GLOBAL ELECTRONICS

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BUSINESS SERVICE JOBS—A MIXED BAG

Official statistics, published in their standard form, provide a misleading picture of the Silicon Valley workforce. In 1985, when the *San Jose Mercury News* polled a scientific sample the local population, 45% of the employed respondents reported that they worked in "high-tech." However, state and Federal statisticians counted only about one quarter of the workforce in electronics and aerospace.

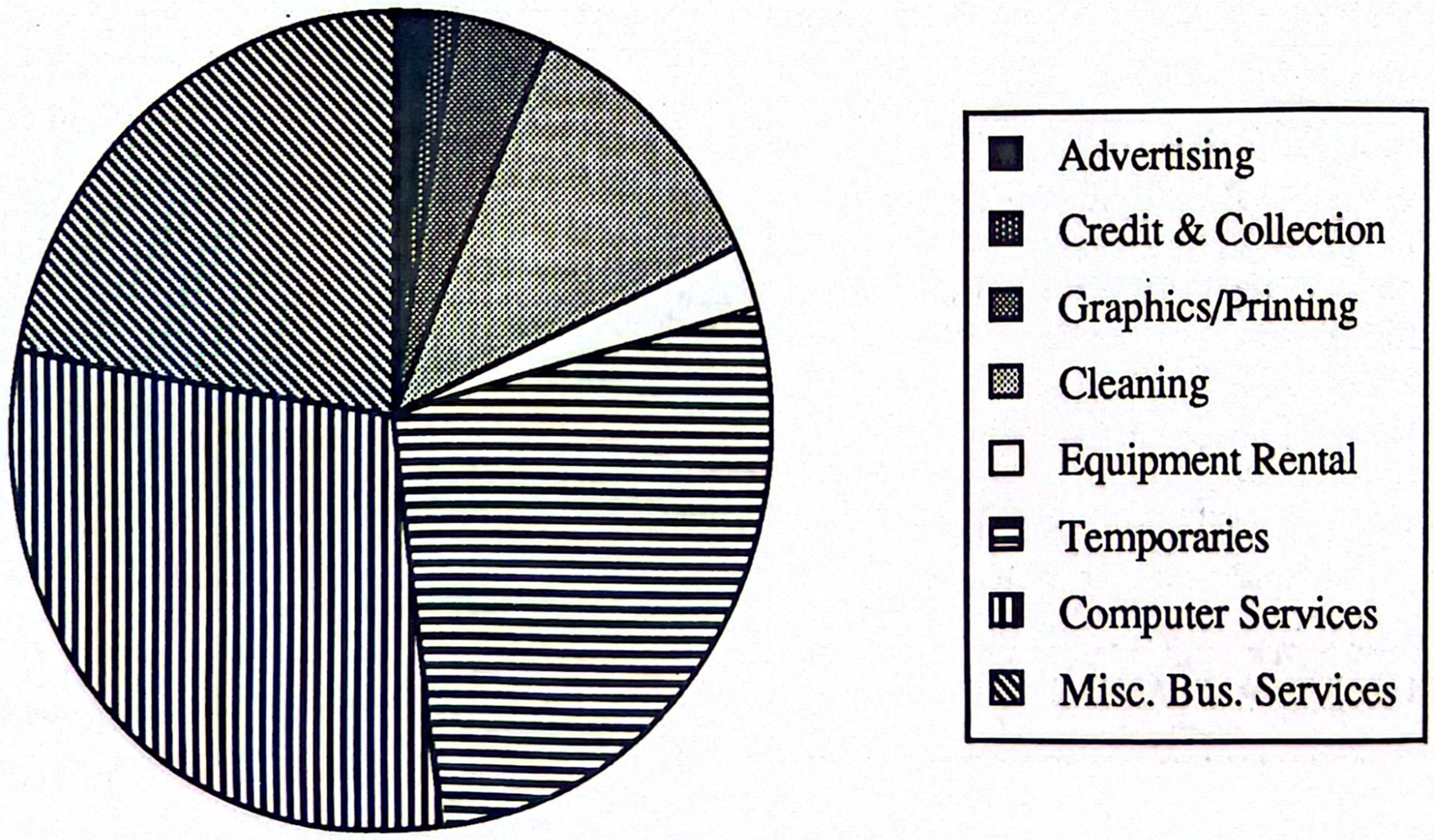
Furthermore, despite significant declines in electronics employment during the recession, overall employment in the Valley has been remarkably level. To some degree, electronics lay-offs have been counteracted by growth in "service" employment, which surpassed electronics employment in 1985. In March, 1993, the California Employment Development Department (EDD) tabulated only 201,300 jobs in durable goods manufacturing, compared to 225,300 in services.

EDD reports usually lump all services together, but slightly more detailed breakdowns are available. Business services, for example, account for about 64,000 of those service jobs. "Business services" has long been considered a mysterious category, because its composition is not normally published.

Recently we have received EDD data that explains most of the business services category. Business service industries include temporary agencies, print and graphics shops, and cleaning services, most of whose workers are indeed part of the high-tech complex, as well as an obviously high-tech category: computer services. Business services include companies that produce manuals for computer companies and job shops that supply subcontract assembly labor.

Despite their integration into high-tech, the business services employ dissimilar workforces. For example, the arithmetic average (mean) pay of employees in the computer services and software business is more than 3.4 times as great as janitorial workers' average wage. There are two key reasons: First, the average pay of low-level workers in janitorial work and temporary services is lower than that of workers in other services. Second, in fields such as computer services, where professional and managerial employees make up a significant segment of the workforce, their high salaries drive up the average.

SILICON VALLEY BUSINESS SERVICES
Employment by Sector, Third Quarter, 1991

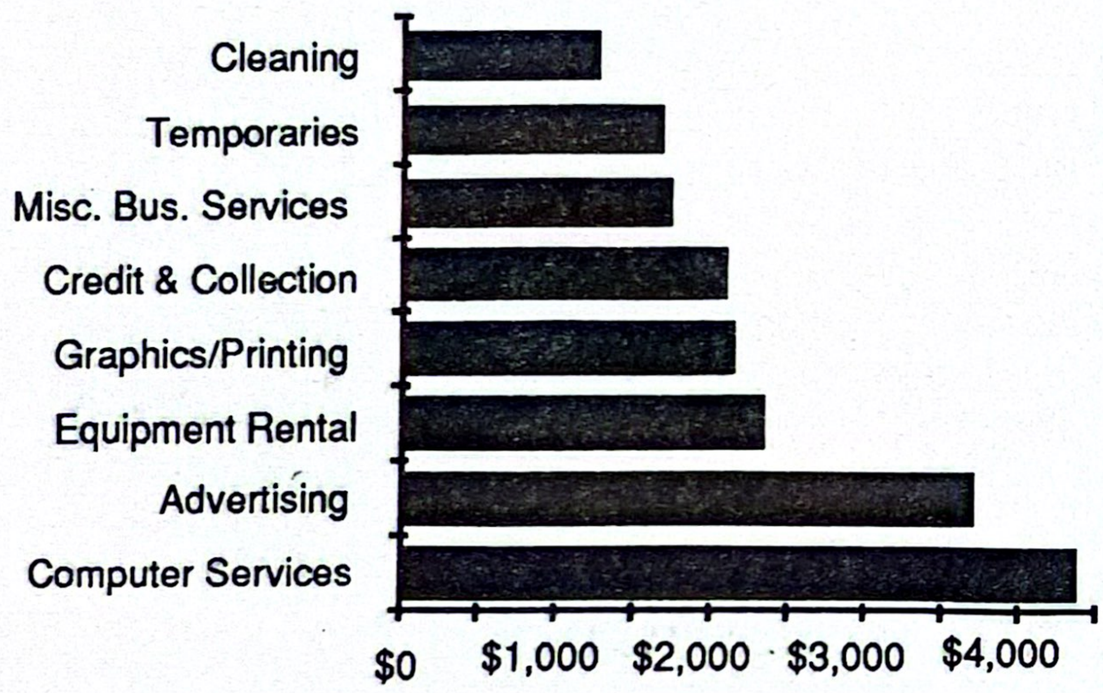


SILICON VALLEY BUSINESS SERVICES
Employment and Total Wages, Third Quarter, 1991

SIC	Industry	Employment	Total Wages for Quarter	Mean Monthly Pay
731	Advertising	1,096	$12,196,607	$3,708
732	Credit & Collection	622	$3,897,729	$2,089
733	Graphics/Printing	2,345	$15,082,830	$2,144
734	Cleaning	7,081	$27,087,511	$1,275
735	Equipment Rental	1,419	$9,991,159	$2,347
736	Temporaries	16,577	$82,950,396	$1,668
737	Computer Services	18,731	$245,197,795	$4,364
738	Misc. Business Services	12,978	$67,361,698	$1,730
73	TOTAL	60,850	$463,765,725	$2,540

Based on Santa Clara County data from the California Employment Development Department

Average (Mean) Pay in Silicon Valley Business Service Sectors
(third quarter, 1991)



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INTEL WHIPS THE SAW

Intel Corporation, regarded the semiconductor industry's technology leader since the early 1970's, has emerged as the number one producer. The company is investing vast amounts of capital in plants to produce its new generations of microprocessors. But Intel has parlayed its leadership and prestige into a massive, new scam: The capital it invests is not its own.

Each time Intel drops a hint that it might expand, would-be host cities and states beat a path to its door, offering subsidies, "streamlined" regulation, and financing. Officials believe that Intel will not only supply direct employment to local residents, but that it will strengthen the community's overall position as a high-tech employment center.

In balance, Intel is not such a bad employer. It's labor relations and environmental performance are above average for the semiconductor industry. Furthermore, the company is not about to go bankrupt next year.

But Intel is jerking around the communities that are competing for its favors. The bids now far outweigh the benefits. Communities need to develop a common strategy to keep high-tech corporations from moving or threatening to move, and for competing for investment by strengthening qualities that benefit the entire community.

In April, Intel announced plans to build a billion dollar wafer fabrication plant near Rio Rancho, an upscale suburb of Albuquerque, New Mexico, on the site of an existing Intel plant. The decision culminated a competition among six states and two Asian nations.

To build the plant, state and local agencies are supplying $114 million in direct subsidies: $57 million in property tax abatements, $36 million in waivers on sales tax for new production equipment, $20 million in direct manufacturing tax credits, and $1 million in training funds. On top of that, the firm received fast-tracked air pollution and construction permits. Finally, Sandoval County offered to sell $1 billion—since upped to $2 billion—in industrial revenue bonds, financial instruments to be repaid with lease revenue from Intel.

This is an enormous price just to attract 1,000 permanent jobs, some of which will go to professionals and managers from out of state. That breaks down to $114,000 per job. You don't have to be a chip designer to figure out that the same money could be used to generate more jobs.

Intel wasted no time dangling the carrot of yet another chip plant, telling officials in California that it needed a similar sales tax waiver, a permanent process for streamlining environmental permits, and workers compensation insurance reform. Key Golden State Democratic legislative leaders are already working for the sales tax exemption.

The states and cities cannot win if they play Intel's game, or similar contests run by other high-tech employers. Those that win the plums, such as Sematech or Intel, won't get much from them. Those which change their laws to suit the site-seekers may ending up losing revenues with nothing to show. Communities must change the rules of the game. There are three general approaches:

- Compete by doing things that benefit the rest of the community, such as improving the schools or building better transit.
- Form alliances agreeing not to compete, or at least establishing limits. In Europe, the European Community outlaws competition through local subsidies.
- Buy a piece of the action. If governments—through industrial revenue bonds or through pension fund direct investment—continue to be a major source of financing, then they should demand a share of control. Owners can influence location, based on their overall needs, despite the wishes of company managers to extract concessions from localities.

It will be difficult to implement any of these strategies during a protracted recession, while jobs are still hard to come by. The national economy must be strengthened if local power is to be enhanced. But even in periods of growth, local power and local well being will suffer if officials continue to turn over public policy-making and the public purse to private companies, no matter how sophisticated the technologies of their management.

APPLE STILL RELIES ON TEMPS

I worked as a contract technical writer for Apple Computer at a time when the company was just beginning one of its periodic expansions. It made sense to rely upon contractors, as opposed to permanent employees, because the future was not clear. When I stopped working there, the rumor was that the company was phasing out contractors.

Like other contract writers, I worked from my home, but Apple had a floor full of agency-hired temporary workers doing software quality assurance. These "testers" represent an important, growing mid-level occupational category. Not quite "professional," they are highly qualified as experienced computer users. While the country as a whole may not have an enormous demand for testers and customer support personnel, who have similar skills and experience, they are in high demand in places such as Silicon Valley and Seattle.

Today, with Apple's market share rather certain, it still relies upon temps to test new software. The following story of an Apple contract tester is excerpted from CPU, a new on-line magazine about working in the computer industry.—LS

Contracting has its own strange sort of consciousness. It's a state of not-being-quite-real. You know that your tenure is limited, and even if the contract can be extended, the most that Apple allows you to contract for is 18 months, after which you can't work there for six months. Apple seems very conscious about being clear that you are *not* a regular employee," and in fact, I had to sign a piece of paper that stated that if at any time I thought that I *was* an employee, or being treated as an employee, I was to bring it to Apple's attention.

It becomes obvious quickly that this is a two-tiered labor system. Employees have their stock options and their Apple store discounts and their profit-sharing and their special lectures and in-house training, and their company health club. The contractor has diddly. You could access Apple and site-licensed software off of the company server, and you could use the Apple library, and you could go to the periodic Friday afternoon beer party. (At Christmas-time, the department rented a movie theater in Cupertino, and the engineering staff was invited to see "A Few Good Men." I was told I was welcome to go as well, but of course I wouldn't get paid for that time.) But that was about it. You're out of work from Christmas to New

(continued on page 4)

Year's, without pay, of course (nor are you allowed to attend the Christmas Party). You're explicitly barred from product previews and from engineering lectures and other company events. It's not that these in themselves are things you might even want to go to, yet, nonetheless they serve as recurring reminders of another status. You are a second-class worker.

I've tried to mull over the logic of this. Why does it make sense to do these things for full-time people, and not for temps? For full-time people, I suppose it helps to buy loyalty and commitment, as staff turnover (especially engineering staff) is an expensive headache. But the traditional relationship of "you put in your hours, and you get your wages" is too clear when you are a contractor. I was not allowed to put more than 8 hours a day or more than 40 hours a week on my timesheet. I was there to do a very specific job. Obviously, I was a cheaper employee because they did not need to pay for all of the extra bennies for me. (And I can't help but wonder if I helped to keep pressure on the regular Apple engineers, that perhaps their position could be converted to contractor status someday.)

Still, I think that relying on temps and contractors is counterproductive in the long run, because, just as it's obvious that Apple has no intention of giving up anything "extra," you realize you have no reason to give anything "extra" to Apple. You do your job and that's that. There's no incentive to go beyond the letter of the instruction.

On the two projects I worked on at Apple, one-third to one-half of the people were contractors. Some of the contractors did quite well, and one who did product development was very happy with his situation, and never seemed to be without prospect for work. Another contractor I spoke to felt that if you were still contracting at 40, your life was somehow a failure, as if successful engineers had, by that point, either settled into project management, or had their own consulting firm.

The pay for contractors varied greatly depending on the kind of work you did, which of course would tend to color your attitude about the work. The people doing product coding were pulling in probably around $50 per hour, maybe more. It always struck me as funny that talking about how much you made was the great taboo at work. QA work (my description was "test engineer") is considered the least-skilled of engineering work, and paid around $25 an hour (and QA work can be the most boring kind of engineering there is). That's what I made anyway.—JD

Online subscriptions to CPU are available at no cost by e-mailing **listserv@cpsr.org**, with a single line in the message: **SUBSCRIBE CPSR-CPU <your first name> <your last name>.** For example: **SUBSCRIBE CPSR-CPU Mary Smith**

Contact CPU by voice at 510/601-6740, by e-mail at **stack@starnine.com**, or by U.S. mail at P.O. Box 3181, Oakland, CA 94609. CPU is a project of the "Working in the Computer Industry" working group of Computer Professionals for Social Responsibility, Berkeley Chapter."

Pacific Studies Center
222B View Street
Mountain View, CA
94041 - USA

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