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MEXICAN STRIKE

Workers staging a general strike this November in a Reynosa, Mexico industrial park shut the local operations of U.S.-owned companies such as Zenith, Veeco-Lambda, General Electric, Johnson Controls, and Firestone, and a resulting shortage of parts nearly closed Zenith's color television plant in Springfield, Missouri. As many as twelve thousand workers are employed at Reynosa, which is on the border with Texas near the Gulf of Mexico.

Electronics News claims that the strike was a wildcat affair, caused by an "internal dispute between two rival factions belonging to the government-controlled CTM union." That probably means that the Reynosa workers went on strike against the wishes of the politicians that control the official union. The principal issue was low pay, since Reynosa workers earn less than workers at other Mexican industrial parks. The strike was settled after six days of closure.

Zenith was the only park employer vulnerable to the interruption of production at Reynosa. Its 6,000 workers there stuff printed circuit boards for power supplies. It is the only source of those components for Zenith's Springfield assembly plant, which manufactures color monitors for computers as well as

TV sets. One thousand workers were laid off at Springfield, as the facility slowed to fifty to sixty percent of capacity. If the Reynosa plant had remained closed two days longer, Springfield would have been shut down entirely. (**Electronics News**, November 14, 1983 and November 21, 1983)

UNION VICTORY

Labor unions rarely win victories at high-technology companies. In Silicon Valley, for instance, electronics management extended its shut-out of union organizing drives when Atari's coin-op game division solidly turned down the Glazier's Union. However, the UAW not only won a labor representation election at Com-Cir-Tek, in Cheektowaga, near Buffalo, New York, in 1982, but this year the union won a contract, providing for raises of up to 40%, after 55 union members staged a 201-day strike.

Com-Cir-Tek (short for Computer Circuit Technology) is a printed circuit fabrication subcontractor, which makes PC boards for GE, Kodak, and other large companies. Before the strike, its average wage was \$4.25 an hour. Workers were constantly exposed to fumes from cleaning solvents, as well as other health hazards. (**UAW Solidarity**, October, 1983)

EASY COME, EASY GO

The booming personal computer market draws new entries like honey draws flies. Major multinational corporations, such as ITT and Sperry (manufacturer of Univac), have just announced their own microcomputers. Japanese producers are still trying to crack the North American market. British service company Apricot has just come out with its own machine. And Silicon Valley start-ups, such as STM and Gavilan, continue to put new products up for sale.

The problems of Atari and Texas Instruments, two leading producers for the home (game and education) market, are well known. Are the financial situations of Osborne and Victor handwriting on the screen for manufacturers of professional and business computers, or are they isolated examples of bad management?

Many, such as the Bank of America, predict a major shake-out in the personal computer industry, and they're probably right. Too many companies are building products which are essentially the same. Even Apple, industry pioneer and leader until IBM marched onto the scene, will have difficulty retaining its market share at profitable margins, once supply exceeds demand.

Once the crash comes, there will be substantial price-cutting, and many small firms will take a bath. Large companies, particularly those with a good-sized installed base of larger computers or other office products - Hewlett-Packard, Xerox, AT&T - will retain market niches, based upon long-term relationships with customers. They will find it difficult, however, to turn a direct profit on personal computer sales.

Ironically, though more and more customers will be buying small computers, the market just won't expand at the rate projected by the combined corporate plans of industry participants. In fact, fire sales and other price-cutting may help draw a few more customers into the market. (This is already happening in home computers.)

The personal computer shake-out will not mean the demise of Silicon Valley or other high-tech industrial centers. Silicon Valley was a high-tech center long before Apple sold its first machine. Originally the recognized center of chip technology, it became a boom-town for computers, software, parts, and peripherals as the capability of chips approached that of computers. The computer and chip industries have converged into one.

As designers place more functions onto each chip, new applications will join or replace computers as booming high-tech industries. The first, communications, is already taking off, for three key reasons: First, the break-up of AT&T is introducing competition to a huge market for telephone and digital communications equipment. It may force the American public to pay higher phone bills, but new chip-based switchboards, phones, and other communications devices will be rushed onto the market.

Second, millions of Americans have personal computers that cannot talk to each other. To serve computer users, in the home (via phone or cable lines), in the office, and the classroom, companies are marketing local area networks and modems. Many individual users will buy modems, and corporate users will order networks, as naturally as car owners replace their tires.

Third, the growth of information utilities, electronic mail, and cellular radio will not only increase the demand for radios and terminals, but it will create a market for additional switching and relay equipment.

Look for a whole new rash of start-ups exploiting the chip in the communications market. Technologies now on the horizon indicate that large firms will more quickly dominate the field, but innovative products can do well, especially if the small, new firms link up with larger ones.

In Silicon Valley, start-up firms have historically been credited with innovation. Atari and Hewlett-Packard, the employers of Steve

Jobs and Steve Wozniak, weren't interested in marketing microcomputers, so the two Steve's started their own firm, Apple. Without the backing of venture capital, their enterprise might have flopped.

Today, however, there appear to be too many start-ups, the result of a glut of venture capital. Apple's backers struck it rich when the stock went public in 1980, so others rushed to get in on the ground floor at new high-tech firms. Capital gains tax-law changes, pushed through Congress with the assistance of the American Electronics Association, made venture capitalism even more advantageous.

Much, but clearly not all, of the industrial ferment in Silicon Valley today represents financial game-playing, not product innovation. The game is simple: start a company with the help of some venture capitalists; make profit for a short time; and go public and count your money, letting the new owners worry about the company's long-term health.

The coming shake-out in personal computers could discourage enough investors to ease the financial flood. In fact, it is possible that support for small companies in communications and other expanding technologies will dry up altogether.

PAMPHLET AVAILABLE

The Institute for New Communications, affiliated with South End Press, has published a well written, introductory pamphlet on the exploitation of women in electronics, textiles, and toy factories in the Third World and the U.S. Written by Annette Fuentes and Barbara Ehrenreich, **Women in the Global Factory** may be ordered for US\$3.75 (plus \$.75 domestic postage) from the Institute for New Communications, 853 Broadway, Room 905, New York, NY, 10003. The illustrated pamphlet is 64 pages.

JOB DEMAND

In Silicon Valley, the jobless rate is well below the national average, but hundreds of applicants still swamped Varian Associates, one of Palo Alto's oldest electronics firms, when the company announced fifty-two openings for assemblers and clerks. The **Peninsula Times-Tribune** (November 16, 1983) interviewed several of the applicants. One worker, a 47-year old Vietnamese immigrant, wanted to get off his government grant. Another, currently employed at a metals shop in Sacramento, said "The place I work now is hazardous to my health, and Varian has a good reputation." A third, a Chilean-born warehouseman who was laid off by another Silicon Valley firm in August, said he needed swing-shift work because his wife works days in a local cannery. Day care for his three children would cost more than \$300 a month.

WESTERN ELECTRIC

AT&T, the company whose Bell Telephone Labs invented the transistor, is quickly moving into the merchant components business, opened up recently by AT&T's anti-trust settlement. Western Electric, the phone company's manufacturing arm, plans to build a wafer fabrication facility at its Kansas City Works, located in Lee's Summit, Missouri. The plant will manufacture 256K random access memories, among other products. The new facility will add 300 employees to the Kansas City Works' 3,800.

Western Electric still holds a 4,500 acre tract in Orlando, Florida, for construction of a new chip-making plant, but it chose to expand in Missouri because that would be "substantially quicker." (**Electronics News**, September 12, 1983)

U.S. ELECTRONICS TRADE

Based on results for the first nine months, U.S. electronics exports should exceed imports for 1983 by more than \$2.2 billion. This is down from \$5 billion in 1982, \$6 billion in 1981, and nearly \$7.4 billion in 1980. A large deficit in consumer electronics (radio and TV receiving sets) was more than offset by a huge surplus in electronic computing equipment. (Congressional Record, November 18, 1983, S17104-5, prepared by Science and Electronics Division, Office of Producer Goods, Bureau of Industrial Economics based on data from the Bureau of the Census and the Bureau of Economic Analysis). The following chart shows projected 1983 results. Figures are in millions of US dollars.

Category	Exports	Imports
Computing equipment	10,230	4,000
Calculators	648	264
Typewriters	490	1,604
Radio/TV receivers	604	6,334
Telephone/telegraph	786	1,157
Radio/TV equipment	2,510	2,040
Components	5,851	6,770
X-Ray/electromedical	1,075	660
Test & optical instruments	3,600	1,400
Measuring/control instruments	1,450	300
Photocopiers	425	700
Total	27,285	25,613

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