

27. The response rate on the BNA survey was 55 percent. Bureau of National Affairs, *The Changing Workplace: New Directions in Staffing and Scheduling* (Washington, D.C.: BNA, 1986), p. 7.

28. Bureau of National Affairs, *The Changing Workplace*, pp. 8-9. These figures include both manufacturing and nonmanufacturing firms.

29. This conflicts with the claim made many years ago by Johnson and Ouchi that Japanese plants in San Diego and elsewhere had lower than average turnover rates. See Richard Tanner Pascale and William G. Ouchi, "Made in America (under Japanese Management)," *Harvard Business Review*, vol. 5 (Sept.-Oct. 1974), p. 63.

30. These figures are from a 1986 survey conducted by the Administrative Management Society. See Norback, ed., *Human Resources Yearbook*, pp. 13.23-13.24.

31. Womack et al., *The Machine*, p. 13.

32. These averages are means. The median figures were 98 percent of output sold in the U.S. and 73 percent domestic content. Forty-four plants responded to the question about where output was sold and 36 to the more complex question about domestic content.

33. For discussion, see Edward M. Graham and Paul R. Krugman, *Foreign Direct Investment in the United States* (Washington, D.C.: Institute for International Economics, 1989), pp. 55-61.

34. Matt M. Amano, "Organizational Changes of a Japanese Firm in America," *California Management Review*, vol. 21, no. 3 (Spring 1979), p. 51.

35. See Vladimir Pucik, Mitsuyo Hanada, and George Fifield, *Management Culture and the Effectiveness of Local Executives in Japanese-Owned U.S. Corporations* (Ann Arbor and New York: University of Michigan School of Business Administration and Egon Zehnder International, Inc., 1989); "Why American Employees Leave Japanese Companies," *Practical Personnel Management*, vol. 1, no. 2 (1989), pp. 1-E, 4-E; "Culture Shock at Home: Working for a Foreign Boss," *Business Week*, Dec. 17, 1990, pp. 80-84.

5/ Japanese-Owned Plants and Labor Unions

Some commentators have suggested that the use of "Japanese" management practices like quality circles and flexible teams can undermine or prevent unionization, whether in domestic or foreign-owned firms.¹ However, as we saw in the last chapter, most of California's Japanese firms rely instead on more conventional forms of work organization and on human resource practices similar to those of large nonunion domestically owned firms. The absence of unionism in such plants cannot be explained by their use of "Japanese" management techniques. On the contrary, it appears to be a product of the tried and true human resource policies developed long ago by domestic firms determined to avoid unionism. In cases where these policies have failed to prevent serious unionization efforts, however, Japanese-owned firms (just like their American counterparts) have been quick to hire labor consultants and to draw on their arsenal of anti-union tactics.

The period in which JDI in the U.S. skyrocketed coincided with a dramatic decline in the strength of organized labor. Union density fell sharply, to only 16.1 percent of the workforce, and 12.1 percent of nonagricultural private sector workers, in 1990—lower than at any time since the 1930s.² As capital mobility and corporate political power increased in this period, employers gained enormous leverage, so that even in firms where organized

labor retained a solid membership base, union influence declined precipitously. As management grew increasingly emboldened in the 1970s and 1980s, firms came to rely heavily on "labor consultants" (attorneys specializing in anti-union tactics) to combat new organizing efforts and to decertify existing bargaining units. The strike, historically labor's most powerful weapon, was transformed into a tool of management power with the increased use of "permanent replacements," who can legally be employed in jobs formerly held by economic strikers, and retained in those jobs even after the strike ends. Increasingly, strikes are not initiated by labor, but instead deliberately provoked by managements eager to eliminate unions from their firms.

While union density already had begun to decline earlier, most commentators view the election of Ronald Reagan in 1980 and his destruction of the Professional Air Traffic Controllers' Union (PATCO) by unconditionally firing all the controllers who participated in its 1981 strike as the critical turning point in the fortunes of the labor movement. The PATCO strike was followed by an unprecedented wave of concession bargaining in industries like auto and steel that had previously been citadels of organized labor's strength, and the resulting rollback of past union gains rapidly spread through the entire economy. Labor law enforcement was also weakened under the Reagan administration, so that even the minimal protections unions and their supporters theoretically enjoy under the law were eroded. The deep recession of 1982, the worst since the 1930s, brought further losses in union strength, and the deterioration continued throughout the 1980s, even after the recession ended.³

As their presence expanded in this decade of de-unionization, Japanese-owned firms adopted American-style anti-union policies, complementing their use of the human resource policies pioneered by large nonunion domestic firms described in the last chapter. Although the data are fragmentary, there is some evidence of anti-unionism on the part of Japanese-owned manufacturing firms even prior to the 1980s.⁴ The record for the 1980s itself suggests a strong emphasis on union avoidance, even for firms that long ago accepted unionism in their home plants in Japan. Although there are no systematic national data on this subject, news reports and case study accounts suggest that most unionized Japanese-owned plants are either previously unionized acquired plants (rather than greenfield operations) or joint ventures with previously unionized American-owned firms. In such joint ventures, unions often exert

pressure through their existing relationship with the American partner to win acceptance for a union presence. In other greenfield plants, however, Japanese-owned firms show a decided preference to remain nonunion. As we saw in Chapter 3, these firms tend to avoid heavily unionized areas in choosing new plant sites. Moreover, they have met union organizing campaigns with strong and effective resistance. The best-known case is the Nissan auto assembly plant in Smyrna, Tennessee, where the UAW suffered a bruising defeat in 1989, losing an election by a 2-to-1 vote after a lengthy, hard-fought campaign.⁵

While this anti-union behavior is surely lamentable from the perspective of anyone who supports collective bargaining, it is important to recognize that Japanese-owned firms closely resemble their domestically owned counterparts in this respect. Regardless of the nationality of their ownership, most new manufacturing plants launched in the past decade in the U.S. are nonunion operations; unions are losing rather than gaining members in the private sector generally; and most union elections in recent years have ended in management victories. "Many foreigners try not to 'seem different' from American firms . . . [they] want to blend in and not be seen as foreign," Glickman and Woodward point out in their authoritative study of direct foreign investment in the U.S.

Here, as elsewhere in the world, the labor relations practices of an MNC [multinational corporation] are determined by what the host country's environment will permit and, to a lesser degree, by the labor relations practices the MNC uses at home. If there is a strong labor movement and strong labor laws, MNCs will be less willing to fight unions than if labor is weak. Nevertheless, with labor weak in the United States and with minimal enforcement of labor laws during the Reagan era, many believed that they could avoid unions, and some foreigners have fought unionization fiercely here. The picture that emerges seems little different from that of large American companies in the 1980s: to avoid and fight unions when possible and to be accommodating only if necessary.⁶

In short, in opposing unionization efforts, Japanese-owned firms are simply following the lead of their American-owned counterparts.

The evidence I collected on the labor relations policies of Japanese-owned manufacturing plants in California is consistent with this overall pattern. Only five of the state's 65 Japanese-

owned manufacturing plants with 100 or more employees are unionized. Most of the rest have strenuously resisted any unionization efforts they have faced, and the managers we interviewed expressed a strong desire to avoid unionization in the future. While 27 percent of workers in California's Japanese-owned manufacturing plants were unionized in 1987—a slightly higher proportion than the 22 percent of manufacturing workers statewide who were unionized—this superficial comparison obscures some important facts.⁷ Three of the five Japanese-owned unionized plants, all of which manufacture metal products, were unionized long before the Japanese entered the picture. Although in some other cases acquisition by the Japanese involved a transition from a union to a nonunion operation, in these three plants the change in ownership left the old labor relations system intact. California's fourth large unionized Japanese-owned manufacturing plant is NUMMI, the joint venture between Toyota and GM, where union recognition was negotiated in advance as part of the international partnership. The one case where unionization occurred as a result of a conventional organizing campaign in a greenfield plant was at Suntech's (not the firm's real name) San Diego facility, where a successful unionizing drive took place in 1980—just before the PATCO strike. While there have been several other unionizing attempts at Japanese-owned firms in California in the decade since Suntech was organized, all of them have been defeated.

Management Attitudes Towards Unionism

Several of the managers we interviewed emphasized the linkage between their firms' human resource practices (described in the last chapter) and their desire to operate on a nonunion basis. When asked if he was concerned about the possibility of unionization, one manager at an electronics plant replied, "Everything I do and breathe is designed to prevent a union from coming in here!" He added that if workers were unhappy enough to turn to a union, it would mean he had failed as a human resources manager. "I want to make unions superfluous," he told us. This remark was echoed by many other managers. Several suggested that workers only turn to unions when management is abusive. "We treat our workers fairly," a metal products plant manager told us, "so they don't need a union to speak for them." Another manager at a steel plant expressed great concern about

how his first-line supervisors treat workers, and reported that he had even suspended some supervisors temporarily for "attitude adjustment." "If they're too hard [on workers]," he told us, "we may be buying a union. We keep track of this very closely."

Several managers emphasized that their human resource policies were designed to forestall any interest in unionization by offering workers opportunities to communicate their concerns directly to management. One electronics plant manager explained that union avoidance was a key reason for the firm's efforts to promote frequent communications between workers and management. "This helps keep our finger on the pulse," he told us. "Without this you end up with an adversarial relationship, with unions fighting companies." Another manager at a metal products plant attributed a union drive that took place there the year before our visit to "poor communications," adding that prior to the union election "we established better communications, and so the union lost." A manager at a plastics products plant told us that the participatory programs he was then in the process of setting up were important "to avoid a union situation." Others noted the role of no-layoff policies in union avoidance. "The Japanese avoid unions by treating people right," one manager commented in regard to the no-layoff policy.

Virtually all the managers we interviewed at the 17 non-union plants we visited in Southern California spoke frankly about their desire to avoid unionization. While some were more loquacious on the subject than others, none pretended to have a neutral stance toward organized labor, and several stated that keeping unions out was among their highest priorities. "I don't want a union here—ever!" one manager at an electronics plant exclaimed. A manager at a plastic products plant told us that workers "realize that it's kind of anti-union around here," and added that "the company would probably move away if a union came in." Another manager, when I asked if there had ever been any efforts to unionize at his auto accessories plant, replied "No, knock on wood." He went on to mention rumors that after the UAW's defeat at the Nissan plant in Tennessee, the union might try organizing suppliers instead, adding, "We're always alert—we don't want a union organization here."

At nine of the 17 nonunion plants we visited, our management informant was aware of at least one effort to unionize, although in all but three cases the effort had been dropped before it reached the point of an election. At one

electronics plant where there had been two separate unionization efforts, the manager told me that the Japanese are very fearful of American unions, and that they would probably shut down the plant if it ever were unionized. "That's the first file folder in my desk drawer," he added, pulling out a red file folder labeled "Union Activities" to show me. He recalled that the two previous efforts to unionize there had been "nipped in the bud" thanks to his "anti-union campaign" in the plant. "Once it starts, we get all the supervisors together and tell them what they can and can't do. We tell the workers what to expect, what the union will do and what the consequences of unionization would be." At another electronics plant, one of the largest in Southern California, a union campaign was under way at the time of our visit, and the firm had engaged three different labor consultants (one local, one national, and one in another city where the firm was setting up a new plant) to help them resist the effort. The manager we interviewed mentioned that he saw Nissan's successful anti-union campaign at Smyrna as a good model, a comment echoed by managers we interviewed at several other plants.

At another electronics plant where a unionization drive had been defeated in a close election a few years before our visit, the company had hired a labor consultant to orchestrate such a campaign. "We spent a lot of money educating people," a manager there recalled. "The consultant told workers that it would be a mistake on their part to unionize, because they now have a voice in the plant and they would lose that." At this plant, even though the union was ultimately defeated, the Japanese company president felt personally responsible for the fact that unionization was even attempted. "He saw it as a sign of his own failure," the American manager we interviewed recalled. "He carried it to such an extreme that he didn't even go back to Japan for the funeral when his mother died in the middle of the campaign."

I visited two steel plants which had been closed for a period of time prior to having been acquired by the Japanese. Both had been unionized prior to the closures, and had then achieved a "transition to a nonunion operation." Both plants rehired some of the hourly workers they had employed before the closure, but on a highly selective basis. "Many of the former workers were pro-union, and we don't hire them," a manager at one of these plants told us. "Remember, we're trying to run it nonunion. We hire a lot of out-of-towners." At this plant, there had been a union drive right after the plant reopened, and "management brought out the

big guns," he recalled. "We had a meeting with all the employees in a big room. It was staged so that at one point a worker asked if the managers would mind leaving, and then they passed around a petition which almost everyone signed, saying they didn't want a union."

These firms did not hesitate to express their anti-union views directly to their employees. One manager of a food products plant told us that his firm wants to be "up front" about the issue. "We tell our workers, 'If you want a union, don't join us.'" Some firms published official statements to this effect in their employee handbooks. One such handbook included a section entitled, "Company J—A Non-Union Company," which stated:

At Company J, employees have chosen not to have a union. . . . In today's uncertain world, with all the pressures of our modern society, we want to keep Company J free from the artificially created tensions which could be brought on by an outside party, such as a union. We feel that a union would be of no advantage to any of us—it could hurt the business which we all depend on for our bread and butter. Furthermore, we have enthusiastically accepted our responsibility to provide you good working conditions, good wages, good benefits, fair treatment, and the personal respect which is rightfully yours. All this is part of your job with Company J and cannot be "purchased" by anyone having you pay union dues. We know that you want and are able to express your problems, suggestions and comments to us so that we can understand each other better. This can be done without having a union jammed between you and your supervisor. We want you to speak up for yourself—directly to us. We will do our best to listen and respond.

Another employee handbook's "Statement on Unions" was more menacing:

Company T does not have a union, and you are not required to be a member of a union to work here. Further, we will do all in our power legally to see that no employee ever has to pay union dues to work here. Our employees seem to be satisfied with this arrangement. . . . Unions have not provided any of the wages and benefits we enjoy, and we do not expect them to help us improve upon these benefits in the future. . . . If any person attempts to pressure you into joining or signing a card in support of a union you should consider the matter

carefully, and if there are any questions, feel free to go to your supervisor. . . . Company T will resist any efforts to bring a union into this plant by all legal means at our disposal.

The fact that most of the Japanese-owned manufacturing plants we visited in California have parent firms whose workers are represented by unions at home did not prevent them from resisting efforts to unionize their plants in the U.S. One manager I interviewed at a food products plant in Japan, a former union president himself, spoke at length about how good the union-management relationship was at the plant in Kawasaki that I visited. But he added that the firm had located one of its plants in North Carolina in part because, "honestly speaking, they have no big, strong labor unions there." I asked why, given how positively he characterized the union's role in Kawasaki, the firm was so eager to avoid unionization in the U.S. "If we could find the same kind of labor union there, we would welcome it," he replied. "But in the United States, the unions tend to make trouble, they have a class struggle concept. It's very harmful." Other Japanese managers reconciled the contradiction between their acceptance of unionism at home and their resistance to it in the U.S. by reference to cultural differences. At a unionized electronics plant in Japan, a manager told me that the union was a useful vehicle for communication between managers and workers. But in the same firm's California plant, "where there are American people working, with cultural values that we don't fully understand, we'd rather not have a union."

Interestingly enough, Rengo, the Japanese trade union confederation that includes the enterprise unions at most of Japan's large companies, has recently established an internationally oriented educational institution, the Japan International Labor Foundation (JILAF), to help break down such cultural barriers. JILAF arranges study tours of Japan and factory visits for foreign labor leaders, and sends experts and educational materials overseas. Since its establishment in 1989, JILAF, which is funded by the Japanese government and by Rengo-affiliated unions, has focused on Asia, Africa and Latin America, but in the future it may also include U.S. labor leaders in its activities.⁸ If that occurs, it will reverse the historical relationship between the American and Japanese trade union movements. For in the postwar period, and especially during the American occupation, Japanese unions were modeled directly after those in the U.S. However, Japan's more

radical unions were crushed in the 1950s, and the nation's labor movement developed its own distinctive character. Organized on an enterprise basis, Japanese unions today are generally viewed as less militant and as more management-oriented than their counterparts in the U.S.⁹ While the differences are sometimes overstated, the Japanese managers who pointed out that unions in the U.S. are unlike those in Japan are correct. Nevertheless, the discrepancy between Japanese firms' acceptance of unionism at home and resistance to it in the U.S. has provided an important opening wedge for organizing efforts.

Unionizing Efforts in California's Japanese-Owned Firms

Unions have made many attempts to organize at Japanese-owned manufacturing plants in California. Although I have not uncovered any instances in which a firm was targeted specifically *because* it was Japanese, in some cases organizers have capitalized on the fact that the parent firm's plants in Japan were unionized while the firm was resisting unionization in California. At plant C, for example, a bilingual union leaflet included a reproduction of a government document showing that the company's Japanese workers were unionized and asking "Why Not In [plant location]?" (and in Spanish, too: "¿Porque No en [plant location]?")¹⁰ Aside from the potential for using this kind of approach, however, the eight unionists I interviewed who had been involved in organizing efforts at Japanese-owned plants unanimously believed that there was little difference between Japanese- and American-owned firms from a union organizer's perspective.¹¹ "Basically they [foreign-owned firms] come in and ask, 'How do you do things here?'" one organizer explained. "And that's what they do." Another unionist who was involved in an organizing drive that nearly succeeded at a Japanese-owned electronics plant in Los Angeles County, made a similar point. "It makes no difference who owns the plant," he said, "because either way they turn the anti-union effort over to a labor consultant."

Like their opposite numbers in management, all the unionists I interviewed believed that the chances for a successful union drive were greatest in situations where workers were treated badly, and especially where first-line supervisors abused their power. Regardless of the nationality of a plant's owners, the organizers indicated, the key issues that motivate workers to unionize are

arbitrary treatment by management, favoritism, harassment, injuries, and poor advancement opportunities; even where wages are low, they are of secondary concern. On the other hand, "a lovey-dovey aura helps deter unionism," as one organizer put it. Another organizer who was interested in trying to unionize a Japanese-owned plant in San Diego decided that it was a poor prospect after some preliminary contacts with workers there. "They would have liked higher wages," he told me, "but the company treated them well, the benefits were good, and the supervisors were under control." This particular plant was run in a much more "Japanese" style than most—it is the exceptional case mentioned in Chapter 4 where workers did calisthenics, participated in quality circles, and were organized into "profit and loss centers." The organizer's impression was that workers had no objections to these management techniques, and on the contrary "seemed relatively happy with what they had."

Several organizers suggested that it is particularly difficult to organize in the electronics industry, which as we saw in Chapter 3, accounts for the bulk of California's Japanese-owned plants. One organizer, who was a steelworker for many years before he became a professional trade unionist, suggested that organizing in this industry is difficult because "the work is clean, working conditions are relatively good, and management isn't as brutal towards people as in heavy manufacturing." Another unionist who was involved in several organizing efforts in Silicon Valley, including some at Japanese-owned firms, pointed out that in electronics the work process is highly fragmented. There are relatively few large plants, and within plants, work units are relatively small and staggered shifts are common, so that workers have limited contact and little shared experience.¹²

Another obstacle to union success is that most union organizers are still white men, whereas the workers they are trying to recruit are overwhelmingly immigrants and largely female. One white male organizer I spoke with in Northern California clung to stereotypical views of both immigrant and women workers, which he used to explain his union's failure to win an election held recently at an auto supply plant where over half the workers were Indochinese women, and most of the rest Latinas. "There were a lot of safety problems in the plant, and the union tried to make that an issue" in its campaign, he told me, "but the workers didn't really care. They're from poor countries and have different standards. Also, a lot of them were women earning second

incomes who didn't care about being underpaid." While the other organizers I interviewed were more sophisticated than this particular individual, the scarcity of women and immigrants on union staffs suggests that the failure of unionism to take hold in these plants may not be entirely due to management's behavior.

In addition to the cultural barriers between union staff members and workers, language itself is often a problem, especially in factories with immigrants from many different countries. Unions seldom are able to produce written materials in Tagalog, Thai, Korean, or Vietnamese, and rarely are organizers fluent in any of these languages. I met some Spanish-speaking organizers and saw some bilingual Spanish-English flyers (like the one from the Pioneer organizing drive cited earlier). But in other cases, English was used exclusively by organizers. Further complicating the situation is the presence of large numbers of undocumented immigrants in the labor force of these plants, since these workers may be more vulnerable than others to managerial intimidation.

My interviews with both union organizers and managers suggest that the determination of these firms to combat unionism cannot be emphasized too strongly. In virtually every case I learned about involving a sustained union drive, the targeted firm hired a labor consultant, who proceeded to use the standard tactics consultants have long practiced on behalf of American-owned firms faced with unionizing efforts. Union supporters were often transferred to undesirable jobs and separated from one another. Captive audience meetings were held where management explained the benefits of remaining "union free." In some cases, according to organizers, firms also resorted to illegal actions in combatting unions, such as selectively firing union supporters (a common practice today in American-owned firms as well).

Despite all these difficulties, union organizing efforts did emerge in several of the state's large Japanese-owned plants. As mentioned above, at nine of the 17 nonunion plants I visited, managers reported some history of union activity, although in most cases it never reached the point of an election, and the unions lost those few elections that were held. The only successful union organizing drive in a large Japanese-owned plant in California was at Suntech's San Diego plant, where a union I'll call XYZ mounted a campaign in 1980.

The Suntech Organizing Drive

The XYZ effort culminated in an election victory for the union at the San Diego Suntech plant in January 1981, and a collective bargaining agreement was signed the following summer. This was not only the single success story among the many organizing efforts at Japanese-owned plants in California, but also the first union breakthrough in many years in the San Diego electronics industry generally. Like other firms faced with organizing drives, Suntech's management vigorously resisted the union effort, hiring a labor consultant who used a variety of anti-union tactics. The company maintained its intransigence even after the union's election victory, filing unfair labor practice charges and using other delaying tactics to undermine contract negotiations. Ironically, however, this classically "adversarial" relationship between labor and management was later transformed into a more harmonious one, and Suntech's San Diego plant has since been held up as a model of cooperative industrial relations.¹³

The union's success at Suntech stemmed from a combination of factors. The campaign's timing was fortuitous, in that the contract was signed in July 1981, just prior to the change in the national labor climate signaled by the PATCO strike. The union effort was also favored with a talented organizing staff and strong union supporters inside the plant. Several issues galvanized workers in the plant, which had opened two years prior to the union drive. Suntech's wages were lower than in other electronics plants in the area, there were health and safety problems, and workers were aggrieved because of favoritism and ill-treatment by lower-level management. The U.S.-Japan comparison highlighted by the union also proved effective. Despite all this, however, the election vote (294-245) was a narrow victory for the union.¹⁴

The Suntech plant had opened just a few years before the union drive, in 1978. The company rapidly built up its workforce from 30 to about 600 people by 1979. The plant assembled refrigerators and hi-fi equipment. Like most factories in Southern California, its workforce was diverse in composition. About half the workers were Filipinos, most of the rest were Latinos, with a sprinkling of Caucasians and Blacks. Women made up a large proportion of the workforce as well. There were many communication barriers in the plant, since many of the immigrant workers, as well as the Japanese managers, had limited English skills.

Given the historical antipathy toward Japan in the Philippines, one might expect that the Filipino workers would feel antagonistic toward the Japanese management, but instead the tension was between workers and first-line supervisors, none of whom were Japanese. A union organizer characterized the Suntech supervisors at the time as "wild" and "out of control," and suggested that this helped the union win support. "The Japanese managers would walk through the plant, but they didn't speak English," a former Suntech worker who was active in the organizing effort recalled. "They seemed friendly; they didn't seem to see workers as just another kind of equipment, like the foremen did."

At this time the Suntech plant was located in northern San Diego (it later moved to the U.S.-Mexico border area), close to a large service sector firm whose workers were represented by an XYZ local. The union had previously undertaken some other organizing efforts in the area, including at least one in a manufacturing plant, and was interested in diversifying its membership. So when a worker from Suntech phoned to ask for help in organizing there in 1980, the XYZ was receptive. While the union staff was made up mostly of native-born Caucasians, hardly ideal for organizing a plant with a largely immigrant workforce, it happened that the XYZ local organizer was a Vietnam veteran who had spent time in the Philippines during his years in the Navy. This enhanced the union's ability to organize the Filipino workers at Suntech, as did the fact that a woman I'll call Michele Jordan, a key union activist inside the plant, although Caucasian herself, had a Filipino husband.

There was no shortage of issues to organize around. Wages were low, with a large number of workers earning the minimum wage (then \$3.10) or a few cents more per hour, compared to \$5 or \$5.50 an hour in other electronics plants in the area. Health and safety problems were also a concern. In the middle of the organizing drive, a woman worker lost her fingers in a punch press. Another woman, who worked in a poorly ventilated area where foam was installed in the refrigerators, suffered three miscarriages. Poor treatment of workers by first-line supervisors also fueled the union campaign. Michele Jordan, who by her own account had known nothing about unions before she came to Suntech, was so enraged by the way workers were treated—she recalled incidents in which people were denied permission to go to the bathroom, as well as a case of sexual harassment—that she went to a union meeting. Impressed by what she heard, but

skeptical about the union organizers' claim that workers had the legal right to organize, she began reading about the labor movement on her own and talking to people she knew who were union members. She even called the local National Labor Relations Board (NLRB) office to verify what the organizers had said.¹⁵ Previously a dental technician who took her first factory job at Suntech soon after it opened, because she had several children and it was close to her home, Jordan became one of the key in-plant activists and later a XYZ staffer.

As soon as it became aware of the union effort, Suntech engaged the services of a labor consultant, who then took charge of the company's anti-union campaign. According to the union organizers, the local business community, eager to maintain San Diego's nonunion "climate," urged the company to hire a labor consultant and to resist the union drive. There followed captive audience meetings, letters sent to employees criticizing the union, and other standard measures. Management transferred pro-union workers to the most isolated and difficult jobs, and generally made life difficult for anyone who seemed friendly with them. "If I talked to someone at lunch, shortly afterward that person would be reprimanded for working too slowly or something like that," Michele Jordan recalled. Later, some of the union activists were illegally fired, according to one of the organizers.

Only a handful of workers actually attended the union meetings, but Jordan and other activists would help spread the word about what happened there throughout the plant. Other workers began to confide in the members of the in-plant organizing committee, although almost all of them were too intimidated to attend a meeting, and many were afraid to sign union authorization cards. Jordan recalled slipping union cards into the pockets of her co-workers on their way to the bathroom; the workers would then sign the cards while they were in the toilet stall and later sneak the cards back to her. Others signed cards in the cafeteria. At one point, Jordan was called into the managers' office. "They said to me, 'You're an American woman, why do you think you have to fight for the Filipinos? They come from a depressed country, and they're lucky to be working here. Ten cents over the minimum wage is a lot of money for them.' Then they told me I'd make good management material," she recalled.

By the time Jordan left the office, it was lunchtime, and when she entered the plant cafeteria, everyone asked her what had happened. So she reported what the manager had said about the

Filipino workers. "They got really upset and started talking all at once in Tagalog by themselves," she remembers. The manager then appeared in the cafeteria and denied he'd said anything of the kind. He and Jordan argued back and forth, in front of all the workers. At this point Jordan revealed that she herself was married to a Filipino, which management had not known before. After this incident, she recalls, support for the union started to grow, and more workers began to come to her to sign cards. The pro-union workers grew braver and Jordan and another union supporter began giving speeches regularly in the plant cafeteria. The XYZ organizers meanwhile were busy visiting workers at home to make the case for the union.

Later in the union campaign, a delegation of Japanese trade unionists and managers from various companies, including Suntech, visited Southern California and attended a Central Labor Council meeting. The XYZ organizers arranged a meeting with the Japanese delegation and videotaped an interview with the Suntech managers and unionists present. The Japanese visitors spoke on camera about what a good relationship the company and union had across the Pacific, and they also described the various benefits Suntech workers enjoyed in Japan, such as lifetime employment, fully paid health benefits, and subsidized housing. The XYZ later showed the video to Suntech's San Diego workers at a union meeting. Although only about ten workers actually attended the meeting and saw the video, Jordan and the other activists told their co-workers about it, and the word spread (sometimes in exaggerated form) through the plant's rumor mill. The union also produced a leaflet highlighting the U.S.-Japan comparison (Figure 5), and XYZ organizers hammered home the theme, as one of them recently recalled, "that the company treats the U.S. like the Third World and treats U.S. workers like they're subhuman."

The day before the election, the union organizers dressed up and handed out carnations to all the workers as they entered the plant, saying, "Thanks for listening." The next day, January 9, 1981, the union won the election, receiving 54 percent of the 547 votes cast. But the company's labor consultant continued to resist the union, refusing to negotiate with the XYZ and filing legal objections to the election. These objections were all overruled on March 11, 1981, and the union was officially certified by the NLRB as the exclusive representative for Suntech workers on April 1.¹⁶ Meanwhile, the XYZ local union president and the top Japanese manager of Suntech's San Diego plant began meeting privately,

Figure 4

Flyer from Suntech Organizing Campaign, 1980



A MULTI-NATIONAL CORPORATION WORTH IN EXCESS OF 60 BILLION DOLLARS.....
 WITH PLANT FACILITIES IN OVER 21 COUNTRIES ON FIVE CONTINENTS THROUGHOUT
 THE WORLD.....
 EMPLOYS OVER 18,000 PEOPLE IN THESE DIFFERENT COUNTRIES.....
 THIS SAME COMPANY PROVIDES BENEFITS IN IT'S JAPAN FACILITIES THAT ARE FAR
 ABOVE AND BEYOND THOSE PROVIDED TO YOU IN SAN DIEGO:

COMPARE

JAPAN	SAN DIEGO
1. PROFIT SHARING - If worker production increases, they get a share of increased profits.	NO PROFIT SHARING
2. SEVERANCE PAY - If a worker decides to leave the company, a months pay is given at resignation.	NO SEVERANCE PAY
3. CREDIT UNION PROVIDED - For the convenience of workers.	NO CREDIT UNION
4. HOUSING PROVIDED FOR WORKERS - Paid for by the Company.	NO HOUSING ALLOWANCE
5. JOB SECURITY GUARANTEED FOR LIFE - No layoff.	NO JOB SECURITY - Layoffs; unjust and Illegal firings.
6. REPRESENTATION BY A LABOR UNION with the Workers Interest at Heart.	NO UNION
6 (a) GRIEVANCE PROCEDURE	NO GRIEVANCE PROCEDURE
7. FULL DENTAL SERVICES for all family members paid for by the company.	PARTIAL DENTAL SERVICES - Employee has to pay for dental services
8. FULL MEDICAL EXPENSE for all family members paid for by the company.	PARTIAL MEDICAL SERVICES employee has to pay the balance.
9. ALL EXPENSE PAID FOREIGN VACATION Free First Class Hotel Free Air Fare Round Trip Free Meals provided Free Tours of Area visited	NO FOREIGN VACATION paid by the company for hourly workers. Foreign vacation for Supervisors ONLY

ASK YOUR SUPERVISOR WHY THE SUNTECH WORKER IN JAPAN HAS BETTER BENEFITS THAN THE SUNTECH WORKER IN SAN DIEGO.

and eventually the two of them came to an understanding. This laid the groundwork for contract negotiations to begin in earnest soon after the NLRB rejected the company's complaints about the election.

The first union contract was modest: workers received an initial 8 percent pay increase, and the contract set starting pay for new workers at \$3.50 an hour, with a top pay rate of \$5.50 an hour. Like most other Japanese-owned plants in the area, Suntech had no quality circles or other "Japanese" human resources practices, and the union contract was an entirely conventional one, although much weaker than average. The XYZ organizers who worked on the union campaign were disillusioned by the contract, which was negotiated directly between the local union president and the Japanese management, with no direct involvement from workers in the plant. "The wage increase they got was just a little more than enough to cover the union dues," one organizer told me. Michele Jordan agreed. "Any union contract is better than nothing," she told me recently. But if that first contract had been better, our victory at Suntech could have changed San Diego. It could have had a domino effect in the electronics industry here."

Others viewed the situation much more positively. This was, after all, the only case of a union victory in a Japanese-owned greenfield plant. And despite Suntech's vigorous resistance to the XYZ effort, once the company finally came to accept the union, the labor-management relationship seemed to be a smooth and cooperative one. The Catholic Labor Institute in Los Angeles later gave Suntech and the XYZ an award in recognition of their good working relationship. By 1989, one commentator described the relationship between the XYZ and Suntech as an example of how "Japanese firms and American union leaders can work together successfully in a highly competitive high-technology industry."¹⁷ The top union and company officials, by all accounts, had a warm relationship. The XYZ local president accepted several invitations to visit Japan as the guest of the top company manager, and reportedly had full access to financial and other information about the company.

Inside the factory, however, it appears that the union never gained much strength. The Suntech manager I interviewed at the plant in 1989 described the union as "soft" compared to those he had dealt with elsewhere. By then, the plant had moved to a new location near the Mexican border to coordinate its production with

the *maquiladoras* Suntech had built in Tijuana, and the hourly workforce had been reduced to less than half the size it had been at the time of the union election. By 1988, starting wages under the union contract were \$4.35 an hour, only 10 cents above the state minimum wage, while the highest paid hourly workers earned \$8.84 an hour. The situation deteriorated further when the company manager who had established such a positive personal relationship with the union president returned to Japan and was replaced by someone less friendly to the union.

When the XYZ union won the election at Suntech in 1981, the local business community was horrified. "San Diego has long been known—even touted—as a 'non-union town,'" the *San Diego Business Journal* reported in a front page story on the election in 1981. "If organized labor indeed has 'cracked the wall' known as Electronics Row on Kearny Mesa, then will further inroads in the largely non-union electronics industry follow?"¹⁸ Ten years later, it is obvious that these fears were unwarranted. Suntech remains the one unionized electronics plant in the area and the only unionized Japanese-owned greenfield plant in the entire state. One manager I spoke with at another Japanese-owned plant in San Diego, where a union drive was under way at the time of my visit, told me that the Suntech example was actually helpful for his purposes. Since wage levels are considerably higher at his nonunion plant than at Suntech, he could point to the Suntech example to suggest that if workers unionized, their wages would *decline!* Although the successful organizing drive at Suntech may offer some lessons to unions that target Japanese-owned firms in the future, the difficulties the union has encountered at Suntech since its initial organizing victory there ten years ago also highlight the enormous problems that organized labor faces in the late twentieth century. These problems are especially acute in the business-dominated environment that is characteristic of both Southern California and the "Silicon Valley," and in the electronics industry which accounts for the bulk of the Japanese manufacturing presence in the state.

NOTES

1. See, for example, Mike Parker, *Inside the Circle: A Union Guide to QWL* (Boston: South End Press, 1985); Mike Parker and Jane Slaughter, *Choosing Sides: Unions and the Team Concept* (Boston: South End Press, 1988); Guillermo J. Grenier, *Inhuman Relations: Quality Circles and Anti-Unionism in American Industry* (Philadelphia: Temple University Press, 1988).
2. The 1990 figures are from U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, vol. 38, no. 1 (January 1990), pp. 228-229. For historical data see Michael Goldfield, *The Decline of Organized Labor in the United States* (Chicago: University of Chicago Press, 1987).
3. For a summary of recent trends, see Richard B. Freeman, "Contraction and Expansion: The Divergence of Private Sector and Public Sector Unionism in the United States," *Journal of Economic Perspectives*, vol. 2, no. 2 (Spring 1988), pp. 63-88. For an overview of the legal aspects of the recent decline of organized labor, see Paul C. Weiler, *Governing the Workplace: The Future of Labor and Employment Law* (Cambridge: Harvard University Press, 1990).
4. See Charles R. Greer and John C. Shearer, "Do Foreign-Owned Firms Practice Unconventional Labor Relations?" *Monthly Labor Review*, vol. 104, no. 1 (January 1981), pp. 44-48; Duane Kujawa, "Technology Strategy and Industrial Relations: Case Studies of Japanese Multinationals in the United States," *Journal of International Business Studies*, vol. 14, no. 3 (Winter 1983), pp. 9-22; Richard D. Robinson, *The Japan Syndrome: Is There One? Cases to the Point*, Research Monograph No. 97, Georgia State University College of Business Administration (Atlanta: Business Publishing Division, 1985).
5. See "Nissan Workers Reject by 2-1 Margin UAW Bid to Organize Tennessee Plant," *Wall Street Journal*, July 28, 1989; "UAW Bid to Organize Nissan Plant is Rejected," *New York Times*, July 28, 1989; and David Gelsanliter, *Jump Start: Japan Comes to the Heartland* (New York: Farrar, Strauss, Giroux, 1990), Chapter 15. For examples in other industries, see Norman J. Glickman and Douglas P. Woodward, *The New Competitors: How Foreign Investors Are Changing the U.S. Economy* (New York: Basic Books, 1989), pp. 139-155.
6. Glickman and Woodward, *New Competitors*, pp. 140-141.
7. The five unionized plants employ a total of 4670 people (320, 1400 and 250 at the three metals plants; 2700 at NUMMI and 250 at Suntech), according to 1987 data reported in Susan MacKnight, *Japan's Expanding U.S. Manufacturing Presence, 1987 Update* (Washington, D.C.: Japan Economic Institute, 1988); if we take this as the numerator and the U.S. Dept. of Commerce's figure of 18,100 manufacturing workers employed by Japanese-owned firms in California in 1987 (*Survey of*

Current Business, July 1989, p. 126) as the denominator, we arrive at a union density estimate of 27 percent. Both numerator and denominator include salaried workers who would be outside the union bargaining unit, but these should cancel each other out. The statewide figure is from California Department of Industrial Relations, Division of Labor Statistics and Research, *Union Labor in California 1987* (San Francisco, 1989), pp. 225-226. While two of the five unionized Japanese plants are rather large, there are some much larger unionized plants in the state (e.g., defense contractors like General Dynamics), so that this should not affect the validity of the overall comparison.

8. David Tracey, "Labor Lessons: Spreading the Word Around the World," *Intersect*, vol. 6, no. 1 (January 1990), p. 12.

9. See Andrew Gordon, *The Evolution of Labor Relations in Japan* (Cambridge: Harvard University Press, 1985); Alice H. Cook, *An Introduction to Japanese Trade Unionism* (Ithaca: N.Y. State School of Industrial and Labor Relations at Cornell University, 1966); Taishiro Shirai, ed., *Contemporary Industrial Relations in Japan* (Madison: University of Wisconsin Press, 1983); and Chapter 3 of Michael A. Cusumano, *The Japanese Automobile Industry* (Cambridge: Harvard University Press, 1985).

10. Copy of leaflet dated May 1988, supplied by union representative, in author's possession.

11. These organizers were not a systematically selected group. In each case where I heard about a unionizing effort at a Japanese-owned plant, I tried to identify the organizers involved. In many cases, particularly for campaigns that occurred years ago, I was unsuccessful. The eight individuals I interviewed are the only ones I was able to locate.

12. See the discussion in Steve Early and Rand Wilson, "Do Unions Have a Future in High Technology?" *Technology Review*, vol. 89, no. 7 (October 1986), pp. 57-65, 79.

13. For general accounts see Denise A. Carabet, "Unionization of [Suntech] Factory Jolts Area Electronics Industry," *San Diego Business Journal*, March 9, 1981, pp. 1, 12-13. The case is featured as an example of cooperation in Thomas Kochan, "Blending Japanese and American Labor-Management Relations: Four Successful Cases" (May 1989) in Industrial Union Department, AFL-CIO and Japan Federation of Employers' Associations (Nikkeiren), *Cooperation is Better: Case Studies on Labor-Management Relations in Japanese Affiliated Companies in the United States* (Tokyo: Nikkeiren, 1991), pp. 26-34. See also the case study in the same volume, pp. 7-8. I interviewed six individuals who were involved either in the organizing drive at Suntech or in representing workers there for the XYZ after the union was established. I interviewed a management representative at Suntech as well, but as a recent recruit he was not familiar with the circumstances surrounding the union drive. The rest of this chapter is based on these sources, unless otherwise indicated.

14. The election results are from National Labor Relations Board, "Decision and Certification of Representative," Washington, D.C., April 1, 1981. Copy in author's possession.

15. This was presumably the call mentioned in the published report that "A woman employee from [Suntech] telephoned a state official . . . asking 'very naive questions' about her company, the official reported. 'She was asking me what laws were on the books to make the company keep its promises. She said she didn't necessarily want to join a union, but saw no other way out.'" See Carabet, "Unionization," p. 1.

16. See NLRB, "Decision and Certification."

17. Kochan, "Blending Japanese and American Labor-Management Relations," p. 10.

18. Carabet, "Unionization," p. 1.