

# Tatung: From Taiwan Number One National Brand To Moving-out<sup>1</sup>

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## Abstract:

In the 1960s and 1970s, Taiwan interior market was protected by government for local industries to share with little competition. Under the situation, Tatung Company rose up sharply as Taiwan number one national brand in home appliance products. Tatung implemented conservative labor practices and dismissed unionists if there was any resistance. In the 1980s, Taiwan government opened the market, since that, local industries have to face strong challenges from outside. The traditional sectors like home appliance have been moved out seeking cheaper labor cost and gradually turned to 3C related productions. Tatung not only brings the production lines but also the management style to the invested countries. The union busting comes again but in different nations. In Taiwan, unionists got certain resources from outer labor movement to keep the unions operating; in Thailand, the union is still struggling in a very hardship. As company keeps changing its faces, unions have to face the new business structure in the global age.

## Keywords:

Tatung, union, labor relation, home appliances, industries' moving-out, import substitution, export orientation, economic liberalization.

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## 0. Foreword

On March 30, 2006, Tatung Banciao Plant Union mobilized 200 of its members to demonstrate in front of Ministry of Economic Affairs (MOEA) building. Tatung Company intends to move the main instruments of Banciao plant to Vietnam plant. This means the production in Banciao plant would be finished soon and endangers the job security of totaling 600 workers there. The union chose MOEA as its demonstration object because Taiwan government keeps on encouraging Taiwanese businessmen to move their investments abroad. The union also demanded the government to take serious actions to support the “traditional” industries.



**Plate 1. The demonstration of Tatung Banciao Plant Union on March 30, 2006.**

Resource: [http://www.flickr.com/photos/karlmarx\\_75/sets/72057594094193483/](http://www.flickr.com/photos/karlmarx_75/sets/72057594094193483/)

Events like this are often seen in recent years, since there are so many factory closures and Tatung is not a single case at all. But there were still a certain number of media coming to interview. This demonstration became an impact topic on news channels that day. By that Tatung is a very famous national industry. In the past when the air conditioners were not so common yet, many Taiwanese used electric fans during summer time and many of the fans came from Tatung. Until now in Taiwan, nearly 90 percent of rice cookers are made by Tatung. Furthermore, almost all the students will bring one rice cooker with them when they want to study abroad. Along with the

governmental slogan “Value the national products!” in the 1970s. We may say that Taiwanese people over the age of 25 grow up with the memory of Tatung products. And Banciao plant is right the place of manufacturing these home appliances. But now the products would become not made in Taiwan anymore.



**Plate 2. Tatung Boy (2006 edition)**

Note: 88 means 88 anniversary of Tatung Company. About the philosophy inside this company mascot, see <http://www.tatung.com/en/mascot.asp>.

The Tatung Boy firstly appeared on TV commercials in 1969 accompanied with Tatung Song. They were so popular that most Taiwanese over the age of 25 could sing Tatung Song. Now the Taiwan number one national industry in electronic sector intends to move its home appliance production lines totally out of Taiwan. No wonder the media all paid attention to that demonstration. This report thus tries to show you that, how Tatung strengthened itself under the economic protection policy of Taiwan government before the 1980s, and started to move out after the economic liberalization policy of the 1980s. At last, we will show you the working conditions and labor situation of Tatung workers in Taiwan and Thailand, and how they react to that.

# **1. The post-war industrial development policy of Taiwan government and Tatung Company**

## *1.1 Tatung in early years*

1918, still in Japanese colonial days, Tatung founder Shan-Chih Lin set up Hsieh-Chih Business Association focusing on construction business. For supplying the reinforcing iron bar of construction works, Lin set up Tatung Iron Works in 1939. 1942, Lin established Tatung Junior Vocational School (now the private Tatung Junior High School) and then appointed his oldest son T. S. Lin as the unique trinity of Professor, President of Tatung School, and Chairman of Tatung Company.

1945, Taiwan was back to Republic of China (ROC) from Japan after the World War II. Tatung Iron Works changed its name into Tatung Steel and Machinery Manufacturing Company the same year. During the war time, the railway cars were bombed and destroyed. Tatung got the contract of repairing 577 railway cars. For the contract Tatung input much money. But when the contract was finished, the fixed assets have no works anymore. That incident left Tatung heavy debt but also a very important turning point. First, by the contract Tatung began to make close relationship with the ruling party Kunmintang (KMT). T. S. Lin was elected to be the Legislator (Congressman), the Chairman of Taiwan Electric Appliance Manufacturers' Association<sup>2</sup>, and Chairman of Taiwan Association of Machinery Industry. Second, Tatung turned its infrastructures to produce electric fans. It created the base of later on Taiwan number one national industry in home appliance sector.

## *1.2. The industrial development policy during Horizontal Import-Substitution Era (1946-1959)*

After the destruction that caused by the World War II, the agricultural and industrial productions of Taiwan fell seriously. KMT was defeated by the Chinese Communist Party in 1949 and then moved ROC regime from mainland China to Taiwan, facing the deficiency of productions and lack of foreign exchange to buy daily needs. Thus the first priority of the economic policy was to recover the productivity level and try best to supply the daily needs locally to save the foreign exchange. We call this era as "Horizontal Import-Substitution Era".

The direction of this era is "cultivating industry from the resources of agriculture,

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<sup>2</sup> The name was changed into Taiwan Electrical and Electronic Manufacturers' Association in 1994, in order to include "high-technology".

developing agriculture by the industrial forces”. Taiwan government launched land reform to increase the agricultural productivity and shifted the resources from agriculture to industry sector. Then the development of industrial forces could keep agriculture productivity moving forward. Regarding the policy contents to restrain import, save the foreign exchange and protect local industries, they are showed as Table 1.

**Table 1. The policy contents to support local industries during Horizontal Import-Substitution Era**

Policy	Tariff protection	Import regulation	Limitation on new factory establishment	Rule of domestic-made ratio	Multiple foreign exchange rates
Content	High import tariff	The import items were differentiated into permitted, regulated and prohibited ones.	Temporary limitation on new factory establishment	Component parts of the productions had to meet the domestic-made ratio, specially for electronic and machinery industries	Low rate for industrial equipments, high rate for luxuries

Resource: formulated by author.

Take the electronic industry as an example, electric fan is one important product to be protected during the Horizontal Import-Substitution Era. The import tariff of electric fan in 1948 is 80 percent and usually kept in 60 percent during the whole 1950s and 1960s. Electric fans belonged to the import regulated item in this era. (Duan 1999, p.345)

During this era, another important issue for Taiwan economic development is the US aids, since Taiwan didn't have enough foreign exchange at that time. Parts of the US aids were direct subsidy to support the private sectors. Tatung was one of the supported private enterprises. (Lee 1999, p.41)

### 1.3. *Tatung in the 1950s*

Tatung began to produce electric fans in 1949, at that time there were only 98 employees. Tatung started technical cooperation with Toshiba to produce electric meters in 1954 and cooperation with Westinghouse to manufacture electric motors in 1956. Electric fan, electric meter, and electric motor are about the three major products of Tatung in the 1950s.

1956, Tatung established Tatung Industrial College (now the Tatung University) and T. S. Lin was the first President. Tatung had technical cooperation with NEC to set up Taiwan Telecommunication Industry Company (TTIC) in 1958 to produce telecommunication equipments.

At that time, Tatung lacked money and tried hard to collect capitals to invest, even thinking about how to get more from its employees. Firstly, from 1946 Tatung began to encourage its employees to buy the shares of the company. Then starting from 1957, Tatung's shares went public. When Taiwan Stock Exchange Corporation was opened in 1962, Tatung was one of the first companies in Taiwan stock market. The problem here is that even though employees buy the shares from the company, the shares are still collectively preserved by the company. The employees can't sell their own shares by themselves and can't attend the annual shareholders' meeting unless they quit from the company. Tatung did this one way to collect capitals from the employees, the other way to consolidate enough control of shares by Lin family. This issue later became one important point of dispute between the labor and the company.

Secondly, Tatung ever deducted four percent of employees' salary every month to be enforced savings named as "Annuity Fund". (*Tatung Semi-Monthly*<sup>3</sup> 47:13, p31) From 1957, Tatung started to collect savings from its employees and the general public, in the name of "Tatung Employees' Saving Account". Tatung was not a bank but collect savings from people. Actually it's informal and unlawful banking.

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<sup>3</sup> *Tatung Semi-Monthly* was firstly published in June, 1947 as a Tatung interior journal. In early days there was enriched company information inside the journal. But since the 1970s, it turned to be a literature journal. *Tatung Semi-Monthly* was entitled with *Tatung Magazine* and became monthly in 1981.

*1.4. The industrial development policy during Export-Oriented Industrialization Era (1960-1972)*

As mentioned above, Taiwan economy in Horizontal Import-Substitution Era was sustained by US aids. Entering the 1960s, US aids were coming to end. To ensure the continuous capital accumulations of Taiwan economy, US aid agency in Taiwan directed Taiwan government to draw out “Nineteen-Point Financial and Economic Reform Program” in 1960. One important dimension of the Program is to change the import-substitution policy into export-oriented one. The same year, the Program was embodied with “Statute for Investment Encouragement”.

The international situation at that time on one hand is the Cold War confrontation between Socialism and Capitalism; US had to open its domestic market to support East Asian economy to compete with the Socialism block. On the other hand, inside US there were emerging voices to move industries abroad, taking the advantages of cheaper labor forces in developing countries to sell the productions back to US. In this trend, Taiwan became one of the assembly and export bases of US and Japanese capitals, using the export trade as the stimulation of economic growth. The direction of this era is “improving the economic growth by international trade, using the growth to extend trade”. Regarding the policy contents to improve export, they are showed as Table 2.

**Table 2. The policy contents to improve export during Export-Oriented Industrialization Era**

Policy	Foreign exchange subsidy	Refunding tariff tax for export	Low interest loans for export
Content	Use the foreign exchange earned from export to import the raw materials	Refunding the tariff tax of imported raw materials after the assembly and export	Through the industrial associations to set up Cooperation Fund

Resource: formulated by author.

The Statute for Investment Encouragement was trying to attract the capital input with tax advantage. For the scale of local capitals were still small, thus foreign capitals became important objects. 1964, US company General Instrument came to Taiwan to invest. This is the first 100 percent foreign investment and totally export-oriented company which supplies electronic parts to international market. Besides using the cheaper labor forces of Taiwan, this investment had nothing to do with Taiwan

domestic market. This symbolized that Taiwan had entered the international division of labor by export orientation. (Chen 2004) Later in 1966, the first Export Processing Zone in Taiwan was established<sup>4</sup>. That was just the continuance of export oriented policy and extension of export sector.

Now many people think the export-oriented policy is the key element leading to the success of East Asian economic development. So, people emphasized the role of export too much. In fact, even in this era of Taiwan, the practices of import-substitution and protections of local market were still going on.

Take home appliance sector as an example, during 1963 and 1964, Taiwan government temporarily refused the registration of new TV set factory. (Tu 1999, p.98) And the domestic-made ratio regulation was set up especially for electronic and machinery industries. From 1964 to 1973, the domestic-made ratio of home appliance sector was around 60 to 70 percent. (Duan 1999, pp.349-50)

Except the foreign investments supplying the international market, import substitution and export orientation have continuous effects but not separated. Taking an example of Tatung products, the electric fan which was once one of the protected items during the Import-Substitution Era, has transformed into important export commodity during the Export-Oriented Industrialization Era. We may say that the possibility of big scale of export was established on the base of protected inner market since the import substitution era. Only when the inner market was protected, then Taiwan private sectors had the chances to obtain adept labor, manufacturing skills, and reproductive capitals through the local sales, at the same time getting ready for the opportunity to export.

Another big issue relating the export was the break-out of Vietnam War. Taiwan was an important platform to supply the needs of the US army. *Tatung Semi-Monthly* (48:24, pp.4-5) ever had reports very proudly that the company defeated Japanese corporations to win the contracts from the US army.

### *1.5. Tatung in the 1960s*

The 1960s is the first decade of Tatung's big expansion. The two main production sectors emerged in this era: home appliance (rice cooker production from 1960; radio

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<sup>4</sup> 1966, Kaoshiung Export Processing Zone was set up; 1971, Taichung Export Processing Zone and Nantzu Export Processing Zone.

and refrigerator 1961; black & white TV set, air conditioner, and compressor 1964; color TV set and wire & cable 1969) and heavy electric apparatus (power transformer 1963). The technique resource is mostly from Toshiba.

Regarding international trade, Tatung started to export in 1954. The big five export products in the 1960s were electric meter, electric fan, power transformer, electric motor and rice cooker. But except electric fan and later TV set, most products were domestic market oriented. In addition, Tatung began to develop component part sector which is totally export oriented. 1966, Tatung had technical cooperation with IBM to set up Tatung Electronics, manufacturing parts for big computers. Tatung technically cooperated with General Instrument and Japanese Alps to set up Forward Electronics in 1970, producing parts for TV set and other home appliances.

Through the process of technical cooperation with transnational companies, Tatung also obtained some investments from those companies. When 1968, about 15 percent of Tatung's shares were held by foreign capitals. Tatung productions started to export to Japan in 1969. It's well documented in the newspapers because it means that the quality of Taiwanese products is good enough to ship to the technique resource state.

The expansion of production leads to the expansion of employment. In 1964, Tatung only had 2,529 employees. In 1967, there were 4,500 employees with average wage of 50 USD per month. At the same time, the price of a 16-inch Tatung TV was 138 USD, cheapest refrigerator was 142 USD, and big rice cooker was 9.5 USD. (*Tatung Semi-Monthly* 50:4, p.4) In 1969, there were 8,000 employees with average wage of 87.5 USD per month (*Tatung Semi-Monthly* 51:21, pp.6-7).

The 1960s was also the exaltation decade of Tatung in business and politics circles. In 1967, T.S. Lin served as the Central Standing Committeeman of KMT; in 1969, T.S. Lin was elected as the Speaker of Taipei City Council and three years later for the second term. The company changed its name from Tatung Steel and Machinery Manufacturing Company to Tatung Company in 1968. It presented that the company has crossed the border of steel and machinery to electronics. 1970, Tatung became the biggest private company in Taiwan, with the total proceeds of 55,000,000 USD.

#### *1.6. The industrial development policy during Vertical Import-Substitution Era (1973-1979)*

After ten years of export orientation, the demands for the middle materials had

increased. And the basic infrastructures like transportation couldn't meet the needs of economic development. In 1973, Taiwan government changed the policy to vertical import-substitution. Vertical import-substitution means backward integration, developing the upper stream sectors of the industries. Later on, the Ten Big Constructions were implemented, focusing on petro-chemical, heavy industries, and transportation infrastructures. The direction of this era is "adjustment of economic structure, improvement of industries upgrading".

Regarding the policy contents of this era, the vertical import-substitution is more obvious in two industrial chains: one is from the synthetic fibers and plastics linking backward to petro-chemical; the other is from home appliance and machinery linking backward to steel and metal industries. In other words, the point of vertical import-substitution is heavy and petro-chemical industries. Because the upper stream sectors could guarantee enough supply of the materials, the goal of vertical import-substitution is to maintain and expand the export. (Yeh 1984, pp.693-4)

The Ten Big Constructions also provided much business for the private companies. Tatung got some certain huge contracts from the Ten Big Constructions, like all the power transformers of the new international airport.

### *1.7. Tatung in the 1970s*

The popularity of Tatung Boy and Tatung Song, announced that the 1970s is the second decade of Tatung's big expansion. Tatung's manufacturing plants from Taipei City had extended to Taipei County: Banciao plant was established in 1970; Sanshia plant was set up in 1973. There were more others coming to Taoyuan County later.

The expansion also happened in overseas. Tatung started to set up overseas offices since 1971 for the improvement of international trade. The Singapore trade office was transformed into Tatung Singapore Electronics in 1972. Tatung US was set up the same year. Tatung Japan was 1975. Tatung UK was 1980. Some of the overseas subsidiaries implemented small scale of manufacturing besides trade business.

There was a backward integration trying inside Tatung Group. In 1970, Tatung together with several Taiwanese home appliance companies technically cooperated with US company RCA to invest in Chunghwa Picture Tubes (CPT). The main products are picture tubes supplying TV set and monitor. But as time went on, the quality couldn't meet the expectation. Later on, RCA and other Taiwanese investors

dropped out. Only Tatung supported CPT independently. Eventually Tatung again found Toshiba to transfer the technique. Then after 16 years, CPT began to make profits in 1986.

1972, T.S. Lin's oldest son W.S. Lin took his father's step as the President General of Tatung Company. T.S. Lin was remaining the Chairman of the company. 1975, T.S. Lin was elected to be the Chairman of the Chinese National Federation of Industries.

#### *1.8. The industrial development policy during Economic Liberalization Era (from 1980 up to now)*

In Vertical Import-Substitution Era, the ratio of heavy and petro-chemical industries in Taiwan total industrial production values indeed increased. But twice Oil Crisis in the 1970s warned that people couldn't rely on petro-chemical too much. 1980, Taiwan government turned the point from heavy and petro-chemical industries to "strategical industries". The establishment of Hsinchu Science Park in 1979 led to the most important strategical industries: information technology (IT). The direction of this era is "speed-up of the industries upgrading, aggressively developing the strategical industries". 1984, for first time the total export values of electronics were over textiles. The policy contents of this era were embodied with "Statute for Upgrading Industries" in 1991.

In terms of international situation, the advanced capitalist states faced serious economic decline after the twice Oil Crisis. They gradually conducted economic protectionism since the 1980s. Taking an example, the US government started to set limits on importing Taiwanese products including steel, rice, textiles, color TV set, and so on. Furthermore, US asked Taiwan government to open the domestic market to foreign goods and revalue Taiwanese Dollar. (Duan 1999, pp.293-7)

In September, 1985, the devaluation of US Dollar led to the sharp revaluation of Taiwanese Dollar. Four years later, Taiwanese Dollar hit the highest point, from 40.47:1 to 25.5:1. Almost all the 1990s, the exchange rate between US Dollar and Taiwanese Dollar kept under 30:1, until 1997. The revaluation of Taiwanese Dollar made the export price higher and reduced the export. (Lin et al 2000a, p.8)

In this sense, Taiwan government announced economic liberalization policy in 1983, loosening the regulations on import and capital mobility. (Lin et al 2000a, pp.11-6) At that time, the protection policy since Horizontal Import-Substitution Era went

bankruptcy totally. The implementations like tariff protection, import regulation, and rule of domestic-made ratio have been expired. Foreign products can come in very easily than ever. Taiwan government even stepped forward to open the gate for foreign investments to come in. At this stage, Taiwan products have to face serious competition not only in the international market, but also in the domestic market beyond the deregulations. The Taiwan industries in Economic Liberalization Era are much more involved in the international division of labor than ever. Taiwanese companies must be more flexible in the global world, seeking chances to survive.

**Table 3. The deregulations on capital mobility in the 1980s**

Date	Implementation
May, 1985	Loosening the limitation on investing abroad
June, 1986	Loosening the limitation on foreign investments
August, 1990	Partly permission on investing in mainland China

Resource: (Lin et al 2000a, p.14)

Loosening the limitation on investing abroad and loosening the limitation on foreign investments, are the two sides of one thing. Because the competition increases, Taiwan corporations must go abroad seeking cheaper labor forces to reduce the cost, and finding other export places to avoid the trade barriers. And because of Taiwan's diplomatic isolation in the international society, Taiwan government encourages businessmen to invest abroad, trying to use the investment as bargaining chips to consolidate some diplomatic relationships. (Nee 2002, pp.142-56) The goal of Taiwanese overseas investment is listed as below. You can see that it's more and more concentrating on mainland China in recent years.

Due to the political tension between Taiwan and China, Taiwan government tries all the way to divide the capital flow to China. In 1993 and 1998, Taiwan government has proposed "South Bound Policy" for twice, hoping businessmen go to South East Asian countries to invest. And then since the mid-1990s, Taiwan government finds another target as Central America. By that all the countries in Central America have diplomatic relationship with Taiwan, so Taiwan government lobbies businessmen to invest in Central America. (Nee 2002, pp.119-23) But as you can see in Table 4, the real effect is little. Most businessmen still like to invest in China.

**Table 4. The statistics of Taiwan investment abroad (1996-2005)**

Unit: 1,000 USD

Year	Mainland China		Other areas		investing values in mainland China/ total investing values
	Case	Value	Case	Value	
1996	383	1,229,241	470	2,165,404	36.21%
1997	728 (7,997)	1,614,542 (2,719,771)	759	2,893,826	35.82%
1998	641 (643)	1,519,209 (515,412)	897	3,296,302	31.55%
1999	488	1,252,780	774	3,269,013	27.71%
2000	840	2,607,142	1,391	5,077,062	33.93%
2001	1,186	2,784,147	1,388	4,391,654	38.80%
2002	1,490 (3,950)	3,858,757 (2,864,301)	925	3,370,046	53.38%
2003	1,837 (8,268)	4,594,985 (3,103,799)	714	3,968,588	53.66%
2004	2,004	6,940,663	658	3,382,022	67.24%
2005	1,297	6,006,953	521	2,447,449	70.62%

Note: Numbers in the brackets mean remedial applications. The remedial values are excluded in the ratio measures.

Resource: Department of Investment Services, Ministry of Economic Affairs, Taiwan.

### 1.9. Tatung after the 1980s

Although the export values of Tatung was number one in Taiwan electronic industry by 1980, Tatung met big risk in the mid-1980s.

First is the saturation of the domestic market. Entering the 1980s, all the home appliances become very common for most Taiwanese families. There is only little space for the growth of home appliance sale. Second is the competition in the international market. Taiwan companies face strong challenge from Korean electronic companies and can't compete with Korean products until now. (Lin et al 2000b, p.37) Taiwan government opened the market completely for the import of home appliances in 1986. Since that, even in the domestic market there are more and more competitions. Tatung's export raced to the number one in all Taiwanese companies by 1985, but it seems like a last blossom before the downfall of home appliance sector.

1985, a big financial scandal happened in Taiwan. Many people withdrew out money from insecure banks, including Tatung Employees' Saving Account. Tatung suddenly lost 75,000,000 USD of circulation capitals, more than ten percent of the total assets. Taiwan government asked state-owned banks to provide financial support to Tatung. So that Tatung passed the difficulty very hardly. (Lin et al 2000b, p.37-8) Only one thing was cheerful for Tatung during the hard time that CPT began to make profits.

Facing serious damage in the mid-1980s, Tatung started to transform itself to meet the changing situation.

- A. Main production from home appliances and heavy electric apparatus to 3C<sup>5</sup>  
 a. Home appliances and heavy electric apparatus are domestic oriented, 3C are export oriented

It's in 1992, the sale vales of Tatung's 3C productions first time more than home appliances together with heavy electric apparatus. 3C productions are export oriented, on the contrast of the domestic oriented home appliances and heavy electric apparatus. (See Table 5) 1999, Tatung's stock in Taiwan Stock Market Exchange was changed from electric sector to electronic sector. It declared that Tatung has been transformed and its income is mainly coming from 3C productions now. Last year, 2005, the ratio of 3C in all sales has reached to 77.50 percent; heavy electric apparatus 8.59 percent; wire & cable 7.04 percent; and home appliances become the lowest as 6.87 percent. (2005 Annual Report of Tatung Company, p.35)

**Table 5. The sale values of Tatung productions in 1992**

Unit: 1,000 NTD (1USD= 25NTD)

Computer, communication and consumer production (50.11%)				Home appliances (23.87%)			
Domestic market		Export		Domestic market		Export	
Value	%	Value	%	Value	%	Value	%
1,238,202	3.74	15,351,284	46.37	7,278,835	21.99	620,907	1.88
Heavy electric apparatus (20.67%)				Others (5.35%)			
Domestic market		Export		Domestic market		Export	
Value	%	Value	%	Value	%	Value	%
6,567,997	19.84	276,230	0.83	1,658,534	5.01	111,703	0.34

Resource: 1994 Annual Report of Tatung Company, p.9.

<sup>5</sup> 3C means computer, communication and consumer production, similar with information technology.

- b. Home appliances and heavy electric apparatus have own brand, 3C are OEM (original equipment manufacturing) for mainly western brands

Tatung started to produce personal computers (PC) in 1984. In the beginning, the brand on the products was Tatung. But later on, there are more and more OEM productions. Especially after 1993, the price reducing wave of PC in the international market, Taiwanese computer manufacturing companies turn to grab the OEM orders from the big western brands. (Wang 1999, pp.34-6) Taking the example of Tatung, PC orders were mainly from HP and Compaq; monitor orders were from IBM. Only within the year 1985, Tatung has gotten the huge order from IBM of one million monitors. (Wang 1999, p.32) In 1999, 45.72 percent of Tatung's total income came from HP. (*1999 Annual Report of Tatung Company*, p.13)

1989, TTIC produced public phones for AT&T. In recent years as the newspapers mentioned, Tatung gets PC order from Haier, monitor order from IBM, and PDP (Palma display panel) TV with TFT-LCD (thin film transistor-liquid crystal display) TV orders from HP, JVC and Wal-Mart.

## B. Manufacturing plants moving abroad, especially China

See Appendix 2 then you can find that Tatung Group has many investments abroad. There are two points could be highlighted here about the overseas investments.

- a. Most investments concentrate on China

Tatung began to set up overseas subsidiaries since the 1970s. Because of nearby the export market, some subsidiaries also launched small scale of manufacturing. Up to the mid-1980s, Tatung started to establish factories in US and South East Asia but the number is not many. The investing boom was happening in China from the late 1980s. Almost all the companies in Tatung Group have factories in China. Tatung also set up factories in the countries around US and European markets like Mexico, Netherlands and Czech in the past ten years.

Compare the investment lists of Tatung Group in 2004 and 2005, we find that FDK-Tatung Thailand (electronic parts), Tatung Indonesia (electric motor) and Cambodia Lan-Sung International (lumber) were already removed from the list. In addition, when CPT Scotland plant was established in 1997, it's such a big event that

even the Queen of UK has attended the ceremony. T. S. Lin was also there at that moment. He must be very proud that he could set up a factory in the homeland of Adam Smith. But now the Scotland plant already stops operation. All the things make the investments more concentrative on China.

b. The investments in China are all indirect investment through the investing companies in the third places

Tatung sets up investing companies in the tax-free paradises like Singapore and British Virgin Islands, and then invests in China through these investing companies. Because the subsidiaries in China are indirect investments, Tatung doesn't need to declare the company information of these indirect investments in the annual reports.

C. The segmentation of the company and technique integration

2000, Information Communication Department of Tatung was separated and transformed into a new company named Tatung System Technologies. The same year, the sales & service department and service outlets were separated and transformed into Tatung Consumer Productions. It seems that Tatung tries to operate the production sector and service sector separately.

Since the 1970s, Tatung has invested in many subsidiaries (see Appendix 1). The subsidiaries distributes in many kinds of industries. It's hard to say that there is any linkage among them. But nowadays Tatung launches its integration of 3C productions, through outsourcing and merges. It puts particular product to particular manufacturer, in order to specify the skills and reduce the burden of the mother company Tatung.

2005, Tatung sold its PC department to Elitegroup Computer Systems (ECS), to exchange 30 percent shares of ECS. Tatung outsourced its PC OEM orders to ECS and transferred all the 180 workers in PC department to ECS. Now Tatung is the biggest shareholder of ECS and the Chairwoman of ECS is W. S. Lin's wife, the oldest daughter-in-law of Lin family. Thus, originally the sales of computer systems occupied 70 percent of Tatung total 3C sales in 2004. But due to the outsourcing of the PC department, the percentage was only 14 in 2005. The percentage of flat TV sets with monitors increased from 23 to 80. (*2005 Annual Report of Tatung Company*, p.37)

Originally ECS focused on main board production, later on extending to PC and

laptop manufacturing. In July, 2006, ECS announced that it merges Uniwill Computer, the laptop manufacturer. In other words, although Tatung itself doesn't conduct computer production anymore, but it has outsourced the production and integrated the producing technique of main board, PC, and laptop by merge.

The similar strategy could also be found in CPT. 1997, CPT got the technical cooperation from Mitsubishi Electric's subsidiary ADI (Advanced Display Inc.) to manufacture TFT-LCD and PDP monitors. Since that, CPT once the biggest CRT (cathode ray tube) manufacturer in the world, turned to mainly produce flat monitors. We can see in Table 6 that, within only short five years from 1999 to 2004, the percentage of CRT sale in CPT dropped from 78.80 to 34.12; the percentage of TFT-LCD rose from 14.79 to 63.00.

**Table 6. The sales percentage of CPT main productions (1999 and 2004)**

Unit: 1,000 NTD (1 USD= 33 NTD)

1999			2004		
Product	Value	Percentage	Product	Value	Percentage
CRT	28,437,390	78.80%	CRT	39,958,974	34.12%
STN-LCD	148,153	0.41%	STN-LCD	856,688	0.73%
TFT-LCD	5,338,470	14.79%	TFT-LCD	73,774,362	63.00%
Others	2,165,123	6.00%	PDP	2,440,983	2.08%
-	-	-	Others	71,212	0.06%
Total	36,089,136	100%	Total	117,102,219	100%

Resource: *2000 Annual Report of Chunghwa Picture Tubes*, p.23; *2004 Annual Report of Chunghwa Picture Tubes*, p.129.

In terms of technique integration: Forward Electronics the Tatung subsidiary produces monitor module; CPT invests to set up Toppan Chunghwa Electronics in 2003, focusing on photo-mask the monitor parts production; the same in 2003, CPT closed the CRT production lines of its Yangmei plant in Taiwan, moving them to Malaysia and China plants. July, 2006, CPT bought in the shares of Sintronic Technology to be the biggest shareholder of Sintronic. Sintronic mainly supplies the parts for LCD manufacturing.

#### D. The attempt of the second own brand

2004, Tatung has launched its second own brand named "elio". The first product is called Photo Jukebox. It's a personal audio and video player like Apple's iPod. Since

that, Tatung is the traditional brand for home appliances and heavy electric apparatus; elio is fancy for 3C productions.

*1.10. Some consequences: from protection to open, from domestic oriented to export, from national products to moving-out, from home appliances to 3C*

If we put the history of Tatung in the context of Taiwan economic policy, then we could find some consequences.

A. Although home appliance and heavy electric apparatus sectors have ever played an important role in export, basically they are domestic oriented.

B. The domestic market came from the protection policy of Taiwan government.

The reason why Taiwan national made home appliances in the past could occupy the domestic market, completely because of the protection policy of Taiwan government. Thus, after the economic liberalization policy of the 1980s, Taiwan home appliance firms have to seek more export. So that, they turn to produce more 3C productions and move the factories to overseas.

W. S. Lin once expressed when interviewed by a journal that he thought the governmental protection in the past was not enough. He thought that if Taiwan government didn't allow Japanese home appliance companies to invest in Taiwan and share the domestic market, then maybe Taiwan could have several chaebols like Korean Samsung and LG that now their scale are big enough to compete in the international market. (Yu 1994, p.174) That's another argument but we can't deny the governmental protection in the past.

C. The seeking of technique integration and new own brand represent the limitation of OEM.

The scale of Taiwan companies can't compete with other transnationals so they turn to get OEM orders. But there are more and more countries joining the line of OEM. The profits gradually decline. Companies like Tatung try to integrate the technique to save the cost and develop new brand to create new outlets. These all show that OEM couldn't be a long term strategy.

In addition, let's look back to see the problems inside Tatung Group. As mentioned

above, Tatung has many subsidiaries<sup>6</sup> but it's hard to see the linkage among them. If we look into the scales, we could find that most of them are small. In the most famous Taiwan yearly top 1,000 manufacturers ranking made by *Common Wealth*, usually there were only four companies from Tatung Group. They were Tatung, TTIC, Forward Electronics and CPT<sup>7</sup>.

Even though Tatung began to transform itself from the 1980s, but from the statistics we can see that the growth of Tatung couldn't reach the companies which concentrate on 3C productions. 1996 was the first time Tatung dropped out of top ten. During 2001 and 2002, it's the lowest point for Tatung. The finance of Tatung was minus 430,000,000 USD in those two years and more than 625,000,000 USD minus of all the Tatung Group. The *Common Wealth* uses combined data of mother company and its subsidiaries to do the 2005 ranking. By the new statistics, Tatung has dropped to number 30, even lower than CPT's number 24.

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<sup>6</sup> When interviewed by the journals, W. S. Lin often mentioned that Tatung takes General Electric as a model, towards an evergreen company with diverse production lines.

<sup>7</sup> After the independence of Tatung System Technologies from Tatung, Tatung System Technologies is listed by the yearly top 500 service industries.

**Table 7. Taiwan yearly top 1,000 manufacturer rankings of the companies inside Tatung Group (1983-2005)**

Year	Tatung		TTIC		Forward Electronics		CPT	
	ranking I	No. of employee II	ranking I	No. of employee	ranking I	No. of employee	ranking I	No. of employee
1983	7	22,398	112	3,000	138	2,351	-	-
1984	9	22,350	127	340(?)	163	2,233	104	2,500
1985	9	19,717	156	1,800	204	1,778	74	2,750
1986	8	13,000	222	1,450	152	2,160	40	2,950
1987	7	14,139	220	1,471	136	1,925	57	3,833
1988	6	12,386	175	1,472	200	1,613	41	4,558
1989	6	21,346	182	1,365	212	1,357	38	5,584
1990	7	21,346	131	1,350	242	1,289	31	5,956
1991	7	19,967	208	1,160	262	1,310	26	5,921
1992	6	11,000	350	847	-	-	25	5,327
1993	6	10,320	322	775	304	1,181	23	5,327
1994	8	10,353	401	713	318	1,120	28	4,657
1995	8	11,105	362	722	329	1,141	29	5,543
1996	13	11,377	358	772	360	1,082	26	6,430
1997	18	N.A.	376	760	403	1,003	34	N.A.
1998	13	19,200	329	767	341	937	35	6,482
1999	11	18,633	-	-	557	859	24	6,259
2000	11	11,355	-	-	499	1,109	26	6,345
2001	12	6,809	-	-	320	970	30	5,188
2002	18	N.A.	-	-	333	1,021	30	4,980
2003	15	6,000	-	-	359	1,013	28	5,520
2004	18	5,492	-	-	362	974	20	7,605
2005	30	N.A.	-	-	301	3,457	24	22,594

Note: I . The ranking is according to the yearly sales.

II . Compared with the statistics from Tatung, the numbers of employees here are very strange. It seems that they use different statistic bases. It's more reasonable here if the numbers between 1992 and 1996, and the numbers after 2000 are only referring the headquarters factory.

III . The income statistics in 2005 includes subsidiaries and the employee statistics includes the workers in overseas factories.

Resource: *Common Wealth*, Yearly Corporation Ranking Special Issue, from 1984 to 2006.

## **2. The state policy and labor laws before the autonomous union movement**

1945, Japanese colonial rule ended with the finish of World War II. Taiwan returned back to China after 50 years. But the civil war soon broke up and KMT was defeated by Chinese Communist Party. KMT transferred ROC regime to Taiwan in 1949. Since that there are two China governments beside the Taiwan Strait. In Taiwan, KMT practiced one party ruling and not allow any effective opposing party. Because the experience that KMT was defeated by Communist Party, it implemented Martial Law to avoid the collective power of workers and peasants. Under the Martial Law, strikes were strictly prohibited. The right to strike was recovered in 1988 when the labor movement went on.

### *2.1. Trade Union Law*

After coming to Taiwan, KMT's policy towards labor union firstly appeared in 1951. Government encouraged companies to set up fake unions to prevent the workers from authentic organizing. KMT set up official unions not only to control workers but also mobilize workers to support it. (Lee 1999, pp.53-5) In the beginning, the unions were most likely set up in state-owned enterprises. Tatung Union was established in 1959, a very early-born union in private sector. Of course, it's controlled by the company.

The law regulating labor unions is the Trade Union Law which was legislated in mainland China. The revised edition of 1949 shaped the face of Taiwanese unions until now. There are some characters of this edition:

#### A. Single union in a workplace and single official confederation

According to the law, there could only be one union existing in the same workplace. At the same time, there was only one lawful confederation and it's Chinese Federation of Labor (CFL). Before the remove of Martial Law in 1989, every union had to be affiliated with CFL. And CFL was controlled by KMT. In other words, all the unions were under the control of KMT.

At that time, because the union was set up by the employer but not rank-and-file workers themselves, in fact the union always listened to the management. Sometimes the union officers even came from the management. So we call it official union. In the terms of workers' folklore, it's called "caponized-cock union", meaning useless. Some

better unions could demand several welfares for workers, but completely didn't have any right to collectively bargain. Thus, sometimes we also call it "welfare union".

Around the remove of Martial Law, the labor movement tried to take back the union from the government and the employers. That's the "autonomous union movement": In the workplace where there was already a union, workers tried to take back it during the re-election; in the workplace where there was still no union, workers tried to set up one by themselves.

#### B. The differentiation between industrial union and craft union

There are two kinds of unions in Taiwan: industrial union and craft union. If in a workplace where there are more than 30 employees registered to form a union, then that's an industrial union. The craft union is for the self-employed and the employees without a stable job to join the Labor Insurance. Usually the craft union is controlled by the owner of small enterprise. Thus, the craft union doesn't have possibility to collectively bargain, until now. But the total members of craft unions are much more than the total members of industrial unions. So, generally speaking, the regional federations and CFL were controlled by craft unions. The federations and CFL couldn't represent the voices of the rank-and-file workers.

#### C. The factory-based "industrial" union

The industrial union is not really industry-based, but factory-based. According to the law, even in the same enterprise, workers can't organize a union across the city/county border. Because in Taiwan more than 80 percent of the enterprises are small-and-median sized, in general the members of industrial union are not many; the unions are not strong.

But Tatung Union is a special case. The early factories of Tatung were only distributed in Taipei City, and the union was set up very early. As the company extended to other counties gradually, the workers in the outbound factories still join the same union. Thus, the union has members across the border, no matter in which county.<sup>8</sup>

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<sup>8</sup> The cross-border union also happened in other home appliance company. From this example we can say that, if the unionists have the willing to organize cross-border workers, the limitation from the law is breakable.

## 2.2. Factory Law

Regarding to the labor standards and employment relation, the regulations of early days came from Factory Law. Like Trade Union Law, Factory Law was legislated in mainland China. According to the law, factories should set up “Factory Council”, composed by half the management and half the worker, once a month to discuss the affairs in the workplace.

Tatung Company first time called on the Factory Council in the end of 1956. Until July, 1965, there were already 100 meetings in total. At that time, *Tatung Semi-Monthly* had a report, concluding the resolutions which be made in those 100 meetings. There were 399 resolutions. *Tatung Semi-Monthly* made them into a table as below.

**Table 8. The resolutions of the first 100 meetings in Tatung Factory Council**

1	Category of research on improvement of work efficiency	25	5.3%
2	Category of improving the relationship between the factory and the workers	19	4.2%
3	Category of implementation of collective bargain agreement, labor contract, and work rule	20	5.0%
4	Category of agreement on working hours extension	11	2.8%
5	Category of improvement of labor health & safety	44	11.1%
6	Category of suggestion for factory reformation	47	11.8%
7	Category of workers’ welfare	155	39.2%
8	Category of other issues	78	19.6%

Note: The category classifications are according to the Factory Law.

Resource: *Tatung Semi-Monthly* (47:15, pp.8-13)

From this table, we can see that the role of Factory Council was most like Employees’ Welfare Committee. In Tatung, there were near 40 percent of the resolutions linking to the workers’ welfare. Even some resolutions were talking about the research on improvement of work efficiency. The Factory Council was just like a Quality Circle meeting. We could know the employee-employer relation in general as such.

## 2.3. Employees’ Welfare Fund Act

Again Employees’ Welfare Fund Act came from mainland China. According to the act, company should set up “Employees’ Welfare Fund” and “Employees’ Welfare

Committee”. The Fund is collected from company income, employee’ salary deduction, and the selling of the waste materials. The Committee is composed by the labor (two-thirds) and the company (one-third) together to governing the Fund. Because the Committee has lots of money, workers in the autonomous side like to lead the Committee. By that, if the labor side can lead the Committee, the workers could get more resources to consolidate the organizing.

But since the financial administration is controlled by the management, if the management doesn’t transfer the money into the Fund, workers have little ways to respond. So usually the Chair of the Committee belongs to the company, even though labor has two-thirds seats. Therefore, some parts of the Fund came from employees’ salary anyway. If the company always manages the Fund by its own will, thus the Fund issue is very easily becoming a burning point between the management and the labor.

Taking Tatung as an example, Tatung Employees’ Welfare Fund was set up in 1948. The employer encouraged workers to buy the shares of the company, and even used the Fund to buy the shares. In other words, the Committee is a big shareholder of the company. In this sense, the Chair of the Committee not only has the power to use the Fund, but also play an important role for company to hold the shares. Definitely the Committee would become a battlefield between the management and the labor.

### **3. The administration and management style of Tatung**

Chinese scholar Duan mapped the characters of Taiwan business groups as: first, collect money, defend money and pinch money; two, family ruling; three, weak character of the company. (1999, pp.206-13) These are all suitable to describe Tatung. Besides, T. S. Lin on the one hand grew up under the Japanese style of education, and had deep relationship with Japanese corporations; on the other hand understood that Taiwan's technology is far behind western countries. Thus he showed two kinds of characters in his business operation: Japanese style of management and the self-respect of national industry.

#### *3.1. Collect money, defend money and pinch money*

The first generation of post-war Taiwanese capitalists like to collect money, defend money and pinch money, because usually they built up their enterprises from nothing, or just small business. (Duan 1999, p.206)

T. S. Lin's behaviors in the media reflected out the image of a frugal family. Lin's car was only local made, in echoes with the national products of Tatung. Lin disliked golf because he thought it's a luxurious sport. But if he treats his employees like his property, then the virtue of frugality would become shortcomings.

As mentioned above, Tatung has ever enforced the workers to buy the shares of the company. There are more cases here to show that the company ignores the rights of the workers. In 1983 and 1989, Tatung didn't pay the Labor Insurance for its employees and was fined by the government. (Lin et al 2000b, p.49; p.109) Before October, 1998, Tatung never remitted enough money to the Employees' Retirement Reserve Fund. (Lin et al 2000b, p.41) And the financial accounting of the Employees' Welfare Fund was always not clear, so that it became an argument between the labor and the company. (Lin et al 2000b, p.121)

Tatung has its own vocational schools to train the students as future management officers and skilled workers. Sometimes the students became the resource of cheap labor. 1987, it's ever declared that Tatung asked the trainees to work continuously for 14 days without any holidays, and some people worked over time up to 11 hours in one day. (Lin et al 2000b, p.49-50)

### 3.2. Family ruling

According to the *2005 Annual Report of Tatung Company*, there are 17 members in the board. Six out of the 17 comes from Lin family. The rest come from the two Tatung schools as the representatives of juridical persons. In Tatung and CPT, the positions of the Chairman and the President General always belong to Lin family. Family ruling not only refers that the important positions in Tatung Group are controlled by Lin family, but also refers that all the power are concentrated on the patriarch. W. S. Lin, the oldest son of T. S. Lin, served as the President General of Tatung for 34 years, under the shadow of his father. Even though he is the President General since 1972, many of his decisions were denied by his father. T. S. Lin was always the final decision maker, when he was still active.

The character of patriarch also presented as his “affection for being the preacher”. T. S. Lin as the trinity of Professor, President of Tatung School and Chairman of Tatung Company, had lectures every week in company and schools. All the managers and students had to attend. His beloved textbooks are *The Wealth of Nations*<sup>9</sup> by Adam Smith and Confucianism classics. The lectures have continued for more than 40 years. Now W. S. Lin takes his father’s job to be the preacher.

T. S. Lin had ever insisted that he should be the President of Tatung Industrial College. But according to the law, he couldn’t be the Chairman of a company and the President of a school at the same time. His insist delay the process for the school to become a university. (Lin et al 2000b, p.42) March, 2006, T. S. Lin stepped down from the position of Chairman and gave it to his oldest son. Two months later, he passed away.

It’s very common among the first generation of post-war Taiwanese capitalists that most of them have more than two wives. T. S. Lin had two wives and five sons. In the past it often became a news topic that which son would take his place after him.

There is a special role in the family. It’s W. Y. Kuo, the oldest daughter-in-law and W. S. Lin’s wife. Originally she went to Tatung as T. S. Lin’s secretary. And then she married to W. S. Lin. Since 1998, she serves as the Administrative Deputy President General of Tatung Company and takes charge of the 3C department. Compared to the mild W. S. Lin, she is appraised as much more aggressive. In the most famous year book on Taiwan business group research *Business Groups in Taiwan* (2006 edition),

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<sup>9</sup> Inside *Tatung Semi-Monthly* and *Tatung Magazine*, for every issue you can find the selection and translation of Adam Smith’s *The Wealth of Nations*.

the key person of Tatung Group is listed as W. Y. Kuo but not W. S. Lin.

### *3.3. Weak character of the company*

It's very usual that Taiwan business groups don't have enough self-own capitals and rely on the loans from the banks. The debt ratio is commonly high. In the mid-1980s, the debt ratio in most of the top 15 enterprises was over 50 percent. The ratio of Tatung at that time was 78 percent. (Duan 1999, pp.209-11) 1985, people withdrew much money from Tatung Employees' Saving Account. The company lost 40 percent of its total assets. In that year, the debt ratio of Tatung was as high as 360 percent, the ratio of self-own capital only 21.7 percent. (Lin et al 2000b, pp.37-8)

In 2005, the debt ratio of Tatung was 50.9 percent, CPT 61.34 percent, Forward Electronics 69.93 percent.

### *3.4. Incentive and Profit Center*

The first character of the Japanese style management in Tatung represents as the incentive in the wage system and the Profit Center.

We will discuss the details of Tatung wage system later in chapter 5.2. The main point is that the basic salary is low and the full salary depends on the incentive. When the incentive goes down, the full salary is much affected. During the summer time in 2005, several student clubs joined together to investigate the working conditions of Tatung Banciao plant by interviewing the union members. As quoted in their report, one worker said that the wage in Tatung was as good as Japanese investments in Taiwan during the 1970s and 1980s: "Tatung's operation and employees' wage was the same as Mitsubishi and Panasonic 25 years ago. But it's completely different now." Another worker who entered Tatung in 1986 said: "At that time the economy was good. Although the basic salary was low, the incentive was high. I could even earn 240 to 270 USD of incentive in a month. So I thought it's quite good at that time." (Practice Notes of Taiwan University et al 2005, p.8)

In terms of the incentive, there is a very complicated formula to calculate. In an issue of *Tatung Semi-Monthly* (45:3, p.7-9) in 1963, there was an article entitled with 'Brief Introducing the Enforcement of Productivity Index Incentive Payment in Tatung'. It claimed that through the index calculation, if the productivity increases in one month, the company would use half of the increase for re-investment, and use the other half

to increase the wage.

In the spring of 1968, T. S. Lin announced the “Planning for Double Incomes in Two Years” to the workers. He was planning to double the company sales in two years, and promised that the wage would be also doubled. Nearly two years later, in another article of *Tatung Semi-Monthly*, he expressed that the goal of double sales had been reached. But the number of the employees grew up by 78 percent, so the wage increase percentage was only 75 percent. (51:21, p.6)<sup>10</sup> The economic boom in home appliance sector like that is never again after the mid-1980s.

The relating issue is the Profit Center system. Tatung started to conduct Profit Center in 1966. Coming to recent years, there are some certain Profit Centers in each workplace. The employee’s wage would be affected by the income of the Profit Center which the employee belongs to. If the Profit Center makes less profit than others, then the workers there would have less incentive. According to this system, Banciao plant lost money in recent years, so there was a wage-cut of 10 percent salary for all workers in Banciao plant when 2001. The Profit Center system divides the interest correspondence among workers, leading to the uncertain of workers’ collective action.

### *3.5. Trying to make the union as a part of the company*

The second character of the Japanese style management in Tatung is that the employer is always trying to make the union as a part of the company.

This term “Tatung” in Chinese came from a Confucianism classic. The meaning is “great commonwealth”, referring a utopia world in which people live with harmony. Under a vision like this, actually T. S. Lin had a very conservative political ideology. When still in the Martial Law scheme, as a minority Taiwanese elite in KMT, he overwhelmingly support the anti-communist policy of the ruling party. He was very proud that he could get the orders from the US army to support them to set Vietnam “free”. In labor issues, he implemented the enforcement to encourage workers to buy company’s shares, and borrowed money to workers for housing. He believed that “worker has his own shares” and “worker has his own house” responded to “Principle

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<sup>10</sup> Japan government raised “Planning for Double National Incomes” in 1961 and declared that it would be achieved in ten years. Finally it only took seven years. We are not sure that whether Tatung’s planning was influenced by Japanese one. But anyway you can see how hot the East Asian economy was in the 1960s.

of People's Livelihood" in Dr. Sun Yat-Sen's "Three Principles of the People". He hoped using the Chinese style "cooperation & harmony" to replace the class struggle of Marxism.

T. S. Lin took his employees like a part of his family, the union like a part of the company. 1989, after the trade unionists set up the new and autonomous unions, he accepted that but led the unionists to the grave of his father -the founder of the company- to have worship. He wished that through such an action the unionists could be loyal to the company. (Lin et al 2000b, p.71) T. S. Lin didn't allow anyone to obey his authority. He alone stood for the company to negotiate with unions. He liked to use transference or dismissal to treat the unionists who didn't listen to him, no matter how the labor laws have regulated.

Because the union in Taiwan is basically factory-based, even the organized labor only has solidarity with the co-workers in the same workplace or the same company. Workers tend to think that the welfare of the workers depends on the company makes profits or not. Workers like to cooperate with the management to raise the production efficiency to compete with other companies, so that company could make more money and then workers could share more. Usually the company identity is stronger than labor identity. Sometimes even the trade unionists have accepted the ideas of "cooperation & harmony". April, 2006, the ex-President<sup>11</sup> of Tatung Union ran for the next term but failed. He soon accepted the position which was provided by the management as a personnel manager in information plant. He turns his face from the labor to the management very quickly. The new board of the union issued out a statement to express the regret. Maybe we could take this as an example that the ideas of "cooperation & harmony" have already invaded in the labor movement.

### *3.6. The contradiction between the self-respect of national industry and technical dependency on transnational corporations*

Like other home appliance and heavy electric apparatus companies in Taiwan, Tatung's technique resources are most likely from Japanese corporations. Tatung's main resources are listed as Table 9. Although we call it "technical cooperation", in fact Taiwanese companies must pay lots of money to buy the technique. And for the

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<sup>11</sup> This man served as an executive board member of the union since the autonomous movement. He was ever the executive board member of Taiwan Labor Front and Taiwan Confederation of Trade Unions. We may say that he is already a seniority in the labor movement. But he couldn't help to be a manager of the company now.

monopoly of the technique, Japanese always provides the outdated technique, or keeps some key technique as secrets. In this sense, Taiwanese companies still have to buy the key component parts from Japan when assembling the finished products. This leads to Taiwan's technical dependency on Japan. (Duan 1999, pp.263-4)

For Japanese corporations, selling the outdated technique to Taiwan could not only make money, but also find a place to assemble the Japanese products and export them to US. As mentioned above, since the 1980s US government conducts trade protectionism. US government sets up many import barriers for Japanese products. It's easier to sell them to US from Taiwan. It's said that every one dollar export from Taiwan to overseas, would lead to 0.28 dollar import from Japan to Taiwan; every one percentage growth of Gross National Product in Taiwan, would lead to the import growth from Japan by 1.82 percent. Most imported products from Japan are machinery, heavy industrial and petro-chemical productions.

Under the technical dependency, T. S. Lin still had some ideas about the self-respect of national industries. In all Tatung's factories, you can easily see the slogan of "Industries contribute to the state!" As Tatung's achievement in export was very good, the company always publicized the news of how its products were sold to Japan. One time, one Taiwanese corporation was accused as business spy in US. One student in Tatung University asked T. S. Lin how he thought about that. He answered: "Weak nation should take care and hold the technique independently, to avoid the oppression from strong nations." (The editors of Common Wealth 1997, p.48)

Another example is CPT. As mentioned above, in the beginning of CPT, the production is not good and other investors dropped out. Only Tatung supported CPT for 16 years and the accumulative lost reached to 30,000,000 USD. But the single case couldn't defend the trend. Even in CPT case, it's Toshiba's involvement to improve the quality of the production. Tatung had a machine tools center before, but couldn't make profit. Eventually only after Tatung join-ventured with Japanese, then the center was transformed into bigger scale. (Huang & Cheng 2003, pp.55-6) In the 1990s, the line of "national industries" was completely abandoned. Tatung turned from number one national brand to OEM for western brands.

**Table 9. Technical cooperation objects of Tatung**

Company	Technical cooperation object	Main product
Tatung	Toshiba (Japan)	Home appliances, heavy electric apparatus
	Westinghouse (US)	Electric motor
	Furukawa (Japan)	Wire & cable
	Philips (Netherlands)	Laser player instruments
	ITOKI (Japan)	OA furniture
	Schneider Electric (France)	Heavy electric apparatus
	Roku (US)	Digital media
TTIC	NEC (Japan)	Telecom equipments
Tatung Electronics	IBM (US)	Computer components
Forward Electronics	Alps (Japan), General Instrument (US)	Electronic parts
CPT	RCA (US), Toshiba (Japan)	CRT
	Mitsubishi Electric-ADI (Japan)	TFT-LCD, PDP
Tatung Chugai Precious Metals	Chugai Electric? (Japan)	Contact materials
Tatung Die Casting	Mitsui Kinzoku (Japan)	Mould
Tatung Precise Meter	Nippon Seiki (Japan)	Speedometers, tachometers
Tatung Fine Chemicals	PPG (US)	Industrial coatings
Tatung Otis Elevator	Otis (US)	Elevator
Tatung FDK	FDK (Japan)	Power supplier
Tatung FANUC Robotics	FANUC (Japan)	Robotics for factory automation
Tatung SM-Cyclo	Sumitomo (Japan)	Speed reducers, speed variators
Tatung Okuma	Okuma (Japan)	Machine tools
Toppan Chunghwa Electronics	Toppan (Japan)	Photo-mask
Green Energy Technology	GT Solar Technologies (US)	Poly silicon wafer
SeQual Technologies	SeQual (US)	Medical instruments

Resource: websites of above companies, annual reports of Tatung Company.

The reason why Taiwan has technical dependency on Japan, except due to Japanese enterprises' interests, another question is the very low research input of Taiwanese business. According to Duan's research, the budget of Taiwan government on technology research and development was only less than one percent, and most parts of the research belonged to military use but not business use. In enterprises, the research budget usually couldn't reach 0.5 percent of the total income. And the scale of Taiwan enterprises is small. In general, the research budget of US and Japanese corporations are ten times of the budget in Taiwanese enterprises. (1999, p.131)

## 4. The autonomous trade union movement in Tatung

Entering the 1980s, the one party ruling of KMT began to lose control. The social movements were emerging at that time together with the democracy movement. Gradually the democracy movement got some power from the mobilization of people. At the beginning when the democracy movement got some seats in the parliament, the opposing politicians still had the willing to use the new resources to support social movements. Thus, the social movements were much linked with the democracy movement. On May Day, 1984, the first labor movement organization in post-war Taiwan was established – that's Taiwan Labor Legal Aid Association (TLLAA). Later the different wings in labor movement were all originated from TLLAA<sup>12</sup>. 1986, the biggest opposing party Democratic Progressive Party (DPP) was set up. 1987, the first labor oriented party Workers Party<sup>13</sup> was established. Most of the labor disputes in the 1980s were wage and lay-off related disputes. (Lin et al 2000a, pp.27-8)

1984, Labor Standards Law was legislated to replace the Factory Law. At that time the labor movement was still a small baby. So the legislation was not from the pressure of labor movement but the pressure of US trade protectionism. As we mentioned above, US government conducts trade protectionism since the 1980s. One of their conductions was forcing Taiwan government to legislate Labor Standards Law. The trade protectionism was trying to raise the labor cost in Taiwan through the implementation of labor standards, thus Taiwan would reduce the export to US by higher labor cost. Actually the Labor Standards Law is similar with Factory Law. But Factory Law only regulated manufacturing and mining industries, therefore Labor Standards Law has extended to construction and partly service industries.

### 4.1. *The first year of annual bonus dispute*

At that stage, Taiwanese workers faced the problem of long working hours and delayed over time pay. Because there is clear regulation in Labor Standards Law about the over time pay, after the enforcement of Labor Standards Law, workers began to demand for over time pay, together with the annual bonus.

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<sup>12</sup> TLLAA changed its name into Taiwan Labor Front in 1992. Labor Rights Association (LRA) was established in 1988. Committee for the Actions of Labor Legislation (CALL; the secretariat also as known as Information Center for Labor Education, ICLE) was set up in 1993. These three are thought to be the “Big Three” labor movement organizations in Taiwan.

<sup>13</sup> Workers Party split in 1988. The leadership of Workers Party mainly only took legal actions to support workers. That resulted in the discontents from parts of it members. The radical wing set up Labor Party in 1989.

In January and February, 1988, before the Lunar New Year, labor disputes broke out all over the island, demanding for back pay of over time and higher annual bonus. On February 2, Tatung main plant worker Tseng, under the assistance of organizers in Workers Party, distributed flyers to his co-workers and Tatung other plants saying that the annual bonus of Tatung was much lower than other home appliances companies. The earlier Tatung only announced for half a month of bonus, but there was at least two months in other companies. Tatung workers got very angry. The autonomous sabotage soon broke out in almost all plants of Tatung, TTIC and CPT. The sabotage in Banciao plant lasted for five days. On February 10, company announced for bonus increase, then the sabotage was stopped gradually. (Lin et al 2000b, pp.24-6)

The sabotage was not the first time. There were several ones before. The most serious one was in 1969, the same demanding for higher annual bonus. That sabotage was ended with the riot police's intervention. (Lin et al 2000b, pp.55-61)

#### *4.2. The establishment of Tatung autonomous trade unions*

The sabotage gave a good chance for the workers to organize. Workers in Sanshia plant had already contacted with TLLAA for months. Some activists linked with the sabotage leaders to apply for the registration of Sanshia Plant Union. On the eve of the Preparation Meeting, company transferred one of the union originators to south Taiwan. April 14, Sanshia plant workers launched wild cat strike to support the union and the originator. The still yellow Tatung Union made a grievance to the government trying to stop the set up of Sanshia Plant Union but failed. May 25, the union was recognized by the government. July 11, following Sanshia Plant Union, Banciao Plant Union was set up.<sup>14</sup> (Lin et al 2000b, pp.63-73)

At the same time, the unionists had linked with the activists in the main plant. April 25, five workers in main plant including Tseng were transferred to other positions out of Taipei. The five didn't accept and made a complain to the government. The Labor Bureau of Taipei City judged that the transference was unlawful and the five could get back their former jobs. But T.S. Lin shut down the electric fan plant completely and

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<sup>14</sup> These two unions soon affiliated with National Federation of Independent Trade Unions (NAFITU), the first national-wide autonomous confederation in post-war Taiwan which was established on May Day, 1988. NAFITU is the affiliation of Brotherhood of Asian Trade Unionists (BATU) and World Confederation of Labour (WCL). When the first regional autonomous federation in Taiwan –Taipei County Federation of Trade Unions- was set up in 1994, both Banciao Plant Union and Sanshia Plant Union were the founding members.

lay off all the 300 workers, so that the five didn't have "former jobs" to return to. After some negotiations, the five were transferred to other positions but in Taipei.

During the dispute, one organizer Wang was dismissed in August by his distributing flyers. The five started to organize workers after their going back to the company. December 30, Tatung Union re-elected and labor side won all the seats of board members. (Lin et al 2000b, pp.79-97) 1989, workers in TTIC set up their union.

#### *4.3. Company lay off the union board members*

1989 was the second year of annual bonus dispute wave in Taiwan. But unlike the first year, the government and the capitalists were ready and had cooperated together to oppress the labor movement in the second year. In the beginning of 1989, Tatung unions conducted sabotage again but the company was not moved at all. The labor action failed in vain. (Lin et al 2000b, pp.106-9)

May 16, Chemical Fiber Plant Union of Far Eastern Textile, the most famous autonomous union at that time launched strike but violently oppressed. It presented that the highest point of Taiwan labor movement had been passed and then declined gradually. (Ho 1990) May 25, Tatung Union met with T. S. Lin to discuss about the wage increase. In the meeting the two sides couldn't have a resolution and conversation ended with an argument. June 30, company issues out the dismissal of union executive board member Chang. January 9, 1990, union President Pai was also dismissed. Three days later, company demolished the union office inside the company. Union had to rent a space outside the company.<sup>15</sup>

For supporting the dismissed unionists, the autonomous unions decided to push the re-election of the Employees' Welfare Committee and elected out the Committee members from labor side on January 15. January 23, another union executive board member Tseng was also dismissed. June 3, all unionists of the autonomous unions attended the annual shareholders' meeting of Tatung and occupied the microphone. June 7, three executive board members of Sanshia Plant Union -Liu, Chiang, and Huang- were dismissed at the same day. (Lin et al 2000b, pp.110-59)

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<sup>15</sup> Due to the element of factory-based union, unions in Taiwan lack resources. Usually the union office is provided by the company and located inside the factory. If the union has to rent a space by itself for the office, then it's a big burden for union finance. In the beginning when Sanshia Plant Union set up, the company didn't recognize the union so that the union rent a space outside the factory for a period of time. Tatung Union moved the office back to company in 1998.

In southern Taiwan, there was another unionist dismissal happened at the same time in Formosa Plastics. The unions in Formosa Plastics linked with Tatung unions to have medley relay hunger strike to protest again the employers. Formosa Plastics unionists in the south began hunger strike first for 72 hours. Then starting from July 18, the seven dismissed Tatung unionists launched another 72-hours hunger strike in front of Tatung headquarters. The unionists of Formosa Plastics who had just finished their own hunger strike went up Taipei to show the solidarity. On the day when all the hunger strikes came to end, more than 300 labor activists from all over Taiwan gathering together to protest again the unlawful dismissal. During the hunger strike, both T. S. Lin and W. S. Lin went abroad to avoid the demonstration. (Lin et al 2000b, pp.160-9)

Besides the hunger strike, the Tatung autonomous unions kept attending the annual shareholders' meeting and prosecuted to the court about the unlawful banking of Tatung, trying to make pressures to the company. (Lin et al 2000b, pp.184) Because of so many labor disputes and the unlawful banking scandal, T. S. Lin resigned from the Central Standing Committeeman of KMT in 1991 (but soon engaged as National Policy Advisor of the President office). 1994, the unlawful banking case was sentenced as guilty but in probation. It's a very big hit to the public image of Tatung. October, 1997, the unions launched the re-election of Employees' Welfare Committee. The President of Tatung Union Pai was elected to be the Chair of the Committee. But the company refused to consign all the time.

From the other side, since July, 1992, the dismissed unionists took back their jobs continually through the law suits. Most cases were finished within three years. But the longest case lasted for eight years. July, 1998, the last one Pai went back to Tatung. So far, his case is the longest one in all the unionist dismissal law suit of Taiwan history. During the law suits, the unions were still operating. And the dismissed unionists made their livings by donations from union members and labor organizations.

#### *4.4. The changing situation in politics and economy*

After the unionists took back their jobs continually, the relation between the unions and the company was getting better. So, the Chair of Employees' Welfare Committee still belongs to the management. At the same time, the outer political situation was changing very sharply. Due to people's discontent towards KMT, DPP began to have the possibility to win the general election. For attracting most of the votes, DPP has adjusted its strategy from street demonstration to table negotiation. DPP also

withdrew its support to social movements. In labor issues, for getting the support from the capitalists, DPP encourages the ideas of “cooperation & harmony” which in the past only the conservatives would use.

Under this situation, the labor movement organizations and trade unions had to choose. It's better follow the steps of DPP to cooperate with boss, or keep the autonomous and opposing line? 2000, DPP won the Presidency Election. On May Day of the year, the so called “autonomous confederation” -Taiwan Confederation of Trade Unions (TCTU)- was formally established. But ironically, the contradiction among the autonomous union movement was getting more and more intense. The labor movement organizations and trade unions split according to their different party identities or different strategy lines. TCTU has token the legitimacy of “autonomous union movement” and new political resources but follow the policy of DPP like just another official confederation. The rest outside TCTU keep struggling but only maintain a loose alliance, hard to replace TCTU.

In such an atmosphere, there were different opinions among Tatung unions about the Employees' Welfare Committee and other issues which towards the management. Tatung Union thought that it's not necessary to take the Chair; but other three unions -Sanshia Plant Union, Banciao Plant Union, and TTIC Union- thought that the labor should take the place of the Chair. During 2004 and 2005, when Tatung Employees' Welfare Committee held its annual meeting, the three unions ever launched demonstration outside the venue to protest the unclear accounting of the Welfare Fund. The different attitudes among the unions lead to the difficulty of union cooperation. The union newsletter was originally edited by the four unions together. During 2004, Sanshia Plant Union, Banciao Plant Union, and TTIC Union continually dropped out from the editing. Now the editing and publishing only takes place in Tatung Union.

2006, the four unions in Tatung re-elect the new board members continually. Nowadays the four new boards are seeking the opportunity for new cooperation among unions.

## **5. The working conditions of Tatung Taiwan workers**

### *5.1. The changing number of labor forces*

When we tried to figure out the total number of the workers in Tatung, we found that there were different editions. Obviously different editions had different statistic bases. Sometimes the figures referred the number of workers in whole Tatung Group. According to the statistics from Tatung publications, the changing number of labor forces in Tatung is listed as Table 10. Through the interviews with the unions, we could know that there were two high points of the labor forces: One was in the early 1980s. At that time there were more than 3,000 workers in both Banciao plant and Sanshia plant. TTIC had 3,500 employees. We may say that it's the highest point of the "traditional" sectors. The other was in middle and late 1990s. At that time most workers concentrated on 3C sector.

From the other side, when the company met the biggest management risk ever in 2001 and 2002, the number of Tatung itself dropped sharply<sup>16</sup> but the total number of Tatung Group kept increasing. That shows that the scale in 3C sector has expanded while the traditional sectors shrank a lot. From 1994, in general, factories of traditional sectors didn't hire new workers anymore and dismissed some workers from time to time.

Besides the downfall of the traditional sectors, moving-out of the production lines also results in the decrease of the labor forces. In the beginning of this report, we mentioned that the company has tried to move the home appliance productions to Vietnam. TTIC only has 190 employers in Taiwan now. All the production lines have been moved to China plants. Actually the moving-out is also happening in 3C sector. Productions with lower technique would be easier to be moved. CPT lay off its workers in Yangmei plant twice when 2001 and 2003. The CRT productions have been all moved to China. In Taiwan, CPT only has LCD production lines now.

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<sup>16</sup> Another issue is that Tatung System Technologies and Tatung Consumer Productions were separated from Tatung.

**Table 10. The changing number of labor forces in Tatung (1987-2005)**

Year	Number	Average age	Average service years	The total number of labor forces in Tatung Group
1987	15,380	-	-	21,480
1988	16,470	-	-	21,108
1989	17,800	-	-	21,346
1990	18,300	27	7	21,254
1991	19,967	26	6.5	25,109
1992	19,168	25.5	6.5	26,550
1993	18,690	25.4	6.4	27,254
1994	17,869	25.0	6.3	28,000
1995	19,491	25.8	6.8	30,700
1996	20,671	26.0	7.1	33,588
1997	19,575	25.6	7.0	32,278
1998	19,719	27.1	7.6	35,100
1999	18,633	28	8.6	35,164
2000	19,039	26	8.4	35,164
2001	6,809	37	12.9	36,125
2002	6,367	37	12.7	-
2003	5,787	38.03	12.3	-
2004	5,492	38.07	12.7	-
2005	5,322	38.08	12.7	-

Note: The numbers before 2000 refer the total labor in Tatung. The numbers after 2001 only refer the labor in headquarters factory.

Resource: *Annual Report of Tatung Company* (1994-2005); The Editing Committee of Hsieh-Chih Tatung Establishment & Development History 2003, p.73.

### 5.2. Recent working conditions

The three mayor productions in Tatung are home appliances, heavy electric apparatus and 3C. We only had the opportunity to interview the working conditions in the traditional sectors (home appliances and heavy electric apparatus).

From Table 11, we could know that workers' average age in traditional sectors is high. Female employees are not many. Most of the female are working in the offices but not factories. Female production line workers concentrate on small home appliance products. There are some informal work forces, about 20 percent of the total forces.

**Table 11. The working conditions in Tatung Banciao plant and Sanshia plant**

	Banciao plant (home appliances sector)	Sanshia plant (heavy electric apparatus sector)
Formal worker	650 (450 male & 200 female)	800 (730 male & 70 female)
Informal worker	150 short-termed contractors wage = 750 TWD/ day The contract is for three months.	100 dispatched & outsourced workers wage for dispatched = 800 TWD/day Outsource refers that Tatung retired workers rent the machines from the company and work inside the factory.
Migrant worker	0	130 (from Indonesia & Thailand)
Average seniority	About 20 years	About 18 years
Average age	40	40-45
Average salary (1USD= 32 NTD)	More than 20,000 TWD/month	About 30,000 TWD/month
shift	3 shifts	Only day shift

Resource: Tatung Banciao Plant Union and Sanshia Plant Union

In the terms of the common working conditions in Tatung, the wage system is as below:

**Full salary= A+B+C+L9**

**A= basic salary, decided by worker's schooling and skill when entering the company. It's fixed, never change. So, young workers' basic salary could be more than basic salary of older ones.**

**B= position pay**

**C= special allowance, like skill and danger allowances**

**L9= performance based incentive**

In general, the basic salary is low and the full salary depends on the incentive. From 2000 up to now, there is not any wage increase until a small scale when W. S. Lin's taking position of Tatung Chairman. Every worker could receive 1,000 TWD bonus when Dragon Boat Festival and Mid-Autumn Festival each. Usually the annual bonus

is one month of salary, depending on the negotiation between the unions and the management.

Compare the average wages in Banciao plant and Sanshia plant, we could find that the salary in home appliances sector is the lowest of Tatung. Because of the Profit Center system, company had wage-cut for ten percent in Banciao plant when 2001, in the name of red profit<sup>17</sup>. In the report by the student clubs, they concluded four main problems which workers in Banciao plant like to complain: over time pay, annual leave, wage increase and gender inequality. (Practice Notes of Taiwan University et al 2005, p.32)

A. Over time pay. Company asked workers to have more leaves instead of giving workers over time pay to reduce the calculation of retirement pay. (Practice Notes of Taiwan University et al 2005, p.3) B. Annual leave. In some departments, the work intensive is high due to few labor forces. Workers don't have enough chances to take their annual leave. In some departments, workers are forced to take their annual leave because they don't have work to do when low season. (Practice Notes of Taiwan University et al 2005, p.6) C. Wage increase. No increase. (Practice Notes of Taiwan University et al 2005, p.2) D. Gender inequality. Equal work doesn't have equal pay. (Practice Notes of Taiwan University et al 2005, p.5)

Workers in Banciao plant face the lowest wage in Tatung and factory closure crisis. Maybe that's reason why Banciao Plant Union very cares about the Employees' Welfare Committee issue. The Union hopes that the Employees' Welfare Fund could have a clear accounting and workers could have more welfare from the Fund.

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<sup>17</sup> According to Banciao Plant Union, Banciao plant has to pay lots money to company every year for the land rental fee. Besides, the sale business of the home appliances has given to Tatung Consumer Productions. Tatung Consumer Productions takes the products from Banciao plant in a very low price. Thus, we could reasonably assume that Tatung tries to shift the profits from the production sector to the service sector, so that the profit of Banciao plant in the accounting is minus.

## 6. Tatung workers in Thailand

During August and September of 2005, we had the opportunity to interview the working conditions of Tatung workers in Thailand. We visited some TU committee members and rank-and-file members of Tatung Thailand and FDK Tatung Thailand.

### 6.1. *Tatung Thailand*

Tatung Thailand is Tatung's subsidiary in Thailand. It was established in 1989 and located in Chonburi, the south-east province about two hours of car from Bangkok. The main products of Tatung Thailand are color TV sets and computer monitors.

#### A. Basic information of working conditions

a. Wage: It's usual in Thailand that there are two kinds of wage systems in one factory. One of them is called direct employee which means line operator; the other is called indirect employee which means white collar officer. For direct employees, the wage is daily paid and the wage only covers 26 days per month— Sundays are not pay-days. Workers get their salary every two weeks. For indirect employees, the wage is monthly paid and Sundays are pay-days. In August, 2005, there were 264 direct employees and 145 indirect employees in Tatung Thailand.



**Plate 3. Tatung Thailand**

When 2005, the minimal wage in Chonburi was 163 Thai Baht per day (1 US Dollar= 40 Thai Baht). So the minimal wage for the direct employees was 4,238 Baht per

month (163 Baht \*26 days). The union told us that the average wage of direct employees at that time was about 4,990 Baht per month. Besides, direct employees have some allowances like skill fee, environmental fee, night shift fee, and attendance pay. For monthly-paid employees, the wage is 145 Baht per day but their pay-day are 30 in one month, and they have more allowances than direct employees.

There is annual bonus for workers but few. In general, the wage system of Tatung Thailand is similar with Tatung mother company in Taiwan. But the average wage of Thai workers only reach one fifth or one sixth of the average wage of Taiwan workers.

b. Working hours and shifts: The normal working hours are 48 per week. In the past there were two shifts, but now only day shift due to not enough orders. The normal working days are six days per week and eight hours per days. Therefore the company concentrates the weekly working hours in five days, so that workers have to work normally more than eight hours per day.

c. Gender division of labor: In total 409 employees, only 50 are male. Compared with female workers, male are higher educated and usually skilled workers like engineers, technicians and supervisors, belonging to monthly-paid. The education of male workers is likely high vocational and female only 9 grades. No doubt male receive higher salary than female workers. Although most employees are female, both the President and ex-President of the union are male.

d. Labor health & safety: According to the workers, the machines are still OK. Company provides health check once a year by law. But there are many other problems in labor health & safety, like fuel and chemicals are not well managed and exposed in the air, MSDS (Materials Safety Data Sheets) only provide very limited information, unsafe lift, not enough toilets, broken fire alarm, and locked emergency exits. Even though female workers have to work night shift before, there wasn't any dormitory.

## B. Job insecurity and union busting

The trade union of Tatung Thailand finalized the registration in 2000. It seems that company wanted to change the bonus, so workers organized the union. We only know the numbers of total workers and TU members after 2000. The change of the numbers is listed as below:

**Table 12. The number change of workers and TU members in Tatung Thailand**

Year	2000	2002	2003	2004	2005/ 08/27	2005/ 09/17
No. of workers	2,000	3,000	?	700	409	325
No. of TU members	50	2,000	?	?	100	?
Important issue	Company lay off all 15 TU committee members.	Company had lots of orders. TU committee members came from line leaders. So, it's very easy to persuade workers to join TU.	Company started to lay off workers. The manager said: "Monitor lines move to China". In the name of Article 75, company paid workers only half salary. Many workers resigned.	Company sued TU President and refused him to enter the factory for six months. Then, company forced him to accept the money and leave in June.	Company sued TU President and committee members again.	

Resource: the TU of Tatung Thailand.

Right after the establishment of TU, the company fired all the 15 committee members immediately. Because they were founders of the TU and protected by law, they got back their jobs after three months. But the union busting was still going on. The management warned unionists that Taiwanese boss don't like union. Company denied unionists to work over time, monitored their behaviors and prevented them from talking to workers. 2002 is the year of union organizing density high peak. Almost all the formal workers joined TU. When 2002, due to the need of many labor forces, company hired 1,000 temporary workers out of the total 3,000 workers. Temporary workers only received daily pay of minimal wage, without any other allowance.

The next year, company started to lay off workers. By the law, if the company wants to lay off workers, it should inform workers in advance by at least one wage-payment period ago. For daily-paid workers, the period should be two weeks and for monthly-paid employees it's one month. But Tatung never follows the rule. The management just tells the workers about the lay-off and gives the compensation, and

then the workers don't have to go to the factory anymore.

2004, another wave of union busting began. Company again dismissed all the committee members. But the TU President Somsak at the same time was a member of Committee of Employees. So the company needed to apply for court permission first, otherwise the lay-off was illegal. The company still filed a case to dismiss Somsak. During the process, management didn't allow him to enter the factory. Somsak ever asked other committee members to make a complain to court to get back their jobs. But they gave up because it took long time to go.

In court, the officers suggested Somsak to negotiate with the boss by himself. At last, the officers told Somsak to accept the situation because the factory was moving out. If he didn't agree, the company could give him the compensation only by law. But at that time, company agreed to compensate him double. Since other committee members had already left the company, eventually Somsak accepted the compensation.

In May, 2005, workers re-elected seven members to form the new committee of TU. But again company attacked the committee. When we visited the new President of TU Chanet in September, four of the seven had already accepted lay-off. Because Chanet is also a member of Committee of Employees, company again filed a law suit to apply for the permission to dismiss him. Company didn't allow Chanet to go to the workplaces, just putting him in a small empty room to monitor him.

Although TU had five sub committee members but two of them were also lay off. The rest three didn't dare to serve as formal committee members. By the law, the active committee members should be more than half of the seven to operate the TU affairs, but at that moment only three. So, TU should set up all-members' meeting to re-elect. But Chanet was sued by the company, so he worried that once he calls all-members' meeting, the company would lay off him immediately. And then the TU would be totally destroyed. Chanet said that workers also didn't want to stay in such a factory. They preferred to be lay off and got money, so the committee could do nothing on it.

We can make a conclusion here that, no matter in Taiwan or Thailand, the management of Tatung likes to use dismissal as a strategy for union busting. In Taiwan, the company failed and the unionists got back their jobs. In Thailand, it seems that the company received some effects.

As we know in August, 2006, Tatung Thailand is still operating in a small scale, but never closes like the management mentioned. The TU keeps struggling, in a very hardship.

### C. The management

In the board of Tatung Thailand, there are five members but only one stays in Thai for long time. Before, it's Chen-Hui Chang, the Deputy Manager General. He took charge of Tatung Thailand for the daily operation. Besides Chang, there were several top managers from Taiwan.

According to the workers, the Taiwanese managers are notorious. They look down Thai workers, often shot at them and point workers with foot. The TU identified that Chang had to take the responsibility of many bad labor practices, like union busting and sex harassment to women workers. TU requested the victims of harassment to make a grievance. No one stood out because they were afraid of losing job. There were also many sayings about Chang's corruption from the company.

Workers told us that there were some Chinese workers in the factory. Maybe they came to Thai plant to learn the technique and try to transfer it to the plants in China.

Chang has been removed from the board of Tatung Thailand and the position of Deputy Manager General in 2006.

### D. The union

In Thailand, similar with Taiwan, usually the unions are factory based. Thus, the members are not many so that TU has limited resources to bargain with the management. Under this situation, independent unions tend to join actively regional and national labor alliances to demand their rights to the government. The TU of Tatung Thailand joins Eastern Seaboard Trade Union Center, a regional TU alliance of south east provinces nearby Bangkok. At the same time, Eastern Seaboard Trade Union Center is a member of Thai Labour Solidarity Working Committee, a national alliance of TU federations and labor organizations.

Another similarity between the unions of Tatung Taiwan plants and Thai plant is that, when the management uses dismissal as a strategy for union busting, usually the responses from the unions are law actions. We can know that workers face the

pressure from the management and don't want to lose their jobs, so it's not easy for them to stand out to fight the power. But if only law action, does it mean that the unions could not find a good solution to mobilize the rank-and-file workers?

Besides, in Taiwan the company only dismissed TU executive board members but in Thai the company had dismissed all the committee members. And in Taiwan the dismissed unionists could get enough resources like donations to sustain their livings but in Thai there was little resource from outside. We may say that's why the unions in Taiwan could keep operating even under the union busting but in Thai the union was almost not functioning.

## 6.2. FDK-Tatung Thailand

FDK-Tatung Thailand is a joint venture cooperated by Tatung and Japanese company FDK. It's established in 1991 and also located in Chonburi. Its main products are similar with Tatung Thailand, such as TV set, computer, small home appliances, and supplying parts for Tatung and Samsung Thailand.



**Plate 4. FDK Tatung Thailand**

### A. Basic information of working conditions

Before the factory closing in the end of September, 2005, the total number of workers of FDK-Tatung Thailand is listed as below:

**Table 13. Total number of workers in FDK-Tatung Thailand**

	Formal workers		Subcontract-based	
	Woman	Man	Woman	Man
No.	216	54	5	25
No. of TU members	193		0	0
Average pay	7,000 Baht/month If O.T.: 10,000 Baht/month (including attendance pay)		Chonburi minimum wage= 163 Baht/day	

Resource: TU of FDK-Tatung Thailand.

Most formal workers are female. Subcontract-based workers mean dispatched labor. Usually they work for the stove section which is a very hot workplace. In this sense, most of them are male. The average wage of formal workers is about 7,000 Baht per month, if work over time could reach 10,000 Baht. Almost double the wage of workers in Tatung Thailand. Subcontract-based workers are daily-paid and only receive minimal wage.

Besides basic salary, formal workers receive other allowances, such as attendance pay, medical fee and annual bonus of two-month salary.

Shift style and time: In mould process & stove process sections, it's two shifts. Day shift from eight am to five pm; night shift from eight pm to five am; turn shift once a week. In other sections it's one shift: eight am to five pm, if OT to eight pm. The normal working hour is eight hours per day and 48 hours per week. In busy season, they work over time to 12 hours per day.

The age of the workers is between 28 and 35. The average service year is above eight years.

#### B. Factory closing and the response of the TU

The TU is established in July, 2000. At the beginning of the TU, company fired two committee members. The same, because they are founders of the TU, through the law suit they returned to work. After that company keeps good relation with the TU. Before TU establishment, the working conditions were not good but after that the working conditions were improved.

**Table 14. The differences followed with the set up of the TU in FDK-Tatung Thailand:**

Before July, 2000	After July, 2000
Daily pay up to the service years	Monthly pay
	More attendance pay (from 250 Baht/month to 650 Baht/month)
	More annual-leave pay
10 coupons of food	Free of food
Only social insurance	Life insurance
	Saving fund (It comes from deduction of 3% of the salary each month. Company adds another 3% for encouragement. If workers are dismissed or retire, they could get all. But if they resign by themselves, they could only get their own 3%.)
	Medical fee for parents and children: 10,000 Baht/year
	Workers understand the situation and they think they get more after the establishment of TU.
	TU and the management have improved relationship. The Japanese manager often goes to talk with TU.

Resource: TU of FDK-Tatung Thailand.

According to the TU, in FDK-Tatung Thailand the Japanese takes charge of the management and the Taiwanese takes charge of the accountant. Basically workers feel like working in a Japanese company but not Taiwanese one. The unionists think that their working conditions are not as good as auto companies but better than other electronics companies.

Several years ago, the management told TU that company has another branch in China, and labor cost there are cheaper. So, company has decided to move the Thai plant to China. On July 14, 2005, company informed workers that the factory would be closed by the end of September and workers would receive the compensation according the law. TU was surprised that it comes so quickly but accepted the decision.

The TU of FDK-Tatung Thailand was also a member of Eastern Seaboard Trade Union Center.

## **7. Conclusions: the challenges which Tatung unions have to face**

### *7.1. How to resist the ideas of “cooperation & harmony”*

As mentioned above, Taiwan workers tend to think that the welfare of the workers depends on the company makes profits or not, so that workers like to cooperate with the management to improve productive efficiency to compete with other companies. Workers believe that if company makes more money and then workers could share more. Maybe such doings in the era of flourishing economy could really exchange some welfare. But after the 1980s, the global competition is getting more and more serious. How much “cooperation & harmony” could exchange now, it’s really a question. In fact, the way company uses to improve productive efficiency is usually to cut the labor cost and intensify the working conditions.

Nowadays Taiwan is facing the most serious unemployment problem in the past 30 years. The governmental policy is asking workers to “share the hardship with the employer”, meaning that workers should accept the working conditions cut-back, otherwise workers may lost their jobs. It encourages workers to follow “cooperation & harmony” line, no matter how much could be exchanged. Under this situation, it becomes a very import issue that how the autonomous unions could mobilize the collective power of the workers to defend the labor rights.

### *7.2. How the old union scheme confront the new business structure*

As mentioned above, there were some certain numbers of autonomous unions organized during the labor movement high tide in the late 1980s. Most of those unions distributed in the traditional industries like textile and home appliances. So, many unions have already disappeared with the factory closure or moving-out. In the newly emerging industries like 3C, there is almost none union. It’s a fatal shortcoming of labor movement.

Taking Tatung as an example, although the traditional sectors like Banciao plant and Sanshia plant are organized, but keep down sizing and face the crisis of factory closure. There is Tatung Union in 3C sector, but the company is changing its shape very soon through merge and outsourcing. In terms of CPT, there are two factory-based unions which located in its Yangmei plant and Taoyuan plant. But they are not active and never have cooperation with Tatung unions.

The workers in 3C sector are younger and not aware of labor movement. They view

themselves as professionals and feel not necessary to join the union. That's why the union organization rate in 3C sector is very low all over the world. But the foundation of Taiwan union movement is much weaker than other industrialized countries. If Taiwan union movement only stays in traditional industries and not goes forward, then it's almost impossible to negotiate with the capitalists in the future.

In fact, workers in Tatung have more advantage than others. Maybe because Lin family sees complete Tatung Group as a whole, the workers in Tatung subsidiaries which Tatung has more than half of their shares all join Tatung Union, except the solitary ones like Banciao Plant Union, Sanshia Plant Union<sup>18</sup>, TTIC Union and CPT unions. In other words, Tatung Union is not only one of the few cross-border unions in Taiwan, but also the only one consortium-based union in Taiwan. This gives Tatung Union a very good position to its extension. If Tatung Union can consolidate the organizing to the unorganized and cooperate with unions within Tatung Group, then the strength of the unions would be unpredictable.

Another burning issue for the unions is the international solidarity. As the company keeps moving out, the labor organizing in Taiwan is far beyond the strength to negotiate with the employer. Tatung not only brings the production lines but also the management style to the invested countries. Company provides low working conditions and conducts union busting everywhere it goes. If labor couldn't find a good resolution to confront it, then the working conditions must be raced to the bottom. Tatung unionists in Taiwan should put this topic on the table that how to link with the labor in Tatung's overseas factories.

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<sup>18</sup> Tatung Die Casting, Tatung SM-Cyclo, Tatung Okuma, and Tatung Otis Elevator are located in Sanshia plant. The workers in Tatung Die Casting, Tatung SM-Cyclo, and Tatung Okuma all join Sanshia Plant Union. But workers in Tatung Otis Elevator don't, none union.

### Appendix 1. Tatung and its subsidiaries in Taiwan

Company name	Main product	Year of establish-ment	Company name	Main product	Year of establish-ment
Computer, communications & consumer product					
Tatung	Home appliance, heavy electric apparatus, wire & cable, and 3C productions	1945	San-Chih Semiconductor	Semi-conductor	1995
Chunghwa Picture Tubes	PDP, TFT-LCD	1971	Green Energy Technology I	Poly silicon wafer	2004
Tatung System Technologies	3C instrument wholesale & software service	2000	Toes Opto-Mechatronics	Data saving equipments	2004
Forward Electronics	Electronic components	1970	Toppan Chunghwa Electronics II	Photo-mask	1997
Taiwan Telecommunication Industry Company	Telecom equipments	1958	Dahwa Optronics II	PDP	2003
Central Research Technology	Testing and certification of electronic productions	1997			
Home appliances					
Tatung Consumer Productions	Sales and service of 3C productions & home appliances	2000			
heavy electric apparatus & industrial equipment					
Tatung Elevator	Otis Elevator	1984	Tatung SM-Cyclo	Speed reducers, speed variators	1996

Tatung Okuma	Machine tools	1997	Tatung FANUC Robotics	Robotics for factory automation	1994
Chemical product					
Kuender	Plastic injection molding	1977	Shang-Chih Chemical Industry	Plastics	1979
Tatung Fine Chemicals	industrial coatings	1980			
Real estate					
Shang-Chih Real Estate Developing	Real estate developing	1966	Tatung Forestry & Construction	Construction	1950
Others					
Chunghwa Electronics Development	Investing company	1970	Tatung Die Casting	Mould	1971
TIS Net Technology	Software design & development	1996	Tatung Horticulture	Trees and flowers plantation	1972
Shang-Chih Investment	Investing company	1990	Tatung Atherton	Sales of imported red wines	1996
SeQual Technologies	Medical equipments	2004	Shang-Chih Container Terminal	Transporting, loading & unloading cargo	1973
Tatung Chugai Precious Metals	Contact materials	1973	Hsieh-Chih Industrial Library Publishing	Publishing	1959
Tatung Precise Meter	Speedometers , tachometers	1977	Taipei Industrial	Premixed cement	1950

Note: I indirect investment of San-Chih Semiconductor; II indirect investment of CPT.

Resource: 2005 Annual Report of Tatung Company; 2005 Annual Report of Chunghwa Picture Tubes Company.

## Appendix 2. Tatung and its subsidiaries abroad

Company name	Main product (location)	Year of establishment	Company name	Main product (location)	Year of establishment
Mainland China					
Tatung Information Technology (Jiangsu) I	Electronics (Jiangsu)	1999	Tatung Beifang Telecommunications Technology (Beijing) VII	Wire telecom instruments (Beijing)	N.A.
Tatung Home Appliances (Wujiang) I	Home appliances (Jiangsu)	2001	Jiangsu Tatung Telecom Equipment VII	Wire telecom instruments (Jiangsu)	N.A.
Tatung Compressors (Zhongshan) I	Compressors (Guangdong)	2004	Shan-Chih (Wujiang) Chemical VIII	Plastics (Jiangsu)	2000
Tatung Wire & Cable Technology (Wujiang) I	Wire & cable (Jiangsu)	2005	Wujiang Shanhwa Plastic VIII	Plastics (Jiangsu)	N.A.
Tatung (Shanghai) II	Heavy electric apparatus (Shanghai)	1998	Tatung Coatings (Kunshan) IX	Industrial coatings (Jiangsu)	1998
Taiwan Telecom Fujian III	Wire telecom instruments (Fujian)	1989	CPTF Optronics X	CRT (Fujian)	1994
Forward Electronics Equipment (Dongguan) IV	Computer components (Guangdong)	1999	Chunghwa Picture Tubes (Fuzhou) X	PDP (Fujian)	2003
Suzhou Forward Electronics Technology IV	Optronic instruments (Jiangsu)	2002	Chunghwa Picture Tubes (Wujiang) X	LCD module (Jiangsu)	2001
Wuhan Forward Electronic Technilogy IV	LCD module (Hubei)	2005	CPT TPV Optical (Fujian) X	LCD module (Fujian)	2005

Changzhou Shan-Chih Precise Meter V	Speedometers , tachometers (Jiangsu)	1997	CPT Display Technology (Shenzheng) X	LCD module (Guangdong)	2005
Kuender (Wujiang) Plastic Technology VI	Plastics (Jiangsu)	2001	CPT Display Technology (Fujian) X	LCD module (Fujian)	2004
Huaichieh (Wujiang) Plastic Technology VI	Plastics (Jiangsu)	2005	Fujian Fujia Electronics X	Optronic instruments (Fujian)	2001
Kuender (Wujiang) Electronic Parts VI	Computer components (Jiangsu)	N.A.			
Asia					
Tatung Thailand	LCD TV & monitors	1989	Tatung Singapore Information	Investing company	1999
Tatung of Japan	Trade office	1975	Tatung Singapore Electrics	Investing company	1998
Tatung Electronics (Singapore)	Sales and service of Tatung productions	1972	Chunghwa Picture Tubes (Malaysia) X	CRT	1989
Tatung Vietnam	Home appliances	2005	Chunghwa Picture Tubes (Malaysia) Kampar X	CRT	1995
Tatung Thailand Wire & Cable (Thailand)	Wire & cable	2000	Makolin Electronics (Malaysia) X	CRT	N.A.
America					
Tatung of America	Sales and service of Tatung productions	1972	Tatung of Canada	Sales of information productions	1997

Tatung Mexico	Information productions	1997	Tatung Monitor Mexico	Monitors	1997
Tatung Science & Technology	Sales of information productions (US)	1983	Tatung Electric of America	Electric motors (US)	1988
Tatung Telecom	Public phones (US)	1985			
Europe					
Tatung UK	Information productions	1980	Tatung Netherlands	Information productions	1996
Tatung Czech	Electronic instruments	2003	Tatung World	Strategy planning office for European sales (Luxemburg)	1980

Note: I indirect investment of Tatung Singapore Information; II indirect investment of Tatung Singapore Electrics; III indirect investment of TTIC; IV indirect investment of Forward Electronics; V indirect investment of Tatung Precise Meter; VI indirect investment of Kuender; VII indirect investment of Tatung Telecom; VIII indirect investment of Shang Chih Chemical Industry; IX indirect investment of Tatung Fine Chemicals; X indirect investment of CPT.

The indirect investments listed here only include manufacturing and sales company, some investing companies are excluded.

Resource: *2005 Annual Report of Tatung Company*; China Credit Information Service 2006, p401-12; *Tatung Company and its Subsidiaries' Combined Financial Report 2004 & 2005*.

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