



The Public Eye Awards 2006

## Award in the Category “Social Rights”

Speech by Parry Leung, Students and Scholars against Corporate Misbehavior (SACOM),  
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### Looking for Mickey Mouse’s Conscience

Good afternoon everyone. I’m Parry Leung. I represent a non-profit organization based in Hong Kong called Students and Scholars against Corporate Misbehavior (SACOM). I would like to take this opportunity to say thank you to the Jury of the *Public Eye Awards 2006* for choosing our nominee, the Walt Disney Corp., as winner in the social category. This is a great opportunity for the public worldwide to understand what the Walt Disney Corp. has brought to the Chinese workers, to rethink the role of multinational companies in economic globalisation, and to sort out new strategies for advancing labour rights in the developing world.

SACOM was founded in early 2005. It is originated from a students’ movement in Hong Kong devoted to improving the poverty-wage conditions and basic welfare of janitors & security workers under the universities’ outsourcing policy. The movement gained success and created a valuable opportunity for students and teachers to engage further in trans-border labor issues.

The aim of SACOM is to monitor transnational corporations (TNCs) or global companies that violate workers’ rights in China. Taking the geographic advantage of Hong Kong, our priorities are to work with factory workers in South China to conduct labor research, to organize campaigns, and to facilitate grassroot organizing.

#### Transnational Companies in China

As everybody knows, over the past 10 years, China has become an integral part of the global economy. Foreign capital inflow to China has been growing sharply. Hundreds of thousands of factories has been built in coastal China, and most Western transnational corporations have

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contracted the Hong Kong, Taiwanese and Korean owned factories to manufacture their brand-name products for export.

Owing to rural poverty, until 2004, more than 100 million farmers (peasants) from inland China have migrated to big cities in the coastal areas to work for the export factories. These migrant workers are mostly young, unmarried girls with junior level education. Although more employment opportunities were created, activists as well as academics have found that labor exploitation is very serious.

The Chinese government has more incentives to advance economic growth than to enhance workers' rights, social welfare, health and safety. Supplier factories of the global corporations concentrating in the Guangdong province of southern China, for example, have failed to provide migrant workers with the basic protection that the Chinese law specifies. The provision of collective dormitory is to facilitate tighter managerial control and to increase the flexible use of labor in just-in-time production. Without the "rights of strike", "freedom of association", "freedom of press" and "collective bargaining", workers in China find it difficult to use collective measures to fight for their basic rights. Although some multinationals have set up "corporate codes of conduct" in response to the "anti-sweatshop campaign" in the west, for us most of them are still a kind of public relation exercise rather than genuine worker protection on the shop floor.

### Disney and its Workforce in China

In the summer of 2005, taking the opportunity of the opening of Hong Kong Disneyland (in September 2005), SACOM conducted a field study of four Disney supplier factories in the Guangdong province. We released our first report in August 2005, entitled "*Looking for Mickey Mouse's Conscience – A Survey of the Working Conditions of Disney's Supplier Factories in China.*"

As Disney has never disclosed a full list of its suppliers in China and in other countries, we searched the internet and visited the Canton Trade Fair and finally located 4 supplier factories of Disney in the Pearl River Delta for our field investigation. In July and early August 2005, a research group of students and teachers conducted interviews with 120 migrant workers of different departments from the 4 factories. Our findings of the 4 researched factories clearly illustrate that and how labor rights are violated.

Disney fails to implement its "codes of conduct" – wages, working hours, provision of paid maternity leave, etc. Workers have to work 10 to 13 hours a day producing Disney's children's books and other products six and seven days a week, working 60 to 90 hours a week. The workers are paid just US 33 to 41 cents an hour, which is below legal minimum wage requirement, and their overtime pay is far below the legal minimum wage standard (note: 3 meals a day in China costs about USD2 at least; you can imagine that even basic living could be a problem for these workers, let alone the possibility of saving for their future). In some factories, women are denied their legal maternity rights. Eight to 12 workers are housed in a dorm room, sharing double level bunker beds (a room for this capacity is about 20 m<sup>2</sup>). Workers often faint from exhaustion and the unbearably stifling heat in the factories. Accidents happen frequently. Workers have no health insurance, no pension and other welfare rights. Worse still, they have freedom of association or right to organize.

Let 's focus on one of the four targeted factories, Hung Hing Printing Company for more in-depth sharing. It is a publicly listed company from Hong Kong. It is one of the top 3 printing companies in China, founded in 1994, employing 12,000 Chinese workers. Hung Hing's major clients include Wal-Mart, Disney, K-Mart, Mattel, and McDonald's. Hung Hing specializes in

making children's books for Disney, paper boxes for Wal-Mart, and stationary products,. May I show you an 8-minute documentary on Hung Hing factory. It tells you the conditions for the workers there in their own words.

[The movie video transcript is downloadable from our website [www.sacom.org.hk](http://www.sacom.org.hk)]

### The Pitfalls of Codes of Conduct and What We Can Do Next

This case shows clearly that the "social responsibility" of some major multinationals is far from satisfactory. Internal codes of conduct fail to be implemented and fail to protect workers' rights. The major issues at stake with the current "corporate social responsibility" (CSR) mechanisms are the lack of *transparency*, *accountability* and *worker participation*. If these mechanisms are not substantially transformed, codes of conduct such as Disney's can at best be sophisticated tools of public relations for multinational companies, and a window dressing for questionable corporate citizens. Without worker participation in monitoring Disney's own codes of conduct, it can only serve to divert consumer scrutiny so that Disney and its supplier factories can continue to exploit Chinese workers.

The collusion between the corrupted state and transnational capitals have brought about miserable conditions to workers in China and other developing countries. Pro-active measures must be taken to rectify the current situation at the workplace level. Our understanding is that the Chinese workers are not powerless or submissive. They are capable of resisting global capitalism. In view of this, we suggest that labour-rights participatory training programs should be provided to workers. And we propose setting up Workers Committees at the workplace level by democratic elections.

In order to build a platform of workers' participation, we need to restructure the corporate social responsibility (CSR) movement in such a way that workers in the workplace can be empowered to defend their own labor rights. In short, we need effective integration between anti-sweatshop consumer campaigns in the wealthy countries and labour movements in the poor countries.

For the sake of rebuilding the dignity and economic justice of the Chinese workers, consumers, students and NGOs are scrutinizing the Walt Disney Corp. to make sure that it lives up to its promise to protect the labour rights in China and worldwide. In 2006, with global public scrutiny from outside and worker's monitoring group inside the factory, we will continue to pressure Disney to take serious initiative to do what they have promised in their own CSR and codes of conduct, and to work with their suppliers to ensure the rights and dignity of the Chinese migrant labours. We believe that Disney has the capacity and resources to allow third-party NGOs to conduct genuine labour rights training, to allow their workers to organize and .through that to become a global corporate citizen. . We hope by 2007, we can come back and present a global corporate citizen award to Disney! When consumers and workers from different nations hold hands together, our cross-border solidarity will a difference and eventually will make them change. Let us continue to build stronger consumer-worker alliances to chase the big multinationals wherever they go or hide. This is what we call a real globalization, a globalization of justice and a globalization of human dignity!

THANK YOU!

Parry Leung, SACOM