Working for Disney is No Fairy Tale

Chinese factory workers manufacturing clothes, hats and shoes for the Walt Disney company are regularly forced to work crippling long hours for poverty wages, according to a new report by the Hong Kong Christian Industrial Committee (HKCIC). Human rights groups in Great Britain and the U.S. say the intolerable working conditions described in the report prove that independent monitoring of Disney factories is needed immediately if workplace abuses are to be eliminated.

"This information, though shocking and disturbing, is not surprising—we've seen this before in China," says Medea Benjamin, co-director of Global Exchange, a San Francisco-based human rights group that for the past four years has been heavily pressuring U.S. companies to improve their labour practices overseas. "The report adds further weight to the international call for corporations operating in China, such as Disney, to disclose the locations of their Chinese factories, pay their workers a living wage, and make a serious commitment to independent monitoring."

The HKCIC report, based on interviews with dozens of Chinese workers from four factories, reveals a disturbing pattern of abuse in factories making Disney products. In their eight months of investigation, researchers found that factory managers routinely violate both Chinese labour laws and Disney's own Code of Conduct for Manufacturers with respect to overtime, pay and contracts.

Workers at one factory reported that they regularly work 16-hour days, seven days a week during peak production times despite Chinese labour laws that establish a maximum 49-hour work week.

In one factory, employees couldn't afford to go home for the Chinese New Year because they had not been paid in three months. Workers at all the investigated factories complained of working mandatory overtime for minuscule wages; at one factory, workers are paid only ten cents above their standard wage for five hours of overtime.

And at all the factories, workers are forced to pay the management "deposits" and "entrance fees" just to be able to work. At one factory, workers lose their deposit if they do not stay for at least two years, and at another, workers must pay a "tool deposit."

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According to the report, workers at the four investigated factories earn between 13.5 and 36 cents an hour, depending on the production schedule. Independent research groups in Hong Kong say a wage earner must make 87 cents an hour to meet the basic survival needs of a small family in a major Chinese city.

Like many other U.S. corporations doing business abroad, Disney has adopted a Code of Conduct designed to guarantee that its overseas workers are treated fairly. But as the report shows, many of the worker protections in Disney's code—including provisions covering overtime and distribution of the code to workers—are rarely enforced. Human rights activists say the HKCIC report demonstrates that Disney's code is virtually meaningless.

"Disney's Code of Conduct is commendable," says Mary McCollum of CAFOD, the official overseas development agency of the Catholic Church in England. "But it is clear that unless they allow independent monitors in to inspect their factories in China, these gross violations of workers' rights will continue to blight the company's good name."

In the past few years, U.S. corporations such as Levi's, Nike and Reebok have been publicly criticised for the way workers are treated in their Chinese factories. This is the first time, however, that Disney's Chinese subcontractors have been scrutinised.

The reports of worker maltreatment came as Disney investors prepared to meet in Seattle for the company's annual shareholder meeting.

A group of religious and socially responsible investors, together holding more than one million shares of Disney stock, has introduced a shareholder resolution that mirrors many of the demands from human-rights groups.

The investors, citing concern about Disney's reputation with consumers, want the company to agree to independent monitoring of its factories; establish a sustainable living-wage policy, and report regularly to investors about the pace of workplace improvements.

In their shareholders proposal, the investors backing the reforms warn that "without reports validating progress toward implementing the Code of Conduct, lasting damage could occur to our company's reputation, brand value and its long-term profitability."

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