

"Sign Up—Or Else!"

In 1978 Mike Matthews was honored as New York State Small Business Person of the Year. By 1982 he had been forced into bankruptcy—another victim of union terrorists

BY RANDY FITZGERALD

WITH \$1000 he had saved as an electrical engineer, 26-year-old Mike Matthews founded Electro-Harmonix, Inc., in 1968. The firm designed and manufactured electronic musical instruments and accessories. First-year sales amounted to only \$50,000, but ten years later they had reached \$5 million. Electro employed 150 persons, nearly all of them black, Hispanic or Asian.

Mike Matthews was a fair-minded employer who cared for his workers. Although most of them began on an assembly line at the minimum wage, they had unlimited opportunities to advance. For example, Willie Magee, a 38-year-old black, worked his way up from unskilled laborer to vice president of sales at an annual salary of \$51,000. And Manny Zapata, a Spanish immi-



Mike Matthews

PHOTO: ERNEST COPPOLINO

grant who spoke no English when he arrived at the company, became director of foreign marketing.

All the technicians who worked with the oscilloscopes, voltmeters and generators that tested Electro's complex electronic products had started out with the company as unskilled laborers. Dozens of others moved up to bookkeeping and office positions while receiving on-the-job training.

Matthews created an environment in which unskilled people could become skilled, productive citizens. His philosophy: workers should advance by merit rather than by seniority. In 1978 Matthews was named New York State Small Business Person of the Year.

The award apparently attracted the attention of the Plastic, Moulders' and Novelty Workers' Union, Local

132 of the International Ladies' Garment Workers' Union (ILGWU). Within weeks, a union official called and said he wanted Matthews to install a union shop in which all workers would have to join the ILGWU. "It won't cost you a dime," Matthews was told. "In fact, you can save money."

Matthews rejected the overture. To persuade employees to sign ILGWU cards, union organizers stationed themselves outside the company's small loft factory on New York City's West 23rd Street. They made little headway. After a few weeks the organizers withdrew in defeat, claiming that Matthews had frightened his workers into opposing the union.

Actually, the organizers failed because Matthews had a remarkable rapport with his employees. Everyone addressed him by his first name, cracking jokes and kidding him as he walked through the factory. Matthews organized parties and outings for his workers. On two occasions he closed down the factory, rented buses and took the entire work force to Long Island for a picnic. He provided his employees with medical benefits and paid vacations. They reciprocated with affection and loyalty.

Three years after the first organizing attempt, the union returned. Alleging that Matthews was abusing and exploiting minorities, organizers distributed union cards to the Electro employees. To call a representative election, signatures

were needed from at least 30 percent of Matthews's workers. After a week, fewer than a dozen cards had been returned. Once again the union faced an embarrassing rejection.

On Monday, August 10, 1981, a raucous crowd of about 50 people assembled in front of Electro. As Matthews approached the building's entrance, he was accosted by five toughs. One slugged him in the face, another two pulled at him from behind, while two others kicked him. As employees emerged from the subways in the morning, they were confronted and offered money for lunch, and then asked to sign union cards. If they refused, they were pelted with eggs or threatened with fists and clubs. Pho Kham, a 20-year-old Laotian refugee who had escaped communist tyranny a year earlier, was warned, "Sign up or you'll go to a hospital!" Ecuador-born Fausto Quevedo, 48, was told by an organizer that if he did not support the union, he would be shot in the legs. Employees trying to enter the building had to run a gantlet of shoving, kicking, punching and screaming organizers the union had sent in. Even though police arrived to set up barricades, only about 20 of Matthews's employees were able to get inside. Production came to a virtual standstill.

For the rest of the week employees were threatened and taunted as they tried to report for work. On his way home one evening Steve

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Griffin, 25, was ambushed by four union thugs and struck over the head with a bottle. On another night union vandals crept into the building and poured glue into door and elevator locks.

The following week the union's campaign of terror resumed in full force. When he left work at 5 p.m. on Tuesday, August 18, customer-service representative Geoff Becker was accosted by several union goons. One of them slammed a fist into the side of Becker's face, knocking him unconscious. For six weeks after the attack Becker experienced horrible headaches, until a brain operation, to remove a blood clot caused by the blow, relieved the pressure inside his head.

By Wednesday Electro's labor force had been reduced to a handful of frightened, angry workers. Since police were unable to assure Matthews that his workers could be protected beyond the plant entrance, he closed the company and sent his employees home.

On Thursday morning, after a TV report the previous evening had shown union organizers involved in violent acts, police assigned additional officers to the area. The next day Matthews and about 60 of his employees assembled at the Fifth Avenue subway entrance and marched to Electro in open defiance of the pickets. They were now more determined than ever to survive the union campaign of terror.

Over this period of picketing and

harassment, Matthews and his work force had maintained high morale in the face of accumulating financial problems heightened by the union's disruptive tactics. And then, convinced that Electro could not survive, the Philadelphia lender that had backed Matthews withdrew its funding. It was a savage blow. Faced with a credit cutoff, Matthews searched desperately for other financial backing. He did not find it.

On August 25, just as suddenly as they had appeared, the union organizers were gone, ending three weeks of abuse and hooliganism. But not before seven of them had been arrested on charges including assault, disorderly conduct and harassment. (The charges have since been dismissed.) It seemed to Matthews that the union had intentionally set out to bankrupt him and make unemployment statistics of his workers.

For the next five months Matthews and about 40 employees hung on valiantly in an effort to save the company and their jobs. Even when he fell four weeks behind on their wages, his employees kept reporting to work, determined to stand by Matthews in his hour of need.

On January 18, 1982, the National Labor Relations Board ordered the union to "cease and desist" from threatening employees of Electro-Harmonix, inflicting physical harm upon them, or giving them money in return for

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their signatures on union cards.

But this condemnation of union violence and coercion was too little and too late to help Mike Matthews and his employees. Electro-Harmonix had been without phone service or electricity for over three months, the workers toiling by candlelight. The employees, like Mike Matthews himself, were broke.

A week after the board's ruling, Matthews held a tearful farewell party with his employees, closed down the factory and filed for bankruptcy.*

DETERMINED to get back on his feet, Matthews came up with the capital

*The union and Electro have filed claims against each other. The union alleges Electro engaged in unfair labor practices. And former Electro employees are seeking medical and other expenses from the union.

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necessary to buy back many of his

assets at a public auction held last March. He is once again in business and has rehired 35 of the employees who stuck with him so loyally. He vows to work his way back up to previous successful levels and is doing all he can to promote legislation that would make union terror like this a federal crime.

In a statement given to a Senate subcommittee last December, Matthews wrote: "My employees and I know from painful personal experience how terrifying life can be when government fails in its responsibility to protect its citizens from violent hooligans."

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Domestic Affair

MY HUSBAND answered the phone late one night with a deep, cheerful "hello." There was no answer for a few seconds while the caller apparently assessed the situation. Then he responded in an equally deep voice, "Hello. I'm trying to reach home. I hope I haven't succeeded."

—Contributed by Cynthia Macdonald

Answers to "What's Your Initial Response?" on page 87. a. Letters of the alphabet; b. Wonders of the Ancient World; c. Arabian Nights; d. Signs of the zodiac; e. Cards in a deck (with the jokers); f. Planets in the Solar System; g. Piano keys; h. Stripes on the American flag; i. Degrees Fahrenheit at which water freezes; j. Holes on a golf course; k. Degrees in a right angle; l. Sides on a stop sign; m. Blind mice (see how they run!); n. Quarts in a gallon; o. Hours in a day; p. Heinz varieties; q. Players on a football team; r. Words that a picture is worth; s. Days in February in a leap year; t. Squares on a chessboard (or checkerboard); u. Days and nights of the Great Flood.

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