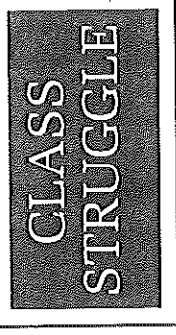


# SILICON VALLEY: A TALE OF TWO CLASSES

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**T**HE DEVELOPMENT of the world economy into a global network coupled with the advent of high technology has created sharp class differences. Those involved in production work, such as auto workers, are depreciated like used cars, while professionals increase their net worth on the world market.

In the new global network, capital is not patriotic. It migrates to where the greatest profit can be made. Robert Reich tells us in *The Work of Nations* "As the cost of transporting materials and communicating information about them drop, profit margins on high-volume, standardized production are thinning, because there are few barriers to entry. Modern factories and state-of-the-art machinery can be installed almost anywhere on the globe." It is cheaper to manufacture cars in Mexico where the wages are low or to employ cheap workers in the Dominican Republic to input data into computers.

As the new economic world turns, the sun rises on "professionals" such as software engineers, programmers, investment bankers, lawyers, management consultants, and television producers. This class can help capital create new products, find funding, solve problems, and gain public support. Since the skills of these professionals are sought after in the world economy, they fare better on the international auction block. If their market collapses in the U.S., they can become consultants in Poland and Hungary, directing and organizing the new class of production workers. Back in the United States, the new "high technology society," takes on an strange character. Carrying laptop computers, men in suits step over the bodies of displaced workers on the streets. In California's Silicon Valley, the First world meets the Third in a weird melange of high technology and misery.

Located in Santa Clara county, south of San Francisco, the Silicon Valley has become the ninth largest manufacturing center in the U.S. as well as the biggest high technology center in the world.

According to a report by the Silicon Valley coalition, "No metropolitan area in the United States since the Second World War has had a more profound impact on the world's economic order." Santa Clara County is rated by the Census Bureau as one of the most prosperous counties in the United States. Lockheed is the largest single employer in the county, which is also home to Apple, Intel, Hewlett-Packard, IBM, and Sun Microsystems. The key to the amazing growth of the Valley in the last three decades is Stanford University. The Dean of the Engineering School created a research complex in the 1950s called the Stanford Industrial Park. This attracted Pentagon research funds which provided the backing for 70 percent of all electronics contractors in the 1960s. Since the early 1970s, defense-related expenditures have dramatically increased as other types of electronics investment have come to the Silicon Valley. The area has the greatest concentration of Ph.D.'s and engineers in the world today. Although the manufacturing base has been in decline since 1985, it is still the world leader in software development.

Over 1.5 million people live in the tightly packed corridor stretching from Palo Alto to the San Jose foothills. While the Silicon Valley is in many ways a prototype of suburban America, cracks are forming in its social fabric. Air and water pollution are among the worst in northern California. Housing costs are among the highest in the nation. The average home price in 1991 was \$275,230 while the typical two bedroom apartment rented for \$844 a month. Professionals have been reluctant to transfer the Silicon Valley because of the high cost of housing.

While the average household income in Santa Clara County was \$52,000 in 1990, even members of the affluent middle class are beginning to feel the pinch. In 1991 a group of Apple Computer employees formed the Committee for One Apple to protest layoffs of fellow professionals as well as cuts in profit-sharing and fringe benefits. In 1991 Apple announced plans to cut 10

percent of its work force in spite of the fact that its quarterly sales were up 19 percent and profit margins were healthy. In an interview with the Committee for One Apple, several engineers confided that they could not afford to buy homes in Silicon Valley and that they needed their \$2,000 profit-sharing checks to get by. It did not lift the spirits of Apple employees to hear that their CEO John Sculley announced he was taking a pay cut from \$2.2 million to \$1.9 million. (This act of self-sacrifice was offset by press reports that he earned an additional \$14 million in 1990 by cashing in stock options.) In a recent PBS interview Sculley informed the audience he had to make "tough choices" and endorsed the economic program of Paul Tsongas.

Rick Eames, a spokesperson for the Committee for One Apple, felt disillusioned about the gap between Sculley's proclaimed liberalism and the corporate reality. On the steps of Apple Computers, Eames and other computer professionals read excerpts from Sculley's book, *The Odyssey*, during an unprecedented protest in June 1991. Sculley wrote that companies owed employees "one of the most rewarding experiences of their lifetimes" and should "not allow quarterly earnings to get in the way." The founders of Apple encouraged an employee-friendly atmosphere in the earlier years of the "Mac revolution." Professionals were attracted to the open intellectual atmosphere at Apple, which stood in stark contrast to the regimented corporate culture of IBM. One of the members of the Committee for One Apple noted that Steve Jobs, co-founder of Apple, "really loved the technology" while Sculley "really loves the dollars." As "the MBA's and Wall Street people" take over the company, the professionals who used to put in 12-hour days for years at Apple now feel it's not worth the effort. Recently the Vice President of Human Resources said he didn't expect people to stay at Apple. Faced with more successful global competitors, such as Japan where job security is a production incentive, why

would a "progressive" company promote such a policy? A spokesperson for the Committee for One Apple put it bluntly: "It was a typical American business solution—we need more dollars, so let's cut employees."

While these professionals have recently become disillusioned with the Silicon valley dream, author of *Behind the Silicon Curtain* (South End Press), Dennis Hayes, has been a longtime critic. He explains the origins of the Silicon Valley's manic growth: "Because it represented something, this perennial frontier in the United States, and it came at a time when the old line industries: steel, glass, rubber, autos, etc., were just in shambles." With full page ads in the *New York Times* and the *Wall Street Journal*, Apple recruited a particular kind of professional, according to Hayes: "There's a peculiar kind of social repression in the United States that whets the appetite for this kind of wild, creative, even emotional work." The computer hacker's frustrated social skills combined with engineering discipline produces...leadership in software development. However, the ultimate social price may be high: "...every 6 to 8 months there is a new release, a new version in hardware computer technology which requires adjustment, if not entire new operating systems...So software and hardware people in the Silicon Valley are constantly working to turn over products very quickly. In order to do that, they must more or less dedicate their life to this. And that means a compulsive work-centered neurosis in personal life that leaves little time left at home." This work ethic also leaves little room for a social conscience. An interview with the Committee for One Apple revealed a pervasive lack of concern for workers other than Apple computer professionals.

The computer professionals' lack of class consciousness may stem from their ability to become entrepreneurs. Many have left large companies to form their own businesses. Profits from computer companies attract venture capitalists, which in a classic pattern, lead to overproduction and shrinking profits. The Silicon Valley has frequently experienced boom/bust cycles. After the 1985 shakedown, the industry lost 10,000 jobs. This unemployment had a distinctive class character. Production

workers (such as PC board assemblers) constituted 46 percent of the work force but 68 percent of those were predominantly displaced due to the transfer of low-wage production abroad. While professionals constituted 28 percent of the labor force, they composed only 15 percent of the displaced. Blacks, the young and the old, were twice as likely to lose their jobs as white, middle-aged professionals. By 1995, the California State Employment Development Department predicts that professional and technical support staff will outnumber production workers. Unable to afford the high housing costs, production workers have fled Silicon Valley. This has contributed to the decline of Silicon Valley's manufacturing base. Unemployed professionals can usually find other comparable employment, but those who can't often leave the Valley. This constant population turnover creates a social rootlessness that characterizes valley culture.

For the lower class of Silicon Valley, the economic downturns in the fickle electronics industry have created increasing hardship. Of the 40 percent minority population in the county, over half are Latino. Many are recent immigrants with minimal English language skills and often work as janitors, maids, restaurant, and service workers. Their unemployment rate is double that of whites and many have no health insurance. The only way many of the poor can receive medical treatment is through the emergency room of the Valley Medical Center, which itself is facing severe funding cuts. An aide to San Jose's Mayor said the hospital's budget crisis was a literal life and death matter for the Silicon Valley's poor.

In the midst of this grim picture, the Service Employees International Union Local 1877 started an aggressive, imaginative campaign to unionize Silicon Valley's janitors. Major local companies, such as Apple, subcontracted janitorial services via a low-bid system. What this has meant for the janitors is low wages, averaging \$5.25 per hour, and no health insurance, vacation pay, or maternity benefits. There also was no mechanism for grievance procedures, for instance to respond to sexual harassment by supervisors.

Apple subcontracts its janitorial services from Shine Building Maintenance, one of the largest janitorial

firms in Silicon Valley. When presented with SEIU's unionizing efforts, Apple took the position that the working conditions endured by the janitors on its premises were not its concern. Apple and even members of its dissident Committee for One Apple declared it was strictly a matter to be resolved between Shine and the janitors, since Shine was the subcontractor.

Undaunted by management tactics, SEIU's continued its organizing, in spite of INS raids that resulted in 130 of 180 janitors losing their jobs. Shine retaliated by terminating janitors for union activities, as well as other illegal forms of illegal interference with the right to organize. Even the Reagan-packed NLRB awarded a \$10,000 settlement to ten janitors at Shine for violations regarding labor organizing. In addition, two sexual harassment charges were brought against the manager of Shine Building Maintenance.

SEIU decided to target Apple because of its "progressive" image, which contrasted with its indifference to the janitors working conditions. SEIU believed they could only pressure Shine into recognizing the union through an understanding with client companies such as Apple. As John Barton explains: "We want to teach our kids to work on MacIntosh computers. But if we use Macs, then what are we teaching our children? Are we teaching them that it's okay to exploit immigrant women and their children?"

Mimicking the multinational approach, SEIU sought support abroad from the unions at Apple's European companies. The ten million member International Federation of Commercial, Clerical, Professional and Technical Employees (FIET) joined in the campaign. Phillip Jennings, General Secretary of FIET, wrote Apple CEO, John Sculley, "Apple Computer is directly responsible for the poverty level wages and the virtual absence of health care benefits suffered by its janitors through the employment of Shine Building Maintenance." FIET has organized pink and white collar employees throughout the world. These include clerical, technical support staff and even professionals, such as programmers and engineers. With the layoffs of white collar workers in the United States, unions may be able to make inroads into the middle class. A

union that would join both the janitors and programmers in a company like Apple, might be a significant force for change. Unfortunately, the Committee for One Apple members rejected any unification with the janitors. Class consciousness dies hard. However, the exacerbation of economic hardship may create new alliances.

At an international computer show in January 1991, the SEIU unfurled a union banner in the middle of a speech by Apple CEO John Sculley protesting Apple's policies. The SEIU promoted a boycott of Apple computers by leafletting Mac consumer outlets, placing an ad in the *New York Times*, and staging a three week hunger strike on Apple's Corporate grounds. In a unique community-based approach, they joined with community organizations, such as the Cleaning Up Silicon Valley Coalition. This coalition issued a report in June 1991 which documented the plight of the janitors. Apple executives eventually met with members of the coalition. Then the SEIU prepared to hit Apple in their home ground: the California public schools. Apple had provided the school system with computers, which resulted in an automatic market for Apple software. As members of educational community began backing SEIU, Apple caved in. In a sudden turnabout they gave the nod to Shire to start serious negotiations with SEIU. In March 1992 Shine Building Maintenance signed a contract with the SEIU that raised wages and provided benefits, such as health insurance, thus culminating a struggle that began in January 1991.

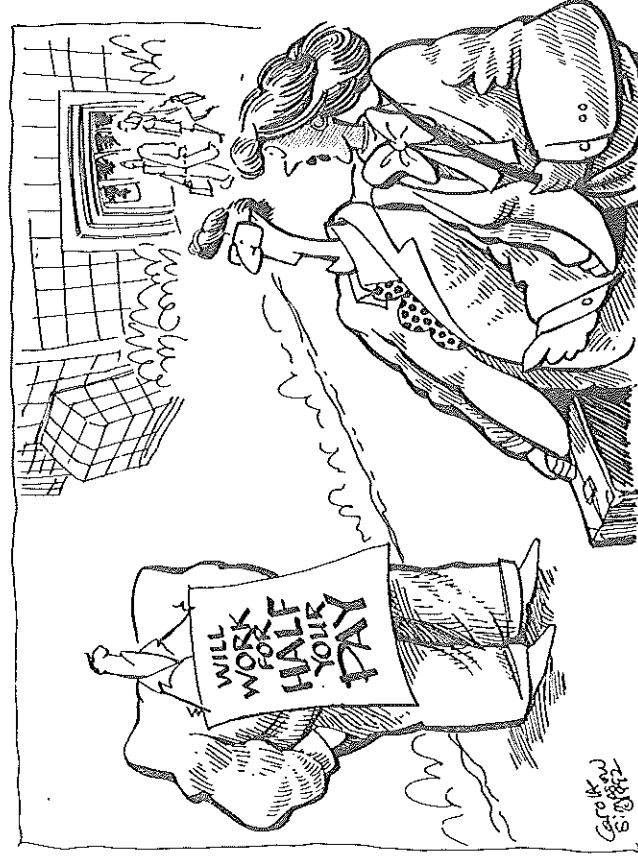
SEIU's campaign to organize Apple's janitors received strong support from the educational community in California. Gary F. Serda, one of the Board of Trustees of the Alum Rock School District, wrote Apple's CEO John Sculley that "the Alum Rock School District has made a tremendous investment in Apple products" and that Apple should show the same concern for its janitors. Patrick Nicholson, President of the California Faculty Association informed Sculley that "this is a matter of decency and justice. It's not sufficient for Apple management to delegate this to janitorial contractors with an incentive to exploit these workers and then blame the contractor when the public inquires." Kenneth P.

MacKay, Associate Dean for Educational Equity at San Jose State University, told Sculley that his "students are interested to see how the corporate world they are training for is treating their friends and relatives."

A front page story in the *San Jose Mercury*, March 3, 1992 summed up the SEIU's campaign: "It took an international boycott, lawsuits and a hunger strike, but janitors who clean buildings at Apple Computers will now be represented by a union after a yearlong battle. The union victory may seem small—affecting only about 130 workers employed by janitorial contractor Shine Building Maintenance—but it is the first step in a broader union campaign to organize similar contracts for all of Silicon Valley's major employers. And the Service Employees International Union's tactics exemplify a new aggressive style of union organizing that may hold the key to successful labor-management battles of the 1990's, say some analysts. 'I'd call their style leading-edge,' said Jim Potterton, program director of the Labor Studies Department at San Jose City College. 'They think and act strategically. The idea of strategic thinking in the labor movement is innovative in itself.' SEIU's tactics—which mix sophisticated public relations with grassroots organizing and civil rights protests—have brought 30,000 new members to the union nationally in the last four years."

SEIU has shown that a strategy that includes community-based issues, such as education, is a better strategy than focusing only on workplace demands. In addition, the multinational nature of corporations can be used to great advantage to gain support for a local union campaign.

The infamous Rodney King verdict in Los Angeles has brought the issue of class and race to the public consciousness. Most Americans are now aware that something has gone wrong with the "American Dream." The gap between the haves and have-nots is the greatest since the 1930s. According to a *New York Times* editorial (April 19, 1992) the richest 1 percent of American families received 70 percent of the increase in average family income between 1977 and 1989. Although the two-person paycheck is now common in American families, even many middle class people cannot afford to buy homes. The American infrastructure is falling apart: streets, highways, schools, public hospitals and transportation are decaying. The right wing's laissez-faire philosophy has utterly failed. We need a new strategy to deal with this capitalist "victory." By forming broad-based grassroots coalitions and international alliances, the SEIU has created an example of how the left can take the offensive against the right wing's assault on the American people. Z



"... AND HE COMES CHEAPER THAN THE LAST MOTIVATIONAL CONSULTANT WE HIRED."