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Tan Ern Ser
National University of Singapore

Balakrishnan Parasuraman
University of Wollongong, bp97@uow.edu.au

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Abstract

In the 1960's, Kerr and his associates (1973[1960]) – Dunlop, Harbison, and Myers– proposed the convergence thesis, which resonates with the “end of ideology” thesis propounded by Bell (1962). Not surprisingly, the thesis about the inevitability of societal convergence prompted some scholars to look for continuing diversity, an oft-cited prime example being Japan (Dore, 1973). Indeed, until the late 1980's, Japan was still touted as a critical case which not only defied the convergence thesis, but could also serve as a growth model worthy of emulation by developing countries aspiring to First World living standards and, paradoxically, even developed countries experiencing economic stagnation (Vogel, 1980).

Keywords

Globalization, National, Industrial, Relations, Systems, Theoretical, Implications, from, Singapore, Case

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TAN ERN SER

Department of Sociology
National University of Singapore,
Singapore

and

BALAKRISHNAN PARASURAMAN

Lecturer

Industrial Relations Programme

School of Social Sciences

Universiti Malaysia Sabah (UMS)

East Malaysia

Introduction: Convergence and Continuing Diversity

In the 1960's, Kerr and his associates (1973[1960]) — Dunlop, Harbison, and Myers — proposed the convergence thesis, which resonates with the “end of ideology” thesis propounded by Bell (1962). Not surprisingly, the thesis about the inevitability of societal convergence prompted some scholars to look for continuing diversity, an oft-cited prime example being Japan (Dore, 1973). Indeed, until the late 1980's, Japan was still touted as a critical case which not only defied the convergence thesis, but could also serve as a growth model worthy of emulation by developing countries aspiring to First World living standards and, paradoxically, even developed countries experiencing economic stagnation (Vogel, 1980).¹

However, it should be noted that, despite Kerr et. al.'s (1973:297) central argument that a logic of industrialism operates to make industrial societies increasingly alike, they clarified in a 1971 postscript that “convergence is towards a range of alternatives rather than to a single point”. Furthermore, in 1983, Kerr (1983:85-89) issued a “revised and somewhat expanded formulation of the convergence hypothesis”, arguing that convergence is most likely to be found in the areas of production and consumption, while diversity remains along the dimensions of economic and political control as well as cultural beliefs.

1. However, it is a well known fact by now that apart from Vogel's (1980) book entitled *Japan as Number One*, there are others, such as Woronoff (1990), who argue that Japan is anything but Number One.

What may be inferred from the above debate is that while a logic of industrialism does operate in a powerful way, there is sufficient leeway for varying national responses, thereby resulting in a mix of convergence and continuing diversity in different areas of social, economic, and political life. In contrast, it may be more difficult to retain one's unique feature in the face of globalization—and the logic of globalism—which has been gathering enormous momentum since the 1980's. Unlike industrialism, which affects the internal structure of industrial and social organizations, globalism shapes the external environment of societies participating in an increasingly interdependent world characterized by capital and labour mobility; international competition for markets, capital, and labour; and influential international or regional organizations and groupings, such as the WTO, ILO, NAFTA, and APEC.

Given the presence of these strong environmental forces at work, it is quite difficult for nation-states to go their separate ways. National sovereignty will be put under severe pressure both by international markets and international organizations in an increasingly borderless world (cf. Ohmae, 1990) as well as foreign capital and labour within national boundaries. At the same time, just as we have the "end of ideology" thesis in the 1960's, there is in the 1990's, a somewhat similar thesis proposing that the world has arrived at the "end of history", characterized by the triumph of capitalism and liberal democracy over all other political and economic arrangements (Fukuyama, 1992). This begs an important question not only about the possibility of continuing national diversity (or, more specifically, what I would call the resilience propensity of national industrial relations systems), but also about the factors responsible for maintaining national diversity. Through a careful analysis of one critical case—that of Singapore—this paper will address theoretical questions pertaining to (1) whether there is leeway for national diversity, despite the strong forces of global convergence; and (2) the emergent character of national industrial relations systems in the face of global competition and mobility of capital and labour and the growing influence of international trade and labour organizations.

The Singapore Case

Singapore: The New State

Singapore is a good critical case for examining the impact of globalization on national industrial relations systems. This is not to argue that it is in some way a typical case, nor is it entirely a unique case. From a methodological perspective, it exemplifies a society subject to the process of nation-building and the forces of globalization, which makes it an ideal case for studying how a new nation-state, dependent on international trade and investment and exposed to globalization, balances the often contradictory demands of market economy and national society.

An oft-repeated characterization of Singapore is that it is small both in terms of land area and natural resources, but it has over the years developed a skilled workforce and modern infrastructure for finance, commerce, and manufacturing. Wong (1991:42) describes pre-Independence Singapore as a colonial port par excellence that prospered on global trade long before globalization became a household word. Since gaining self-government from British rule in 1959, followed by a brief merger with Malaysia between 1963 and 1965, Singapore has, apart from strengthening its mainstay of finance and commerce, embarked on industrialization, focusing initially on labour-intensive production as a strategy to generate employment for a growing urban population, and moving on in the late 1970's to skill-intensive manufacturing, and knowledge-based economic activities. The latter strategy, labelled as "The Second Industrial Revolution", involving a major economic restructuring, was undertaken in recognition of the

“primacy of market forces” and in response to “protectionism in Western markets” for labour-intensive manufactures and “growing competition from other newly industrializing Asian countries” (Pang, 1982:216).

What may be distilled from the above description is that Singapore has both by choice and by necessity plugged itself into the global investment and trade network. The rationale for its export-oriented industrial strategy is that it does not have a large domestic market, nor much natural resources to fall back on. Looking outwards was therefore a pragmatic, but by no means the only possible response.

Indeed, for the new nation-states emerging after World War II, the path towards self-sustaining economic development, if they do get there, is usually not a smooth, unproblematic one. For a large number of Third World countries, decades of national independence had unfortunately not resulted in the hoped for improved welfare and higher living standards for their citizens. In some cases, the former colonies experienced underdevelopment, and its attendant high unemployment and poverty levels, instead of development and rising living standards (Frank, 1975). Not surprisingly, in the 1960's, it was fashionable to blame the absence of economic development on neo-imperialism or neo-colonialism via, in particular, the multinational corporations (cf. Ong, Tong, and Tan, 1997:349).

However, in the 1980's, the rise of the newly industrializing economies (NIEs) or “tigers” in East Asia—Singapore being an example—suggests that plugging into the world capitalist system can result in high growth and living standards, though, as Deyo (1989:1) cautions, “East Asian workers have prospered economically from the growth they have produced, but they have not “been able to influence the political economic decisions that have shaped their lives.” As the world approaches the new millennium, and with the retreat of communism already more than a decade old, few would question the benefits of a market economy, but this does not render the cry against the possible dehumanising effects of neo-liberalism in the age of globalization any less relevant.² This brings us back to a point made earlier, which is that countries do need to make choices in regard to the social (and political and economic) order they would like to put in place, but, unfortunately, as Marx would put it, they cannot always do so under conditions of their own choosing. By the same token, Singapore—or rather, its main social actors—has had to make some critical choices since its independence in 1965.

Like other new states, Singapore possesses its fair share of the sources of social cleavage and conflict, such as class, ethnicity, and religion, amidst the process of nation-building. It also experienced the ideological cross-currents of capitalism, socialism, industrialism, and nationalism (Bottomore, 1979:100-115; Ragin, 1988:1257-1258), though it should be pointed out that, in the immediate post-war historical context, the new states were more ideologically disposed towards socialism and, obviously, nationalism. Indeed, many new states did choose the socialist path and prefer economic self-reliance to dependence on foreign capital.

Singapore Industrial Relations System

In the 1960's, Singapore might have gone the socialist path if the then powerful leftwing elements present in both the ruling People's Action Party (PAP) itself and the major trade unions had managed to seize control of the state. For the purpose of this paper, I do not intend to dwell on how the PAP

2. Cf. Hyman, Richard, 1999, comments, *Interactive Conference Organized Labour 2000*, ILO.

defeated the leftist elements and became and still remains the dominant political party in Singapore, as there are by now numerous published accounts and analyses on this subject. It should therefore suffice for us to note that the PAP took effective and timely, tough measures to bring about the practically strike-free, harmonious industrial relations condition that now typifies Singapore (Deyo, 1989:4). Among the combination of measures used were the following (Tan, 1997[1993]:397): (1) de-registration of anti-government unions (Anantaraman, 1990:73-74), (2) detention of left-wing union leaders, (3) nurturing and sponsorship of pro-government unions, (4) introduction and implementation of tough labour laws in 1968 which restore managerial prerogatives and dampen the steadily rising labour costs, (5) establishment of the tripartite National Wages Council (NWC) in 1972 to ensure orderly wage increases, and (6) institutionalization of a flexible wage system in 1985 which ties wage increases to profits and productivity (Chew and Tan, 1998:267-271).

I have elsewhere (Tan and Chew, 1997:19) argued that what emerges in the Singapore case during the last three decades is an almost pure type of industrial order designed to ensure that the economy is well-positioned to secure an abundant supply of resources—capital, technology, markets, and labour—from the international environment. This industrial order is populated by workers who are skillful, productive, diligent, disciplined, and cooperative, and by unions, under the umbrella of the National Trades Union Congress (NTUC), which operate in close partnership with the PAP government, assume a productionist role in national development, and oriented towards creating employment opportunities, promoting labour productivity, and maintaining the long-term survival of the Singapore economy. All of these contribute towards producing a conducive climate for foreign investment, and business in general, transforming Singapore into a vibrant market economy and propelling it into the ranks of the East Asian NIEs.

The Singapore economy has been performing rather well, but not without its low periods, which had put the industrial order to the test. During the past three decades, the Singapore economy has weathered several storms, manifesting a high degree of resilience from the high unemployment period of the 1960's, to the 1985-86 recession, and the more recent 1997-98 Asian economic crisis. To overcome the earlier recession, the government ordered a significantly high wage cut of 15 percent, and in the recent recession, it again resorted to the same belt-tightening measure of ordering a 10 percent wage cut. Such drastic measures must be unthinkable in many other countries in the world, particularly when one considers that they were implemented without any overt resistance from unions and workers. That the Singapore government is able to implement austerity measures with relative ease, despite the fact that its legitimacy is based on its ability to deliver jobs and a higher standard of living, suggests that there is a high degree of confidence in the industrial order. An alternative explanation is that workers and unions could not do otherwise, given the tight coupling between the PAP government and the NTUC. However, one should be reminded that the Asian economic crisis has contributed in no small measure to the downfall of the three-decade-old Suharto regime in Indonesia and to the initiation of a process of democratization in that country.

Model or Models?

Democracy, Economic Development, and "Asian Values"

There is by now a long standing debate on whether democracy will precede economic development, or, more likely, economic development will eventually create a business class or middle class which will in turn bring about pressures for democratic reforms, the rise of an independent labour movement, and

the expansion of civil society (Mehmet, Mendes, and Sinding, 1999:184-186). This debate should also be understood in terms of what has been articulated by the advocates of "Asian values".

Essentially, the "Asian values" proponents argue that the East Asian economic miracle is not the result of sound economic policies alone, but also of non-economic factors like "a sense of community and nationhood, a disciplined and hardworking people, strong moral values and family ties" (Prime Minister Goh Chok Tong, cited in Mehmet, et. al., 1999:174). The opponents of this viewpoint, however, argued that "Asian values" are peddled by authoritarian developmental states to lend legitimacy to the economic strategy of authoritarian capitalism, characterized by authoritarian regimes working in partnership with private capitalists and extensive foreign capital, and specializing in low cost, export-oriented-industrialization strategies that depend on cheap labour and the suppression of unions and adequate worker rights (Mehmet, et. al., 1999:184).

The point to note from this brief discussion on democracy, economic development, and "Asian values" is that just as the new states were reluctant to adopt and plug into Western capitalism in the 1960's, there are now strong reactions, albeit intellectual and ideological, from several Asian countries against Western liberal democracy as applied to both politics as well as industrial relations. Nevertheless, developing countries, new or old, no longer look upon capitalism as a model to be challenged and overcome. There is, indeed, a realization that socialism, or at least the versions that were used in the former Soviet Union and its East European satellites, is a failed experiment, and that even the still communist-led countries, like China and Vietnam, are transforming their centrally planned economies into market-oriented ones. Writing from his vantage point as a British Labour Party MP and academic Tony Wright (1996:148) observed that "a market economy is the most expedient way of organizing economic life yet devised, and that...prosperity depends upon that economy working vibrantly."

The choice seems clear, which is to go with capitalism and the market economy, but what about authoritarianism or the lack of democracy, as understood in the United States and Europe? The Singapore government had chosen the capitalist road long before capitalism—and global capitalism—gained worldwide ascendancy. It has also chosen to encourage foreign investment at a time when economic nationalism was felt to be a safeguard against exploitations by foreign capital. This is not to suggest that there was a consensus and common will among the key social actors in Singapore. Indeed, as noted earlier, the major trade unions were controlled by leftist elements and had the capacity to initiate massive strike actions. In 1955, there were as many as 275 work stoppages (Ministry of Labour, Singapore, 1997). This declined to four in 1968, the year in which two tough labour laws were introduced, and since 1969, there has been consistently no work stoppages in Singapore. By now, most assessments of trade unionism and industrial relations are obliged to mention that Singapore is an economic success story, though, in the eyes of Heyzer (1983) and Deyo (1989), this came with a price, in terms of an oppressive work environment and workers' vulnerability to the vicissitudes of market forces, as well as labour subordination beneath the economic miracle.

The theoretical issue here is whether authoritarianism—or even authoritarian corporatism—in industrial relations is a necessary condition for economic development. Deyo (1981:110-111) argued that Third World development contexts and export-oriented manufacturing using labour-intensive methods of production seem to go hand in hand with state interventionism in the economy and with authoritarian corporatism.³ Heyzer (1983:126) asked whether a more socially appropriate development

3. Leggett (1994[1993]:117) argued that Deyo's corporatist hypothesis, proposed in the early 80's, remains relevant for explaining the character of Singapore industrial relations in the 90's.

model could be followed, one which can somehow resolve "the dilemma faced by small countries involved in the development process: to go full steam with economic development based on an export-oriented industrialization model and to subordinate certain groups in the process, or to slow down the pace of economic growth so that the welfare of these social groups is not threatened." By posing the issue as a dilemma, Heyzer (1983) might in fact be suggesting that labour subordination is a necessary condition for countries that are dependent on foreign investment and foreign trade or, in the current context, on participation in the global capitalist system. What is also interesting is that she defined "welfare" in terms of political power and autonomy, while the developmentalist state is likely to define "welfare" in terms of employment and living standard.

The difference in definitions noted above has important implications for the choice of industrial order to be adopted. To the developmentalist state, the bottom-line for any industrial order is welfare enhancement by way of developing a vibrant economy, even if this involves labour subordination. As I see it, the objective of unionism is to enhance workers' welfare both in the sense of material advancement and in the sense of having autonomy and a voice.

Summary

To summarise, the following are the likely response of new states to globalization as exemplified by the Singapore case: (1) adoption of a capitalist model, even if they started out with socialism; (2) establishment of an industrial order (including industrial relations system) geared towards employment creation and profits and productivity. The means to set up the "capital-friendly" industrial order may entail some degree of labour subordination or, more desirable, from the perspective of unionism, a workable tripartite, social partnership between state, capital, and labour. The "capital-friendly" industrial order is in turn a means to create a vibrant, market economy capable of generating well-paying jobs and enhancing the welfare of workers, and the vibrant, market economy is in turn the means to finance a form of socialism in which "an ethic of community and mutual responsibility" prevails (Wright, 1996:136).

Conclusion

The New Collectivism and the Responsible Society

To conclude this paper, I would argue that the Singapore case, when analyzed in terms of Wright's (1996) treatise about liberal socialism, does provide empirical materials for thinking about how a more socially appropriate development model, to use a phrase from Heyzer (1983), would look like.

As have been pointed out *ad nauseum*, there is no doubt that, in the new millennium, societies are likely to have to opt for the market system. However, there are good reasons in support of, and strong tendencies towards, doing away with authoritarianism, which should not in any case be an end in itself, but at best a means to bring about a responsible society in which citizens and the state have both rights and mutual obligations and responsibilities (Wright, 1996:147). It should be emphasized that this is not a call for reducing the capacity of the state, but a call to develop public institutions that can articulate the common will and serve common purposes (cf. Wright, 1996:145). It is also a call to develop a new collectivism, where the market economy is balanced by social responsibility. In an important sense, the priority given to the social clause on the international scene reflects the need to ensure that the human condition is not eroded by global capitalism.

Towards a Typology of Responses to Globalization

The theoretical implications that may be drawn from this analysis may be understood in terms of a typology of responses: (1) Initially, the new state may choose socialism over capitalism, though some, like Singapore, has opted for the latter, while keeping socialist principles and ideals in view. (2) The decision to plug into the world capitalist system and reap its benefits does often entail creating a strong state, particularly in the absence of social consensus on national priorities, development strategies, and welfare approaches. (3) Where development policies and programmes are able to deliver concrete material benefits to workers and citizens, the state will enjoy a high degree of political legitimacy. (4) With social stability resting on the state's political legitimacy, not coercive power, the strong state may retreat somewhat and its place taken over by trusted public institutions that are capable or have learned to balance market economy with social responsibility (cf. Wright, 1996:140).

Convergence or Continuing Diversity?

From the above discussion, it seems plausible to argue that there will be convergence in terms of the sphere of production, insofar as all societies are likely to choose or are compelled to participate in the global market economy for their own economic survival. However, making this choice does not mean that they will inevitably or eventually converge towards the new collectivism, where the market economy is balanced by social responsibility. Whether this balance can be achieved or to which side and to what extent it will tilt depends on internal political forces and dynamics. Would the working class, the middle class, both of these classes, segments or combinations of these classes, or some new political interest groups acquire sufficient political power to prevent the market economy from turning into a market society? Would the internet age facilitate the process of nudging the market economy towards the new collectivism? What is more certain is that because the state still has a responsibility, and is expected, to look after the welfare of the citizenry, it is likely to provide some counterbalance or buffer against the logic and operations of the market economy.

Table 1
Convergence and Continuing Diversity: A Summary

Author(s)	Process	Convergence	Continuing Diversity
Kerr, et. al. (1960)	industrialization	pluralistic industrialism	
Kerr, et. al. (1973)	industrialization	pluralistic industrialism: range of alternatives	
Kerr(1983)	industrialization	spheres of production and consumption	Economic structure. Political structure, and cultural beliefs
Tan (2000, this paper)	globalization	market economy	Range of points between market economy and the new collectivism

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