

**Economic and Political Control of Women Workers in
Multinational Electronics Factories in Taiwan:
Martial Law Coercion and World Market Uncertainty**

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INTRODUCTION: THE SOCIOLOGICAL ANALYSIS OF THE WORLD DIVISION OF LABOR

As social scientists seeking to understand the global pattern of women's employment, we study women's lives and work, and in particular have often focused on the notable phenomena of the last 15 years, the spread of export processing zones and the increasing involvement of Third World national economies in manufacturing for export. These industries recruit predominantly young women for work in electronics, textiles, plastics, and assembly of consumer goods, the bulk of which are exported to the developed countries. While young women in the Third World leave their villages and gain valued autonomy from the traditional authoritarian family structures, and may also achieve new opportunities for education, the women of Japan, America, and Europe are freed from a large portion of the domestic work of an earlier era by the availability of cheap, readymade clothing and household goods (Szymanski). Thence the women of the developed world contend with men for equal rights in the newly computerized society, whose integrated circuits have been threaded by adolescent women in Hong Kong, Taiwan, Malaysia, and Mexico.

Though we can envision and infer from ongoing economic trends that vast shifts in capital investment and markets and a reorganization of the international division of labor in the last two decades are behind these phenomena, we are rarely able to pinpoint the causative mechanisms. At the May 1982 Conference on Women and Work in the Third World, Berkeley, the former dean of the University of California, Berkeley, School of Business quoted Milton Friedman to the effect that every exchange in the world market is made willingly and thus equally and fairly in the eyes of the traders; he seemed concerned to propound that the conditions of women worldwide are the outcome of inevitable and immutable forces of the market. It is the unfortunate reality that social science researchers do not generally have access to the inner workings of institutions of production and exchange where this proposition might be examined more closely.

For myself, in the process of studying women workers in Multinational-owned factories in Taiwan, I stumbled upon information leading to a view of the multinational corporations (MNCs) very different from that of the aforementioned dean. I began in the summer of 1975 with a pilot study of Taiwanese women's migration,

personal budgets, and their attitudes toward family and marriage: standard anthropological research topics. By chance, late in the summer there was a brief but massive sit-down strike at the plant which was my main research site. General Instruments, Taiwan. Pleased to have a fellow expatriate as an audience, the American personnel manager explained to me in some detail how he dealt with it.

From this and other sources I concluded that American manufacturers in Taiwan consciously utilize local martial law, with its various mechanisms of political and coercive control over the labor force. When I returned to Fieldwork in May 1977, funded under a joint Rockefeller-Ford Foundations' research program, I continued research with an unspoken secondary agenda. Over a period of three years, disgruntled native managers, frustrated union representatives, opposition party social critics, and my committed research assistants contributed to the picture.

Though not denying the local and international interaction of supply and demand in setting the levels of wages locally and accommodating the international division of labor, I would assert that it is the underlying conditions of that employment, coercively established -- quite often expressed literally as the price that an employer must pay for a mangled or extinguished life -- that is the real causation. While I would have a great deal to say about newly emerging and "modernizing" patterns of family and gender ideology for women in Taiwan, in this article I will center on the MNCs' means of political control of women's labor, specifically the role of Taiwan government labor unions, security agencies, control of public media, the factory personnel offices, and MNC-Taiwan government relations, since this is information not generally available. This control, as well as the benign neglect afforded by the social system in general, has very real social consequences for women, and these effects can be seen in trends in the wage package since the world market deterioration beginning in 1974.

Over all, the parallels between Taiwan and South Korea, the Philippines, and even Malaysia are unavoidable: a military technocratic dictatorship maintains the climate for foreign investment and the conditions of profitability under the export economy. The phenomenon was indeed noted much earlier in South America. This pattern for semi-developed countries would seem to lend credence to the idea, often associated with the name of Wallerstein, that the differences in class and employment structures among different areas of the world reflect functional complementarity in relations of exploitation and unequal exchange, rather than earlier and later development or "modernization." From this perspective, Third World areas involved in manufacturing for the world market must be distinguished from those producing agricultural commodities or extracting minerals for export. The new pattern of U.S. foreign investment in the last two decades has been investment in relatively labor-intensive manufacturing in particular areas of the world (Berberoglu). It seems that is land or peninsular concentrations of population, particularly those traditionally accustomed to disciplined labor, have been chosen as manufacturing depots by international capital, according to the historical circumstances. This would seem to hint that new strategies of labor control have also evolved.

In capital-intensive manufacturing and extractive industries in Brazil and Chile, for example, large differentials in wages and benefits, even segregated company housing estates, may maintain political segmentation of the labor force, e.g., a "labor aristocracy" of workers in foreign industry who enjoy relatively high wages and benefits. We might envision that some small or medium-small countries, Singapore, Hong Kong, Taiwan, perform the role of a national "labor aristocracy" in the international division of labor. That is, these countries enjoy nearly full employment, development of industry, and rising wages, in return for obsequious obedience to foreign markets and investors. The need for relatively high levels of education and cooperation in an industrial work force, and the vulnerability of the physical facilities when production is automated to exacting technological standards, make this understandable. The issue of control of labor was implicit in the answer of an electronics company personnel manager when I asked him the rationale for hiring women: When rebuked, girls only cry a little, but boys may retaliate by throwing a little piece of metal into the equipment and ruining the whole thing. In general, there are likely to be strong self-interests for a company individually, and foreign investors collectively, in keeping a work force happy, or at least docile and non-reactive, within certain ranges of cost.

But despite the placating influences exercised upon the populaces of "labor aristocracy" countries, the case of Taiwan convinces me that even where a labor force lives in prosperity and privilege relative to the least

developed areas of Africa and South Asia, the conditions of unequal exchange involve a cloak of censorship of information to those whose labor is exploited, and a barely gloved iron fist beyond that.

THE POLITICAL CONDITIONS IN HISTORICAL PERSPECTIVE

As may be culled from corporate sources, the criteria for selection of a site for manufacturing investment are: the presence of infrastructure and support industries, availability of local technicians and personnel managers, accessibility and congeniality of the country to American expatriate management, low cost and docility of labor in the required numbers, and political stability. Depending on whether the production process is relatively capital-intensive or labor-intensive, these vary in importance. But overseas electronics industry in particular tends to be labor-intensive, and the product light and easily transportable, so management can indeed even spread a sequence of production over several countries, and shift quickly in the face of changing conditions.

We must first see the present tenure of the U.S. multinational corporations in Taiwan in the light of a historical development. Taiwan's political conditions are a sharp contrast to its freewheeling economy.

Taiwan has been under comprehensive martial law since 1947, when the Chinese Nationalist regime headed by Chiang Kai-Shek reasserted its control over the former Japanese colony with a massacre and subsequent reign of terror among the native population, then numbering about Five million. Martial law today still prescribes capital punishment for a host of ill-defined offenses, including inciting social disturbances and "spreading rumors." Criticizing the government, the ruling Kuomintang Party (KMT), or questioning the "national purpose" of recovery of mainland China can be construed as sedition. Civilians are tried incommunicado in military courts for political offenses. Pre-trial torture is systematized, though deaths in detention have decreased since the late 1960s. Dozens of books and magazines are banned each year, and repeat-offender editors are eventually sentenced to 5 to 10 years (Spearhead). In the last year, scientists who have pointed out deficiencies in the construction of Taiwan's new nuclear reactors have been accused in print of "doing propaganda for the communists."

After retreating before the Communist advance in 1949, the exiled Chiang regime was secured in Taiwan by the U.S. Seventh Fleet, and then generous economic and food staples assistance, about \$2 billion up to 1965. The Chiang regime brought with it about 500,000 soldiers, many shanghaied from their native villages in China, and another half-million landlords, industrialists, educated middle-class people, and government bureaucrats. The regime imposed Mandarin Chinese as the national language on the natives, speakers of Hokkien and Hakka dialects. This forced linguistic and cultural change has been fairly successful, particularly for the generation born after 1950, but the political tensions persist. There are "guidance counselors" and security agents in every educational institution, bureaucratic office, and factory over a certain size, to nip dissent in the bud. At the present time the population is 87% "native" and 13% "mainlander."

At the beginning of the 1960s, the U.S. Agency for International Development counseled revised foreign currency regulations, acceptance of foreign investment, and establishment of an export processing zone at the main southern port. The motivation for U.S. investment in the electronics industry at that time was the challenge from Japan in consumer electronics for the U.S. market; U.S. manufacturers needed a source of cheap labor in order to compete (Bennett, Wynn).

The first and for many years the largest of the factories, General Instruments, was established in 1965 just south of Taipei, the capital city. (In 1968 I assisted a Catholic priest at the opening of the large dormitory he founded nearby for young girls bused from the countryside to work there; this became my field site.) The statistics for women's rural-to-urban migration show a peak rate in 1969, and nearly surpass the earlier wave of male migration. Now nearly all young people leave the farm areas for employment, since a farmer's income is only one-fourth to one-third that of an industrial worker (Huang Su-Min). Less than 30 of Taiwan's 18 million people live in the areas classified as rural, and many of those commute to urban and suburban jobs. Since 1975 small-scale industry and assembly, generally export-oriented, has grown up in the small towns and country villages -- even penetrating distant mountainous areas (Hu). Remittances from family members in

industry are the major part of rural household income.

There is an efficient transport network, even a new freeway traversing the island. Four plants produce automobiles under U.S. and Japanese co-investment. The value of exports is very close to half the GNP (Taiwan Statistical Data Book). In terms of direct foreign investment, foreign control seems minor, only about 5% of capital formation. But Taiwan does not control its own export market: its products, designed to American specifications, go under the name of Sears, K-Mart, RCA, Zenith, Manhattan shirts, or move through the mammoth Japanese trading companies.

New luxury housing developments for upper-middle class and professional people are taking over the rice terraces on green hills that are within private car-commute distance of the major cities. The industrial work force lives in four-story concrete apartments with little open space and severe air pollution. In the last 15 years this concrete housing has replaced almost all the Japanese-period tile-roofed bungalows, and previous suburbs have become satellite cities. Grain production has fallen below the needs of the population since the late 1970s, but working-class food consumption compares favorably with that of Japan. The downtown areas flash with neon lights, and throngs of young people in jeans fill the streets of the movie districts. A generation of social and cultural change seems to pass in 10 years, people say.

THE STRUCTURE OF PERSONNEL IN A U.S. MNC FACTORY: MILITARY LIAISON INHERITED

Until the end of the Vietnam War, Taiwan was a major logistical support base for the U.S. military, as well as a Rest and Recreation stop for tired troops. The heyday for expansion of U.S. investment in electronics manufacturing coincided with and continued after this, 1969-73. Interestingly enough, the upper-level management in the U.S.-owned factories, those directly below the few American managers and over the native Taiwanese laborers, is predominantly Chinese military managers retired from liaison service with the United States Military Assistance Advisory Group. This echelon of Chinese management, in Health and Safety, Finances, etc., provides a convenient old-boy network for quiet under-the-table relations of the MNCs with government ministries, customs offices, etc.

What is relevant for direct political control of the workers is that this retired military group occupies particularly the personnel departments, and key positions in the labor unions. Here they can cooperate closely with the "security offices," branches of the government security agencies within the factories. A large foreign company must provide the salaries and offices for four to five "security officers." Virtually all of these retired military men and "security officers" are mainland Chinese, and are loyal, not merely nominal, members of the ruling party, the Kuomintang. Chinese managers trained by Air Asia of Tainan, in retrospect known to be a CIA operation for maintenance of U.S. military planes flying missions in Southeast Asia, are said to be preferentially sought as personnel managers in MNCs. I have run into several in casual interviewing of personnel managers.

RCA may be taken as an example of the personnel structure in a large multinational operation in Taiwan; the information I have is for 1978. Its main plant produces mostly television tubes, and is located in Taoyuan, with a total of about 8,000 "direct labor." There are 12 American managers, fewer than in the earlier stages on founding the operation. I have been told that financial management and communication with the mother company is their main function, and purely technical American personnel come and go, since native technicians can handle day-to-day business. The President makes U.S.\$54,000 annually, and a top American manager makes about \$40,000, but these expatriates must also be compensated for the rigors of life overseas with considerable benefits, such as a month's vacation and trip home each year, housing provided in the American Tienmou area, and tuition for children at Taipei American School, bringing the total cost to about \$100,000 a year, about the wages of 60 factory girls. Five or six Chinese mainland managers in key positions earn U.S.\$20,000 annually, not too far behind the Americans.

Table 1 continues the enumeration of staff and direct labor. The salaries shown in this table are multiplied from monthly pay; inclusion of holiday bonuses would increase them by about 10%. Managers may receive special bonuses.

The figure of \$1,500 per year for female direct labor in 1978, after allowing for bonuses and a few days paid vacation, is equivalent to 68 cents an hour. The standard work week is 48 hours. This may be compared with the figure for chip assembly in Taiwan, 1980, published by Semiconductor International: hourly wages, 53 cents; wages plus fringes, 80 cents (Global Electronics Information Newsletter No. 20, March 1982).

These wages are sufficient for a girl factory worker to save 30-40% of her earnings, if she is very frugal and lives in company-provided dormitories. Most use savings for night school tuition, to send home to parents, for siblings' schooling, and in preparation for marriage. However, the meager dormitory environment and lack of privacy are a severe strain on many women after four or five years of work (Arrigo).

Table 1

| Position | Number | Annual Salary |
|--|---------|--|
| STAFF | | |
| High-level Chinese managers | 45 | US\$ 5,800 |
| Engineers, college graduates | 100-200 | 3,500 |
| Production foremen, mostly retired military | 150 | 2,000-2,700 |
| Experienced women secretaries, 40-60% married | 20 | 2,700 |
| Female clerks, in accounting, shipping, production control, materials inventory | 150 | (college) 1,850 (high school) 1,500 |
| Guards, retired Chinese military | 60 | 1,500 |

(Total number of salaried staff, about 1000; some categories not listed here. High level managers and retired military are almost exclusively Chinese mainlanders in ethnicity; engineers and clerks are about half mainlanders and half native Taiwanese.)

DIRECT LABOR

| | | |
|---|------------|-------|
| Male labor, mostly technical high school graduates, about age 25, 80 skilled workers | about 3000 | 1,700 |
| Female labor, most age 17-25 | about 4500 | 1,500 |

(Total number direct labor, about 8400. Direct labor is about 95% native Taiwanese in ethnicity, and the remainder are generally the children of low-ranking or impoverished Chinese military.)

From some scant survey of native electronics producers, my impression is that American and Japanese producers pay 10% or so more than Taiwanese producers, and provide a better physical environment. However, labor discipline is also stricter in the foreign firms.

Taiwan's wage for electronics workers is in the medium range for overseas production. The figures shown in Table 2 were published in Electronics magazine, April 21, 1982.

Table 2

Hourly Pay Rates, 1980

| | |
|---------------|-----------|
| United States | US\$ 8.09 |
| Mexico | 1.54 |
| Hong Kong | 1.26 |
| South Korea | 1.10 |
| Singapore | 1.00 |
| Taiwan | 0.90 |
| Philippines | 0.62 |
| Indonesia | 0.45 |

The American management by no means has a free hand in dealing with workers. Perhaps it is only a paternalistic gesture, but American managers have been heard to say that their generous suggestions for wage hikes have been vetoed by the Taiwan government, which fears pressure on the wage scales of local manufacturers. On the other hand, a native manager has said it is extremely difficult to get the home company to approve wage increases. What is certain is that while the various American and Japanese manufacturers (together employing around 60,000 direct labor in northern Taiwan counties alone) engage in ploys to steal each others' employees when the labor market is tight, in general they keep their wages for the various grades of employees within close limits. The point seems to be to avoid a wage spiral. This calibration is facilitated by a joint annual survey of wages in 10 or so factories; the report is circulated only among internal management.

The salaried workers make good wages by local standards, and are provided amenities such as special buses for the long drive to outlying factories. However, as I will detail below, relations between U.S. management and Chinese staff are not merely overseeing and servility. RCA Chinese managers are required to sign a statement waiving the right to purchase stock in the mother company, perhaps a precaution for maintaining the colonial chain of command. American management seems to be aware that their Chinese underlings can manipulate them by controlling the flow of information from local operations, but they also want to be distant enough from local operations to avoid personal responsibility for any possible violations of local laws, such as employment of under-age workers.

Since there are myriad connections, both public and submerged, between ranking Chinese management and government elite, the relations between American and Chinese management are not merely a matter of internal contention, but are intertwined with U.S. company/ROC government relations. Although American management can ultimately threaten to withdraw its capital and operations from the country, and, short of that, can rally the united opinion of the foreign business community on some issues, such as opposition to revisions of the labor regulations proposed by the Ministry of Interior ¹, daily operations are potentially subject to much government interference.

**THE UNEASY TRIANGLE OF MNCs/GOVERNMENT/WORKERS:
THE KMT UNIONS STRIKE BACK**

The above pyramid of social groups within the factory lays the base for one of the mechanisms of counter-control by the Chinese mainlanders, the labor unions.²

All organizations in Taiwan, even those formed among people on nonprofessional and volunteer basis, such as women's self-help organizations, must be registered and must be subsumed under national central Party-organized organizations of the same topic, if there is one, or be deemed illegal and potentially seditious under the current martial law. The local organization is then subject to the observation and "tutelage" of the national organization. Unions in particular fall under a union headquarters network organized by county. A

portion of union dues, as I remember about one-tenth, is passed up this hierarchy.

The Taiwan government repeatedly entreats the few foreign manufacturers who have not set up labor unions to do so, for reasons soon to be made clear. There is no such effort for native firms. Why so? Firstly, the exemplary labor regulations on the books do not allow excessive overtime work, do not permit women to work past 10 p.m., require paid sick leave and vacations, etc., "except with the consent of the union." Secondly, the unions, in-house unions whose main officers are the upper-echelon Chinese managers themselves, are extensions of the ruling party. Thus a major trump card of the government over the MNCs is to withhold "the consent of the union," or to issue health and safety citations.

One purpose of this for the regime seems to be to secure its share of the employment positions for its network of patronage, and another is to maintain political control over the personnel and workers in the MNC factory. Whatever the priority of government purpose, the effect is not a trivial one. Nearly all companies operate with night shifts, or with girl workers very near under-age, or with excess overtime, or other conditions requiring "consent of the union"; thus consent is a necessity to keep up with the competition. No doubt, as in many other Asian countries, the exemplary laws and detailed (even self-contradictory) regulations must not be seen as the government's statement of intention to enforce, but rather as levers for extraction of profit and power attendant on their nonenforcement.

Some company managers recognize that the intrusion of government political control can be a strain on employee relations and a drag on productivity. The Security Office inside the plant watches white-collar workers closely for seditious tendencies, and has the authority to report them directly to police agencies; in fact such reports are made two or three times a year in a large U.S. MNC. The political control can even be directed against American personnel, as in 1977 when the government forbade American management to discuss demands mailed by "The Taiwan Liberation Front," that foreign capitalists withdraw immediately or face the consequences. It would seem farfetched that an office worker would be caught red-handed in "sedition," but the definition is a very flexible one. For example, instruction cards issued to new workers at one large U.S. MNC factory instruct them not to complain about low wages or onerous work, "lest you be used by Communist Spies." In 1978 native novelists who "exposed the dark side of society," including labor conditions in industry and mining, were denounced in the press by government-sponsored writers as communist sympathizers.

It is doubtful that American management takes such communist paranoia seriously, but in late December 1978, immediately following Carter's announcement of impending recognition of the People's Republic of China, the factory buildings of General Instruments, Taiwan, were draped with huge banners incanting shrill exhortations in the manner of KMT Party propaganda, "Resist the Communists, Save the Nation," "Be Strong in Times of Adversity," "Obey the Leader." This display more likely reflected GIT's desire to be spared attacks like that made on the U.S. Embassy at that time by pro-government, "anti-imperialist" mobs. It shows, however, that the MNC is not politically neutral, and is likely to find its best interests in upholding the current power structure and even its ideological distortions.

The Chinese managers in an American MNC gather for Kuomintang Party meetings on company time; the one I chanced to overhear in November 1977 at RCA was concerned with limiting the influence of an opposition candidate for Taoyuan County Head, Hsu Hsin-Liang, who had championed the causes of farmers and workers. Workers who brought the candidate's literature into the factory were to be blackballed. During the same campaign, there was reportedly a shakedown of the girls' dormitory at Zenith. At Zenith a young worker I knew well, who volunteered as a receptionist at Hsu's campaign headquarters, was called in for questioning by the company's security office. The local unions' function as an extension of the KMT Party is routinized. They invite Kuomintang candidates to speak at gatherings with refreshments provided from union funds, and they distribute the candidates' literature. The Security Office posts the name of the Party nominee for National Legislature labor representative on the bulletin board in the factory.

At times of natural or government-orchestrated disaster, as when a severe typhoon strikes south Taiwan, or a monument is to be built to the late President, the labor union officers vote to turn overlarge portions of the workers' welfare funds to relief organizations and "patriotic" foundations under uncertain management. The

source of workers' welfare funds is compulsory wage deductions of about 0.5%. Labor insurance is assessed on the workers' salaries at the rate of 1.6% deducted, and the employer contributes another 6.4%. Also, as mandated by law, the union receives 40% of the income from the sale of scrap from factory production; the accumulated sum is considerable. Usually the workers are given a rebate from the workers' welfare fund on May Day, about NT\$100, or U.S.\$2.80. In 1976 the union at General Instruments contributed about U.S.\$100,000 to the building of a grandiose memorial to Chiang Kai-Shek, who had died the previous year, and the workers were issued instead a printed portrait of the late dictator.

In late 1978 the opposition candidate for labor representative, Yang Ch'ing-Ch'u, publicized the fact that the government intended to use a large portion of the tens of millions of dollars (U.S. dollars) generated annually under labor insurance assessments to finance a new tourist hotel. His young campaign assistants, myself, and a well-known political satirist prepared a series of cartoon posters on this and the misuse of workers' funds. After the U.S. announced diplomatic recognition of the People's Republic in mid-December 1978, unions at MNCs in Taiwan proffered several hundred thousand dollars to the special national defense fund set up then. Later one source said the funds were refused this time "because the law forbids diversion of the workers' welfare funds."

GOVERNMENT UNIONS AND WORKER WELFARE

Most of what I have recounted may sound like a fairly innocuous sharing of profits between host government and MNC, in a prosperous, export-driven economy. And indeed it has been a prosperous economy, with wages and living standards for workers rising slightly faster than inflation, and high levels of employment.

There seem to be very few incidents like the 1975 GIT strike; but since such news is blacked out, there is no way to know. Disturbances in smaller Taiwanese factories with 30-50 workers are occasionally heard of through the grapevine, but I have never known of a successful one. Some persons attempting labor organization have been arrested in past years. Instead of striking, the workers "vote with their feet," hopping from factory to factory for slightly better wages when the labor market is tight.

However, the other side of lack of union representation is that the very real grievances of the workers are suppressed, and neither labor protections nor health and safety standards are fully enforced. Although the MNCs made a show of being squeaky-clean and legitimate, and they certainly are in comparison with the bulk of native Firms, the letter of the labor regulations is usually honored only in the formalistic sense. This is particularly so in the case of regulated overtime pay, sick pay, and vacation pay, which I will discuss later.

The union at GIT hires three or four middle-aged mainlander men as full-time office staff. A girl worker who wishes to read the labor regulations must go to the union office during working hours, ask them for the book, and sign her name to read the book there. There are shop-floor elections for worker representatives, but the nominations are made from above, and as one woman representative of electronics workers told me, you can bring up the same issues year after year, and they are always being referred to the county headquarters or whatever in endless buck-passing. A union headquarters office I passed by occasionally in Taipei looked like a back-waters government bureaucracy, with dusty barred windows and a few slow, elderly mainlander men sitting at their desks.

What kind of "tutelage" does the union hierarchy provide? A particularly vivid example is the case of a native Taiwanese manager who attempted to start a program of testing and compensation for nearsightedness at the Texas Instruments plant in a southern suburb of Taipei, in about 1976. A large part of the work force there, which includes more long-term employed and married women workers than most plants because the work requires considerable training, use binocular microscopes eight hours a day. After the management rebuffed this request, Mr. Hsueh and two other native Taiwanese managers attempted to organize a union to demand it. As required by labor regulations, they collected 50 signatures of supporting workers for a supposedly secret petition to the union headquarters. The union headquarters promptly contacted the TI management, which prepared for a counter-union organization. On the balloting day, company security officers and guards prevented the supporters of eye testing from entering the balloting room. Mr. Hsueh and friends were fired on

various pretexts within a year or so.

A more serious situation occurred at Philco-Ford (later Philco-Sylvania) in Tamsui, north of Taipei, in 1972-73 during a period when the company was rapidly stepping up production and increasing work stations but not ventilation in an area of assembly and welding. A former manager told me that 10 to 12 women died of fume inhalation over several months' time. My research assistant chanced upon the family of an 18-year-old victim, who had been on the job only three weeks when stricken, and died in about another three, with large purple lesions on her skin. The company first claimed she had died of some hereditary disease and insisted on testing the parents, but then settled on U.S. \$2,500 compensation after the cases began appearing in the newspapers, much less than the medical costs of her care. Newspaper accounts were cut off without full investigation. "If we had freedom of speech in our country, my daughter would still be alive; her life would not be discounted with such a measly sum," the father said. It is hard to believe that an American company operating in the 1970s would not be aware of the precautions necessary against toxic air emissions in electronics work.

UNITED STATES FOREIGN POLICY AND UNITED STATES ECONOMIC INTERESTS

In sum, the personnel structure and functioning of the MNC factory might be seen as a microcosmic caricature of the neo-colonial relationship of the United States government and the Taiwan polity. In the multinational corporation, American managers manipulate resources of capital, raw materials, and labor on a world scale. Their local mandarins, the Chinese mainlanders, directly supervise the predominantly native Taiwanese work force, and apply coercion if necessary. The wage constraints are complemented by government policy in the agricultural sector, which keeps the price of rice low.

Similarly in the arena of international relations, it is doubtful that the Chiang regime would have survived without the close assistance of the United States. Its only claim to legitimacy of rule on Taiwan, where native Taiwanese have some 10 provincial representation in a rubber-stamp "national legislature," is its incongruous insistence that it is the rightful government of all China, a claim that was supported by the U.S. until the late date of 1978. Reciprocally, the U.S. has had considerable military, strategic, and economic interests in Taiwan. In 1980 an aide to a United States senator on the Foreign Relations Committee told me, "The New York bankers would never let Taiwan go under, they have too much of a stake, and Taiwan's economy is too intertwined with ours. U.S. interests in Iran were nothing in comparison."

It seems that martial law powers and pervasive secret police surveillance are indispensable to this system. Civil and human rights suppression follows from the structure of inequality in economic rights. An abstract academic analysis of exploitation cannot encompass the social experience of that environment.

From October 1978 through December 1979, opposition candidates, editors, and social-realist novelists, young ministers of a Christian theological seminary, and local "big men" with peasant followings, joined together and publicly demanded the end of martial law. Some, particularly the "liberation theologians," emphasized the primacy of social issues, and forced the government to respond, for example, to the plight of pig farmers. The Taiwan Democratic Movement, as it called itself, called rallies of tens of thousands of people, often under the barrels of machine guns and surrounded by riot troops. On the days December 13-15, 1979 and later, the regime arrested 200 persons, and later sentenced 80, the core of the movement, to long terms. Most were subjected to psychological terror, beatings, and/or sleep deprivation, and some to more severe physical torture. The daughters of one candidate were murdered. Annette Lu Hsiu-Lien, educated in law at the University of Illinois and Harvard University, who founded the women's movement in Taiwan and started women's safe houses, was sentenced to 12 years. Shih Ming-Deh, a former political prisoner and behind-the-scenes organizer in the movement (we had met and married in 1978), was returned to life imprisonment. I was deported and much of my research material confiscated. Yang Ch'ing-C'hu, labor representative candidate, himself a warehouse clerk at China Oil but better known as a writer of stories about workers, has by now emerged from four and one-half years imprisonment.

Although this was the period of Carter human rights diplomacy, and the charter of the quasi-diplomatic

American Institute on Taiwan stated an intention to "enhance human rights" on Taiwan, the arrests elicited no reprimand from AIT or other State Department organs. Soon after, President Chiang Ching-kuo, successor to his father, announced that although "the arrest of a few extremists" was necessary to the social order, the Republic of China was "continuing on its path to democracy." In 1981, Reagan, whose former public relations agents Deaver and Hannaford had recently been on \$5,000/month retainer from the Taiwan government (Washington Post), became President of the United States; a previous Reagan speech to the American Chamber of Commerce in Taipei affirmed his "friendship based on high ideals" with the Republic of China government. He has since shown concern for two years of martial law in Poland, but none for over 30 years of martial law in Taiwan.

THE IMPACT OF WORLD MARKET UNCERTAINTY

Following closely on the feverish build-up of 1972-73, the 1974 oil crisis and setback for the electronics industry has led to pervasive if subtle changes in wage packages and working conditions for women in Taiwan, as an adjustment to the instability of the world market since that time. The effects of stagnation reverberate at the micro level. To quote one Chinese production manager at an American electronics manufacturing plant in Taiwan, "Before we had six months' advance planning for production; now we have only six weeks' advance orders." The result is a need for more fluid adjustment of the labor force and other overhead, up and down, as the vagaries of production demand. There seem to have been two generalized responses to this situation in Taiwan:

1. Floating Wage Packages, Temporary Facilities

Since 1975, many MNCs have developed wage packages and conditions of employment that operate both to force overtime work when needed, and to separate unwanted employees without severance pay. Specifically, "bonuses" attached to the base wage have increased to as much as 25% of the base wage, but the total package has only kept abreast of inflation. These "bonuses" may be forfeited for various "offenses" such as being five minutes late for work, taking vacation or sick leave, or refusing to work overtime. Since the "performance bonus" may be equivalent to three days' pay in some factories, the regulated paid vacation and sick time actually can only be taken with a severe docking of the salary packet. Stringent vacation and sick leave conditions encourage continuous high turnover, allowing rapid shrinkage of the work force when desired.

Time-and-a-third for overtime work is based on the base wage, without performance bonuses or transportation and lunch allowances included, so actual hourly pay for overtime may actually be even less than regular pay including bonuses and allowances. The bonus regulations may be applied more or less strictly, depending on whether the labor force is to be cut or expanded; strict application can mean up to 6% savings in the total wage bill, according to one personnel manager. Moreover, the discretion of the foreman in docking bonuses can be used to enforce workers' compliance with requests for overtime work (Arrigo).

Since about 1974, the MNCs seem to have ceased major investment in long-term facilities for the workers. A few years earlier RCA built what may be considered the model dormitory facilities, with large, airy halls, four girls to a room, clean, tiled bathrooms, a house mother for each floor, grassy spaces and a recreation building, all enclosed in a compound next to the factory, with a single gate and checkpoint where all must sign in and out. In 1979 in Kaohsiung, similar dormitories built during the boom period by a Japanese company and by the Kaohsiung Export Processing Zone authorities were only partially occupied and apparently rapidly decaying from neglect. In the late 1970s, Ampex and other companies needing dormitory facilities rented ready-made concrete apartment buildings nearby and threw in thin partitions and metal bunks. This shift reflects not only the world market but also demographic changes in the female work force -- increasing age and sophistication, more local working-class rather than rural parentage -- and some slow divestiture by MNC manufacturers concerned about the uncertain political future of Taiwan.

2. Subcontracting

There may be increased subcontracting for the local procurement of components. While this reflects and encourages the technological development of local industry, it also shifts the costs and uncertainties of overhead, and management of labor, to local entrepreneurs. At some level of subcontracting, this means unregistered "underground" shops run from house fronts, in which the entrepreneur is little more than a worker who has scraped together family resources for a few pieces of equipment. The 5 or 10 people he employs have no labor insurance or health care, or even the remotest protection of labor regulations. (Just walking down two blocks of "underground" factories in a Taipei suburb in 1979, chatting with people in the open shops, I came upon two persons with mangled hands, and a large injection machine idle because the operator had just been sent to the hospital.)

Alternatively, the ultimate destination of subcontracting may be "putting-out" work, with middle-aged mothers assembling Christmas lights or winding coils around electronic components, often assisted by small children, at piecework rates that come to usually about half the hourly wage for a girl factory worker. Subcontracting, village industry, and putting-out have proliferated in Taiwan since 1975, bringing a new form of small-scale industrialization to the neighborhoods and countryside. However, this development can only be considered as an appendage of the MNCs and of the export economy, since native capital does not develop independent marketing capacity, and the penny capitalists collapse first when the world market falters.

CONCLUSION

Having presented such a list of the nefarious deeds of the American MNCs in Taiwan, including their collusion with the secret police forces of a capitalist but very authoritarian dictatorship, I will no doubt be accused by someone of opposing economic progress through foreign investment. Such an accusation would be misplaced. I do not take a stance for or against foreign investment per se, and, in any case, I doubt if business or governments care very much what academics think, unless that opinion can be used as convenient window-dressing to buttress their pre-existing purposes. I do take it as the responsibility of social scientists to analyze the heart of social functioning, with all its features as we may find them, pleasant or unpleasant.

In this particular case, if Taiwan were to refuse some foreign investment, the MNCs could no doubt set up their factories in South Korea, the Philippines, or Malaysia, each of which have their own parallel systems of de facto martial law and labor control. The issue of concern is not the economic strategy of any one country, but the justice of the international economy as a whole.

Taiwan has benefited from the export economy, with nearly full employment and generally rising standards of living and education since the 1960s. Unlike many other countries, this modernizing economic development has reached the common people, and by some measures there has been a slight improvement in equity of income distribution, rather than polarization. Taiwan has been called the success story of U.S. aid.

Why is political and police coercion still necessary to the functioning of foreign investment and the export economy, when economic development is successful? This is the central question that I hope to provoke with this presentation. I suggest that we may look upon Taiwan as the exception that proves the rule. Milton Friedman's proclamations aside, I would conclude that coercion in direct and indirect forms is necessary to the maintenance of a relationship of unequal exchange of labor power.

NOTES

I. The Ministry of Interior sometimes responds to suggestions for internal reform and protection of workers, and in 1978 was rumored to have suggested (no doubt mimicking mainland China, since the environment of unmarried girl workers in Taiwan hardly demands it) that breast-feeding time be allowed for women workers, for instance. In this period it was decided however that priorities of the Ministry of Economics -- particularly in protecting the export economy -- would take precedence over the Ministry of Interior. A special organ of the Ministry of Economics was set up to arbitrate disputes in foreign companies, and remove them from public litigation in the Ministry of Justice. An issue in point may have been that American personnel involved in legal

proceedings would be forbidden to leave the country for six months.

2. The General Instruments, Taiwan, strike mentioned previously illustrates an aspect of the tension between American and Chinese management. Here the interests of the white-collar workers coincided with those of the factory workers, and at least some of the government-linked union personnel participated; it was not worker protest organized from below. Complaining of poor profits in 1974, the American management announced in mid-September, 1975, that it would not issue the customary Autumn Festival bonus of half-a-month's salary to either office or assembly-line workers. After instigation by some foremen and section leaders, for the Thursday afternoon shift 5,000 employees sat idle at their stations, and another 2,000 crowded into and around the personnel office, where the American manager in charge of personnel was surrounded. He used stalling tactics; about dinner time the crowd began to disperse. He later scoffed that he had handled much more serious labor agitations in the States than this show; "I could have passed out the popcorn."

The government response was not so nonchalant; military police and 15 high-level officials immediately descended on the plant, eager to bring a resolution before news of the disturbance spread to other factories. The American manager let the officials "sweat it out," in his words, until Saturday morning, then gave his ultimatum that GIT would pay half the bonus with cash borrowed from the workers' welfare fund, if the government promised to root out the source of the strike and make sure it didn't happen again, otherwise news of the strike would certainly spread to other foreign investors. Union representatives vehemently protested the settlement until the government officials took them aside for a few hours; then they agreed meekly. Under martial law, leading labor disturbances is a capital crime.

When I visited a week later, an elderly mainlander man in the personnel department whispered aside to me, "If our country didn't have martial law, we'd have our bonus." Later a personnel manager at another MNC commented that the GIT union was the first set up, as early as 1965, and the government had not yet then perfected its lines of control.

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