattel** and **Hasbro** and licensees like **Disney** and **McDonald's** on to the mostly Hong Kong-owned firms that have factories in mainland China. At the bottom of the chain are the workers, who are denied their basic rights to defend themselves.

The retailers set the price they will pay for a particular toy and how quickly it must be delivered. There is very little room for negotiation. Manufacturers agree because they want the business, and then they push the workers beyond any limits of decency. **Retailers and toy manufacturers know that it is virtually impossible to produce the goods at the price and in the time demanded—and still adhere to the labor laws of China.** Until these big companies are held accountable for these policies, the race to the bottom for toy workers will continue to spiral downward.

Here is a sampling of the prices paid and the delivery times demanded for toys by U.S. retailers and manufacturers. Delivery time is from the time of the order to delivery of goods on board. The quantity is in units. The labor is direct labor cost per unit.

<u>Product Type</u>	<u>Delivery Time</u>	<u>Quantity</u>	<u>Labor</u>	<u>Retail Price</u>
Electronic Toy	4.5 weeks	35,160	\$ 0.81	\$ 44.99
Activity Toy	6.0	24,000	\$ 0.105	\$14.99
Electronic Robot	2.0	24,996	\$ 0.539	\$ 76.99
Electronic Doll	2.57	6,000	\$ 0.26	\$ 64.99
Plastic Toy	5.0	10,008	\$ 0.45	\$ 4.50
Toy Watch	2.0	10,754	\$ 0.035	\$ 1.99
Wire Control Car	2.0	1,200	\$ 0.264	\$ 27.20

APPENDIX A

Labor Law in China

Hasbro, Mattel/Fisher-Price, Disney, McDonald's, Toys "R" Us and Wal-Mart routinely violate China's labor laws with impunity. The U.S. companies know that the government of China does almost nothing to implement its own labor law.

China's Labor Code

- **An 8-hour workday, 5 days a week, a 40-hour workweek**

Article 36: The state shall practice a working hour system under which laborers shall work no more than eight hours a day and no more than 40 hours a week on average (as of May 1, 1997)

- **Prohibiting Excessively High Daily Production Quotas**

Article 37: In the case of laborers working on the basis of piecework, the employing unit shall rationally fix quotas of work and standards on piecework remunerating in accordance with the working hour system stipulated in article 34 of this law

No Forced Overtime/Overtime Strictly Limited to Nine Hours a Week/ Legal Work Week Capped at 49 hours.

Article 41: The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hours for a day shall generally not exceed one hour; and such extended hours shall not exceed three hours a day and only under the condition that the health of the laborer is guaranteed. However, the total extension in a month shall not exceed thirty-six hours.

This means that overtime work should never exceed three hours a day, making the longest legal shift permitted 11 hours. It is illegal to work more than 9 overtime hours a week. That caps the longest legal workweek allowed at 49 hours.

- **All Overtime Work Must Be Paid at a Premium**

Article 44: *The employment unit shall, according to the following standards, pay laborers remuneration higher than those for normal working hours under any of the following circumstances:*

1. *to pay no less than 150 percent of the normal wages if the extension of working hours is arranged;*
2. *to pay no less than 200 percent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken;*
3. *to pay no less than 300 percent of the normal wage if the extended hours are arranged on statutory holidays.*

- **After one year, all workers are entitled to paid annual vacations**
Article 45: Laborers who have kept working for one year and more shall be entitled to an annual vacation with pay.
- **Detaining Workers Wages, Fines or Mandatory Deposits is Illegal**
Article 50: Wages shall be paid monthly to laborers themselves in the form of currency. The wages paid to laborers shall not be deducted or delayed without justification.
- **Companies Must Join and Pay into Social Security**
Article 72: The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.
- **No Discrimination Against Women**
Article 12: Laborers shall not be discriminated against in employment, regardless of their ethnic community, race, sex, or religious belief.
- **The Right To Organize Independent Unions**
Article 7: Laborers shall have the right to participate in and organize trade unions in accordance with the law.
- **Every Worker Has the Right to a Written Work Contract**
Article 16-19: A labor contract is the agreement reached between a laborer and an employing unit for the establishment of the labor relationship and the definition of the rights, interests and obligations of each party. A labor contract shall be concluded in written form and contain the following clauses [including]: wages, working conditions, type of work.
- **Safe and Healthy Working Conditions**
Article 52: The employing unit must establish and perfect the system for occupational safety and health, educate laborers on occupational safety and health, prevent accidents in the process of work, and reduce occupational hazards.
- **Protecting Juvenile Workers**
Article 58: The State shall provide female and juvenile workers with special protection. [For example, 16 and 17- year-olds cannot work more than eight hours a day or at night.]

APPENDIX B

Company Contact Information

Hasbro, Inc.

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Chairman and CEO: Robert A. Eckert

Toys R Us

461 From Rd.
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Fax: 201-262-8112

Chairman, President, and CEO: John H. Eyler Jr.

The Walt Disney Company

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Chairman and CEO: Michael Eisner

McDonald's Corporation

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Senior Chairman: Fred L. Turner
Chairman and CEO: Jack M. Greenberg

Wal-Mart Stores, Inc.

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Chairman: S. Robson Walton
President and CEO: H. Lee Scott Jr.