
GLOBAL ELECTRONICS

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WHEN PRODUCTION IS INTERNATIONAL, THE RECOGNITION OF LABOR RIGHTS SHOULD BE GLOBAL

In the early 1970's, PSC started examining the emerging international division of labor in high-technology electronics. As a center devoted to the study of U.S. relations with East Asia, we couldn't help but notice that corporations in our own backyard, such as Fairchild and National Semiconductor, were rapidly expanding their semiconductor assembly plants in that region. Rather than producing for local or regional markets, these factories were taking advantage of low wages to process chips for re-export to the United States.

Lenny Siegel submitted an article on the phenomenon to **American Report**, the newspaper of Clergy and Laity Concerned about the War in Vietnam. But the first editor who saw the piece rejected it. To her, cheap Asian labor was a natural phenomenon, so she thought offshore sourcing to be of no interest to a peace and social justice audience.

Eventually, **American Report** published the piece, and ever since we have written and published articles reiterating its key point: The conditions that draw U.S. electronics companies to Asia are largely the product of past and present policies of the U.S. government, from military intervention to development advice to aid and trade incentives.

We have argued, over the years, that recognition of the rights of workers, in Asia as well as the U.S., would create a more level playing field. Asian workers would be paid enough to become consumers while American workers would not see their hard-won living standards eroded by "competition" from their relatively powerless counterparts across the ocean.

In the early 1980's, the future looked bleak for policies promoting economic human rights. After all, the Reagan administration tolerated or supported death squads and torturers, so human rights groups had to fight rear-guard actions just to protect gains made in the 1970's.

Nevertheless, during the Reagan years Congress enacted four pieces of legislation linking

U.S. trade and foreign investment policy to the overseas observance of workers' right. The laws governing the Caribbean Basin Initiative, the Overseas Private Investment Corporation, and the Generalized System of Preferences all make their benefits contingent on the recognition of the right to organize and bargain. And the Omnibus Trade Bill of 1988 treats the systematic violation of workers' rights as an unfair trade practice, subject to retaliation by the U.S.

These laws have created an official forum in which the overseas labor relations of U.S.-based multinational corporations, including leading electronics firms, can be challenged, but they are weak. In the first three laws, the President has the authority to overlook rights violations, while there is no way to counter unfair trading practice unless some enterprise or group of workers can demonstrate they they have been hurt. (Terry Collingsworth, Associate Professor of Law at Loyola Law School of Los Angeles, describes these provisions in detail in his paper, "American Labor Policy and the International Economy—Clarifying Policies and Interests." A version will appear in the December, 1989 issue of the **Boston College Law Review**.)

Not surprisingly, labor rights provisions have not been invoked in countries where they would make a difference, but the process allows independent human rights groups, as well as American labor unions, to publicly state their critiques of labor policies in countries that export to the U.S.

While a large number of groups have their own targets for research and lobbying, most work with the International Labor Rights Education and Research Fund. Formed by the forces that successfully won passage of these provisions, the ILRERF promotes labor rights around the world and supports research to demonstrate labor rights abuses in countries that do business with the U.S. (ILRERF is located at Box 68, 110 Maryland Ave., NE, Washington, DC, 20002. Its phone

(continued on page 2)

number is 202/546-4304.)

In fact, the threat of action under GSP legislation is credited with the government of Malaysia's short-lived approval of unions in the semiconductor assembly industry. (See **Global Electronics** 93 and 94.) However, the Bush administration is unwilling to follow up the threats implicit in the legislation, so unless the labor rights coalition can exert more pressure in the U.S., Malaysian workers may gain nothing.

Despite the shortcomings of existing legislation, the emergence of the "international labor rights" lobby is exciting. It can only lead to increased pressure on anti-labor governments and even stronger legislation.

But the international labor rights strategy has its risks, as well. Stephen Coats, who works with ILRERF, wrote in **In These Times** (February 22, 1989) that some labor organizers in the Third World are reluctant to support what appears to be a veiled form of protectionism. Coats said, "The AFL-CIO's Cold War ideologues and protectionists are using international labor rights as an excuse to shut off imports from Third World countries."

To overcome the accurate suspicions of Third World activists, Coats calls for greater communication and cooperation between Third World labor movements, and their genuine supporters in the U.S.

Uniting workers worldwide is not a new idea, but now it is more than an ideological goal, it is a practical necessity. In cases, the labor rights provisions of U.S. trade and investment legislation are valuable tools, but U.S. unions and other allies of Third World unions must go further, challenging military aid, boycotting products, and providing direct assistance to organizers abroad. For example, ~~the abandonment of Korean plants and workers by U.S.-based firms~~ (see the next article) provides an excellent opportunity for stateside activists to provide overseas workers with direct support.

In some industries, the networks for international solidarity are in place, but in high tech, there is a problem. Few of the domestic employees of U.S.-based computer and semiconductor manufacturers are represented by unions.

For example, in 1977, a time when genuine labor organizing in South Korea usually triggered severe repression, we received a letter from the Signetics Labor Union in South Korea. Workers at the Korean subsidiary of the Silicon Valley-based subsidiary of Signetics, a chipmaker owned by the Dutch electronics giant Philips, were staging a sit-in in the company cafeteria. They asked for information about Signetics, which PSC could

provide, and for contact with the union at the Signetics main plant in Sunnyvale. But Signetics, like all other merchant chip producers in the U.S., is not organized. We could only put the workers in touch with one sympathetic engineer.

And that's the heart of the problem. If anyone is to promote the rights of high-tech workers, in the U.S. as well as Korea or Malaysia, then those American workers must be organized. Without high-tech unions, neither lobbying nor solidarity actions are likely to garner the strength they need to influence the labor policies of export-oriented countries and the companies they host.

KOREAN RUNAWAYS

At least two more South Korean electronics assembly firms have literally run out on their employees. We don't know whether either situation has been resolved, but such cases present an opportunity for Americans to come to the direct aid of organized Korean workers. Both firms are affiliated with companies in Orange County, California.

The first company, AFCOA Korea, of Seong Nam, had been operating in South Korea since 1970. It assembled hybrid circuits, primarily for insertion into military aircraft produced by General Dynamics. AFCOA is headed by Gwan H. Kim, a Korean-American who also runs a corporation called GKD Electronics, based in Santa Ana, California.

At the start of this year, AFCOA employed 240 workers, including 219 women production work

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"better late than never"

ers. A fact sheet distributed by the Korea Coalition (110 Maryland Ave. NE, Washington, DC, 20002) reports, "Working conditions at the factory were poor. Mismanagement and overexposure to chemicals such as MEK [methyl ethyl ketone] and to smoke from lead solder caused chronic headaches and bleeding of the throat and nose. Epoxy powder filled the air and caused skin disease. The women spent over eight hours a day using old, out-of-date microscopes, causing eye problems and deterioration of the neck muscles."

At the end of March, 1989, 213 AFCOA workers formed a union. Company management eventually recognized the union, and it bargained with the union on at least six separate occasions. The struggle included a factory lock-out, violence initiated by management, and a threat to oust workers from the company dormitory.

Late at night on June 6 and 7, company supervisors entered the plant and removed its products and production equipment. The fact sheet adds, "On June 7 the workers came to work only to find a notice saying that they had all been fired. The company also took workers' belongings such as tape recorders, removed all the food from the storage room, withdrew the savings of the workers, and seized union cooperative funds. The supervisors and management have all disappeared, and the only person the workers know of to contact is the company president ... now living in Costa Mesa, California."

Since Kim and his other company are in the U.S., and since AFCOA assembled circuits for products ordered by the U.S. Department of Defense, this is not merely a Korean matter. Both litigation and direct action could help win compensation for the illegally fired Korean workers. But there needs to be a group in the U.S. with both the inclination and resources to respond.

We've also heard indirectly from employees of Rhombus Electronics, a South Korean subsidiary of Rhombus Industries, based in Huntington Beach, California. Rhombus has been in Korea since 1972, and early this year it had 160 female production workers.

At the end of May, the company abruptly and illegally shuttered its Korean plant, reportedly expanding its activity in Thailand. Rhombus promised severance pay, but it delayed payment for more than two months. We are waiting to hear whether payment has been made.

Again, support actions in the U.S. could conceivably have hastened compensation or even prevented the plant shutdown.

MALAYSIA BROADENS

Since the early 1970's, Malaysia has been the leading offshore center of semiconductor assembly. It touts itself as the world's largest exporter of chips, but that title fits only if you include the massive value of the semiconductor wafer imports that feed the Malaysian factories.

The electronics industry's US\$5.5 billion in gross exports in 1988 constituted 56% of all Malaysian manufactured exports. In turn, manufactures accounted for 49% of Malaysia's total exports, a remarkable figure given the country's historical role as a supplier of primary products such as tin, rubber, and palm oil. As recently as 1980, manufactured goods made up only 22% of exports. (Again, these export figures do not take into account the huge value of imports that are merely assembled into exported goods.)

U.S.-owned firms in Malaysia almost exclusively assemble chips, but a growing number of firms from other foreign countries are establishing consumer electronics and electrical appliance plants. The *Far Eastern Economic Review* (September 7, 1989) calls Matsushita Malaysia's largest electronics producer. The Japanese consumer electronics giant operates eight Malaysian factories, and in August it announced plans to build a new air conditioner plant near Kuala Lumpur. In April, Matsushita opened a color television factory in the Shah Alam industrial estate, in Selangor state. The factory is slated to become one of the firm's four worldwide color TV producing centers.

Japan's Sharp, the second largest electronics manufacturer in Malaysia, also plans to make Malaysia one of its four major production centers of color televisions. Sony is building audio products, chips, color TV's and video cassettes in Malaysia, and it plans to build micro-floppy disk drives there as well.

Meanwhile, somewhat smaller Taiwan and Hong Kong-based electronics companies are also setting up shop in Malaysia. Taiwan's Formula Electronics, for example, employs 1500 workers in a new plant. It produces telephone answering machines and cordless phones.

As more end-use electronics equipment is assembled in Malaysia, the *Far Eastern Economic Review* predicts that Malaysia will attract investment in integrated circuit wafer fabrication. It says, "Modern televisions, VCR's, and even telephones are packed with memory chips and other kinds of integrated circuits. As Malaysia produces more of these, the logic of establishing expensive wafer fab plants will become more persuasive."

RISCY LIAISONS

America's leading developers of workstation technology, including reduced instruction set computer (RISC) architecture chips, are widely licensing their technologies in the hope of establishing their machines as industry standards. Sun Microsystems is working closely with AT&T. MIPS Computer Systems, a Silicon Valley start-up, is allied with Digital Equipment (DEC).

But those two companies, as well as industry old-timer Hewlett-Packard, have also licensed their technology to foreign firms, including major Japanese computer companies. *Fortune* (September 11, 1989) warns that the foreign licensees may capitalize on an American technology and eventually run off with the market. It points out several other instances in which U.S. companies became embroiled in controversy with their former Japanese allies.

Indeed, if the Americans slow their research pace or foul up production, foreign producers may grab a large share of the workstation market. But denying them the technology wouldn't keep them down for long. The Japanese and Europeans would eventually obtain the information through public sources, alternate deals, or even reverse engineering. The only way that U.S. workstation-makers can retain their market and technological leadership is by running faster than their competitors, domestic as well as foreign.

Fortune lists the following international workstation partnerships:

Sun: Fujitsu, Philips, Tatung, ICL, Toshiba, and Solbourne (Matsushita)

MIPS: Siemens, NEC, Sony, and Sumitomo
Hewlett-Packard: Hitachi and Samsung

CHINA TOSSES STONE FOUNDER

China's June crackdown on "pro-democracy" protesters is handicapping some of its most successful business operations, for many leaders of Chinese trade and industry were openly sympathetic to the Tienanmen Square protests. For example, Wan Runnan, founder, chairman, and president of the Stone Group, China's largest computer company, has fled China.

Wan reportedly joined students in calling for the resignation of Deng Xiaoping and Li Peng, and under his leadership the firm donated supplies to demonstrating students.

When the army moved in, authorities fired Wan, expelled him from the Communist Party, and issued a warrant for his arrest. He left the country.

The Stone Group, formed in 1984, was considered a model private enterprise, "showing what could be achieved with hard work and imagination under senior leader Deng Xiaoping's economic reform program."

Now Wan has been replaced with a co-founder, and company representatives have "launched a campaign through letters and personal visits to dispel rumors it will be shut down..." (Associated Press, San Jose Mercury News, August 12, 1989)

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