ABSTRACT

STRATEGIC CHOICE AND THE TRANSFORMATIONS OF SINGAPORE’S INDUSTRIAL RELATIONS

The aim of the thesis is to test the usefulness of the strategic choice model for explaining the transformations of industrial relations in a country other than the USA, in this case Singapore. Three historical transformations and a progression of the third are discernible from the changes that have taken place in Singapore’s industrial relations since the Peoples Action Party (PAP) was elected into office in 1959. By analysing these transformations the thesis aims to test the explanatory usefulness of the strategic choice model and thereby make a contribution to other potential international applications.

In analysing and interpreting the industrial relations of a single country at least four special considerations are taken into account: ‘nation’ as a distinguishing criterion; the determination of who initiates the transformation strategies; the necessity to analyse the quality and intensity of the relationships of the parties with each of the transformations; the scope for strategic choices.

Addressing the primary research question of the usefulness of the strategic choice model raises secondary questions. The answers to the secondary questions help in answering the primary question. The thesis adopts what may be called an ‘emergent’ research design, which requires an historical case study and a process of analytical induction for its methodology. The organisation of the thesis closely reflects the stages of analytical induction. The Singapore industrial relations data were collected by interviews and from primary and secondary sources.

The thesis is organised into nine chapters. Chapters 1 to 4 provide the academic framework. Chapters 5 to 8 recount and analyse the phenomena of each of Singapore’s three industrial relations transformations and their development since the third. Chapter 9 reviews the data of Chapters 5 to 8 and concludes that the strategic choice model becomes increasingly useful with the passage of each of the transformations and their progression.
ACKNOWLEDGEMENTS

My thanks go to former and present colleagues in the field worldwide and especially those at Newcastle-Upon-Tyne Polytechnic, the UK Civil Service College, the Universities of Bradford, Khartoum, Stirling, New South Wales and Central Queensland, the Papua New Guinea University of Technology, the National University of Singapore, the City University of Hong Kong, and the University of South Australia. They set the academic standards that I have endeavoured to uphold.

Thanks are owed to the PhDs students I have supervised and for whom my oversight was as much an education for me as for them. They are also owed to my supervisors, Professors Bamber and Peetz at Griffith University and, in loco parentis, Dr Provis at the University of South Australia. Their feedback has been invaluable and their patience commendable.

I could not have acquired the knowledge I have of Singapore’s industrial relations without the information provided by so many of its senior participants. Deserving special mention are: the Directors of Labour Relations, Mr Michael Chua and his successor Mr Ong Yen Her; the Assistant Secretary-General of the NTUC and Member of Parliament, Madame Halimah Yacob; many trade union leaders too numerous to recall here, except perhaps for Mr Thomas Thomas of the Singapore Shell Employees’ Union and former Member of Parliament who kept in touch with me after I ceased employment in Singapore; the several spokespersons of the Singapore National Employers’ Federation who have briefed me on developments periodically for over 20 years.

While acknowledging such rich sources of influence, information and recollection, responsibility for the interpretations of Singapore’s industrial relations in this thesis is entirely mine.
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LIST OF ABBREVIATIONS

ACSR   Arts, Culture, Sports and Recreation
AESU   Air Transport Executive Staff Union
ALPA-S  Airline Pilots Association — Singapore
AUPE   Amalgamated Union of Public Employees
AUPDRW Amalgamated Union of Public Daily Rated Workers
AUSBE  Amalgamated Union of Statutory Board Employees
AVC    Annual Variable Component
AWS    Annual Wage Supplement
BATU   Building Construction and Timber Industries Employee’s Union
BERI   Business Environment Risk Intelligence
CASE   Consumers’ Association of Singapore
CBWS   Competitive Base Wage System
CDC    Community Development Committee
CEO    Chief Executive Officer
CIASWU Changi International Airport Services Workers’ Union
CIEU   Chemical Industries Employees’ Union
CCOA   CityCabOperators’ Association
COMFORT Commonwealth for Transport Ltd.
CPF    Central Provident Fund
CPM    Communist Party of Malaya
CSC    Committee on Singapore’s Competitiveness
CTOA   Comfort Taxi Operators’ Association
DBSSU  Development Bank of Singapore Staff Union
DENTICARE Dental Care Society Ltd.
EDB    Economic Development Board
EMSEU  ExxonMobil Singapore Employees’ Union
ERC    Economic Review Committee
EU     European Union
FBIWU  Food and Beverages Industry Workers’ Union
FDAWU  Food, Drink and Allied Workers’ Union
<table>
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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FELLO</td>
<td>Far East Levingstone Labour Organisation</td>
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<td>GLU</td>
<td>General Labour Union</td>
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<tr>
<td>GNI</td>
<td>Gross National Income</td>
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<td>GNP</td>
<td>Gross National Product</td>
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<tr>
<td>GRC</td>
<td>Group Representative Constituency</td>
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<td>HCM</td>
<td>Human Capital Management</td>
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<tr>
<td>HCSSU</td>
<td>Health Corporation of Singapore Staff Union</td>
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<td>HDB</td>
<td>Housing Development Board</td>
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<tr>
<td>HDBSU</td>
<td>Housing and Development Board Staff Union</td>
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<td>HRD</td>
<td>Human Resource Development</td>
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<td>Human Resource Management</td>
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<td>IAC</td>
<td>Industrial Arbitration Court</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>INCOME</td>
<td>Insurance Commonwealth Enterprise Ltd.</td>
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<tr>
<td>IRASSU</td>
<td>Inland Revenue Authority of Singapore Staff Union</td>
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<td>ITE</td>
<td>Institute of Technical Education</td>
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<tr>
<td>JSEU</td>
<td>Jurong Shipyard Employees’ Union</td>
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<tr>
<td>KCCSU</td>
<td>Kindergarten and Children Centres’ Staff Union</td>
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<tr>
<td>KEU</td>
<td>Keppel Employees’ Union</td>
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<tr>
<td>KFEU</td>
<td>Keppel FELS Employees' Union</td>
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<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
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<tr>
<td>MBEU</td>
<td>Metal Box Employees’ Union</td>
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<td>MCDS</td>
<td>Ministry of Community Development and Sports</td>
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<td>MIT</td>
<td>Massachusetts Institute of Technology</td>
</tr>
<tr>
<td>MIWU</td>
<td>Metal Industries Workers’ Union</td>
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<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
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<td>MNE</td>
<td>Multinational Enterprise</td>
</tr>
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<td>MOE</td>
<td>Ministry of Education</td>
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<td>MOM</td>
<td>Ministry of Manpower</td>
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<td>MRT</td>
<td>Mass Rapid Transport</td>
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</table>
Abbreviations

MTI Ministry of Trade and Industry
MVC Monthly Variable Component
NCB National Computer Board
NEU NatSteel Employees' Union
NIC Newly Industrialised Country
NIDL New International Division of Labour
NISMEU National Iron and Steel Mills Employees’ Union
NLB National Library Board
NPB National Productivity Board
NSCU NTUC Staff Club Union
NTUC National Trades Union Congress
NTWU National Transport Workers’ Union
NUS National University of Singapore
NPASU Ngee Ann Polytechnic Academic Staff Union
NUHEU National University Hospital Employees’ Union
NWC National Wages Council
OECD Organisation for Economic Cooperation and Development
OTCILS Ong Teng Cheong Institute of Labour Studies
PAP Peoples’ Action Party
PDRCWU Public Daily Rated Cleansing Workers’ Union
PDREUF Public Daily Rated Employees Union Federation
PIEU Pioneer Industries Employees’ Union
POSBEU Post Office Savings Bank Employees’ Union
POU Port Officers' Union
PSB Productivity and Standards Board
PUBEU Public Utilities Board Employees’ Union
QCC Quality Control Circle
RDCEU Resources Development Corporation Employees’ Union
RLEU Reuters Local Employees’ Union
ROC Republic of China
SATS Singapore Air Terminal Services
<table>
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<th>Acronym</th>
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<tr>
<td>SATSWU</td>
<td>Singapore Airport Terminal Service Workers’ Union</td>
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<td>SATU</td>
<td>Singapore Association of Trade Unions</td>
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<tr>
<td>SATU</td>
<td>Singapore Air Transport Union</td>
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<td>SBCSU</td>
<td>Singapore Broadcasting Corporation Staff Union</td>
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<td>SBEU</td>
<td>Singapore Bank Employees' Union</td>
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<td>SBOA</td>
<td>Singapore Bank Officers' Association</td>
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<td>SCF</td>
<td>Strategic Choice Framework</td>
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<td>SDF</td>
<td>Skills Development Fund</td>
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<td>SEF</td>
<td>Singapore Employers’ Federation</td>
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<td>SCTU</td>
<td>Singapore Chinese Teachers’ Union</td>
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<tr>
<td>SEEU</td>
<td>SIA Engineering Company Engineers and Executives Union</td>
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<td>SFSWU</td>
<td>Singapore Factory and Shop Workers' Union</td>
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<td>SFTU</td>
<td>Singapore Federation of Trade Unions</td>
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<tr>
<td>SGEU</td>
<td>Singapore General Employees' Union</td>
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<tr>
<td>SGSWA</td>
<td>Singapore Government Shorthand Writers' Association</td>
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<tr>
<td>SHRI</td>
<td>Singapore Human Resources Institute</td>
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<td>SIA</td>
<td>Singapore Airlines</td>
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<tr>
<td>SIAPA</td>
<td>Singapore Airline Pilots’ Association</td>
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<td>SIA–SU</td>
<td>Singapore Airlines Staff Union</td>
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<td>Singapore Insurance Employees' Union</td>
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<td>SILO</td>
<td>Singapore Industrial Labour Organisation</td>
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<td>SILS</td>
<td>Singapore Institute of Labour Studies</td>
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<tr>
<td>SIM</td>
<td>Singapore Institute of Management</td>
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<td>SISEU</td>
<td>Singapore Industrial and Services Employees’ Union</td>
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<td>SITU</td>
<td>Singapore Interpreters' and Translators' Union</td>
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<td>SLF</td>
<td>Singapore Labour Foundation</td>
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<td>SMA</td>
<td>Singapore Manufacturers’ Association</td>
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<td>SMF</td>
<td>Singapore Manufacturers’ Federation</td>
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<td>SMEEEU</td>
<td>Shipbuilding and Marine Engineering Employees Union</td>
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<td>SMMWU</td>
<td>Singapore Manual and Mercantile Workers’ Union</td>
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<td>SMOU</td>
<td>Singapore Maritime Officers' Union</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>SMRTEU</td>
<td>Singapore Mass Rapid Transport Employees’ Union</td>
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<td>SMTU</td>
<td>Singapore Malay Teachers' Union</td>
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<tr>
<td>SNEF</td>
<td>Singapore National Employers’ Federation</td>
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<tr>
<td>SNUJ</td>
<td>Singapore National Union of Journalists</td>
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<tr>
<td>SOS</td>
<td>Singapore Organisation of Seamen</td>
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<td>SPCEU</td>
<td>Singapore Petrochemical Complex Employees’ Union</td>
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<td>SPHEU</td>
<td>Singapore Press Holdings Employees' Union</td>
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<td>SPRING</td>
<td>Standards Productivity and Innovation Board</td>
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<td>SPWU</td>
<td>Singapore SRCEU Port Workers' Union</td>
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<td>SQA</td>
<td>Singapore Quality Award</td>
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<td>SRCEU</td>
<td>Singapore Refining Company Employees' Union</td>
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<td>SSEU</td>
<td>Singapore Shell Employees’ Union</td>
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<td>SSEU-SEM</td>
<td>Sembawang Shipyard Employees' Union</td>
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<td>SSU</td>
<td>Singapore Stevedores' Union</td>
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<tr>
<td>STEEU</td>
<td>Singapore Technologies Electronic and Employees' Union</td>
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<td>STOA</td>
<td>Singapore Mass Rapid Transport Taxi Operators’ Association</td>
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<td>STTU</td>
<td>Singapore Tamil Teacher's Union</td>
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<tr>
<td>STUC</td>
<td>Singapore Teachers' Union</td>
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<tr>
<td>STUC</td>
<td>Singapore Trades Union Congress</td>
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<td>STUWC</td>
<td>Singapore Trade Union Working Committee</td>
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<tr>
<td>SUBE</td>
<td>Singapore Union of Broadcasting Employees</td>
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<tr>
<td>SUN</td>
<td>Staff Union of NTUC-ARU</td>
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<td>SURAWU</td>
<td>Singapore Urban Redevelopment Authority Workers' Union</td>
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<tr>
<td>STOA</td>
<td>SMRT Taxi Operators’ Association</td>
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<td>TAS</td>
<td>Tailors Association (Singapore)</td>
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<tr>
<td>TIWU</td>
<td>Textile Industries Workers’ Union</td>
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<td>TPGEU</td>
<td>Times Publishing Group Employees’ Union</td>
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<td>TUAM</td>
<td>Trade Union Adviser Malaya</td>
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<td>UITS</td>
<td>Union of ITE Training Staff</td>
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<td>UPAGE</td>
<td>Union of Power and Gas Employees</td>
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<td>URL</td>
<td>Uniform Resource Locators</td>
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<td>Abbreviation</td>
<td>Full Name</td>
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<tr>
<td>USE</td>
<td>Union of Security Employees</td>
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<td>UTES</td>
<td>Union of Telecoms Employees of Singapore</td>
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<td>UWEEI</td>
<td>United Workers of Electronic and Electrical Industries</td>
</tr>
<tr>
<td>UWPI</td>
<td>United Workers in Petroleum Industry</td>
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<tr>
<td>WEC</td>
<td>Work Excellence Committee</td>
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<td>WIT</td>
<td>Work Improvement Team</td>
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Chronology

CHRONOLOGY

Colonial Legacy

1940  Trade Unions Ordinance passed
1941  Japanese occupation begins
1945  Japanese occupation ends
      General Labour Union formed
      Appointment of the Trade Union Adviser Malaya
1946  Singapore becomes a Crown Colony
      Registration of trade unions begins
1948  State of Emergency declared
      Singapore Federation of Trade Unions deregistered
1951  Singapore Trades Union Congress formed
1954  Peoples’ Action Party inaugurated
1954  Singapore Factory and Shop Workers’ Union formed
1955  Labour Front takes office with partial self-government
      Singapore General Workers’ Union formed
      Central Provident Fund set up
      Hock Lee Bus dispute
1957  Singapore Factory and Shop Workers’ Union deregistered
1958  *Industrial Relations System* (Dunlop) published
1959  People’s Action Party takes office with full self-government

First Industrial Relations Transformation

1960  State of Emergency lifted
      Industrial Relations Ordinance passed
      *Industrialism and Industrial Man* (Kerr et al.) published
1961  Economic Development Board established
      Schism in the People’s Action Party
      Singapore Trades Union Congress dissolved
National Trades Union Congress formed

1962  Gamba publishes *The Origins of Trade Unionism in Malaya*

1963  Federation of Malaysia formed

   Leftist union leaders detained in Operation Cold Store
   Singapore Association of Trade Unions refused registration
   PAP returned to office in a general election

1964  Singapore Institute of Management registered

   National Trades Union Congress registered

1965  Singapore leaves the Federation of Malaysia

1966  Singapore full member of ILO

1967  Public Daily-Rated Cleansing Workers’ Union deregistered

**Second Industrial Relations Transformation**

1968  People’s Action Party returned to office in a general election

1969  National Trades Union Congress holds ‘Modernisation’ seminar

1970  First NTUC cooperatives formed

   Union dues check-off permitted

1972  People’s Action Party returned to office in a general election

   National Wages Council established

   NPB replaces National Productivity Centre

1975  Ministry of Labour adopts ‘Preventive Mediation’

1976  People’s Action Party returned to office in a general election

1977  Singapore Labour Foundation established

1977  Last legal strike in Singapore for next nine years

1978  National Trades Union Congress amends its constitution to make cadre members eligible for appointments to the Central Committee

**Third Industrial Relations Transformation**

1979  Lim Chee Onn appointed to NTUC Secretary-General and to the Cabinet

   National Wages Council begins corrective wage policy

1980  Singapore Employers’ Federation and National Employers’ Council amalgamate
People’s Action Party returned to office in a general election
Singaporean work habits scrutinised
Singapore Airlines pilots work-to-rule
1981   Restructuring of omnibus unions begun
       Workers’ Party wins a seat in a by-election
       Airline pilots union deregistered
       Nation Wages Council recommends a two-tier wage increase
       Japanese employment practices prioritised for Singapore
1982   National Trades Union Congress commits itself to house unionism
       Trade Unions (Amendment) Act passed
1983   Ong Teng Cheong replaces Lim Chee Onn as Secretary-General of the National
       Trades Union Congress
1984   People’s Action Party returned to office
       Government immigration policy looks to assimilable cultures
       Employment (Amendment) Act passed
1985   Economic recession
1986   The Transformation of American Industrial Relations (Kochan et al.) published
       First legal strike since 1977
       A National Wages Council Subcommittee publishes a Report on Wage Reform

Decade of Growth

1987   Commencement of a decade of growth
1997   NTUC 21 and SNEF 21 unveiled
       Asian financial crisis

Progression to ‘Manpower Planning’

1998   Economic recession
       Ministry of Labour becomes Ministry of Manpower
1999   MANPOWER 21 unveiled
2000   The National Human Resources Handbook published
2001   Economic recession
PAP returned to office in a general election

2003  Economic Review Committee publishes *New Challenges, Fresh Goals*

2004  Tripartite Taskforce publishes a *Report on Wage Restructuring*
STATEMENT OF ORIGINALITY

This work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Signed

Christopher Joseph Leggett
CHAPTER 1

INTRODUCTION

In this Chapter the aim of the thesis is stated, its academic context is outlined, and the justification for its selection as a research topic is presented. A profile of Singapore — one that outlines the historical, political, economic and social contexts within which the transformations of the city-state’s industrial relations have occurred — precedes the justification.

Aim of the Thesis

The aim of the thesis is to test the usefulness of the strategic choice model of industrial relations for explaining the transformations of industrial relations in a country other than the USA, in this case Singapore. By borrowing a biological analogy from Erickson and Kuruvilla (1998) the transformation of industrial relations is defined as a change such that what emerges is significantly and morphologically different from what went before. The morphology analogy is significant in itself, in that the transformation is of what was before and not a creation of a completely new entity; rather it is a different one that nevertheless contains residual elements of the previous one.

Three historical transformations are discernible from the changes that have taken place in Singapore’s industrial relations since the People’s Action Party (PAP) was elected into office in 1959 and set about industrialising the country. It may be somewhat premature to classify the changes which have been taking place since, and partly as a consequence of, the 1997 Asian financial crisis, as a fourth transformation and this will be debated later. It is by the analysis and interpretation of these transformations within the framework of the strategic choice model and its precursor that the thesis aims to test the explanatory usefulness of the former and contribute to the study of industrial relations by adding to other applications of the model.

Testing the usefulness of the strategic choice model with the industrial relations phenomena of a single country requires that some special considerations be taken into account. First, the political status of ‘nation’ as a distinguishing criterion, and the significance of Singapore as a colony and then a post-colonial nation are especially pertinent to the first transformation, as are the dependence on multi-national employers for the second and third
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transformations, and as is globalisation for the current progression of the third transformation. Second, for a strategic choice explanation it is important to determine who initiates the transformation strategies — not a difficult task in the case of Singapore — but also why and on what basis. Third, it is necessary to analyse the quality and intensity of the relationships of the parties to Singapore’s industrial relations with each of its transformations. The fourth consideration concerns the scope for strategic choices, especially the constraints: what they are and from where they come. These considerations, which are raised in other international studies, for example in Locke et al. (1995), are included in the secondary research questions posed in Chapter 2.

Strategic Choice and Systems Models

The strategic choice model was devised by American industrial relations researchers Thomas Kochan, Harry Katz, Robert McKersie and Peter Capelli who, in the mid-1980s, appealed for a broader conceptualisation of the ‘institutional structure and forces that influence industrial relations activity’ than then prevailed (Kochan et al. 1984; Kochan et al. 1986, p. 16). In 1983 a similar appeal was made by the present researcher and his colleagues in the case of Singapore’s industrial relations activities (Leggett et al., 1983, p. 57).

Kochan et al. argued that their analysis of the change in American industrial relations since the 1960s, which they called a ‘transformation,’ revealed that the institution of unionism had lost the legitimacy it had gained from the New Deal legislation of the 1930s. The unions’ chief mechanism — collective bargaining — as well as other practices, values, laws, rules and institutions that make up an industrial relations system according to the popular organizing framework of John T. Dunlop (Dunlop, 1958) no longer adequately reflected the dynamics of American industrial relations. Consequently, Kochan et al. (1986) proposed the strategic choice model, one that would take account of management’s values and strategic responses to changes in their businesses’ external environments.

Dunlop’s systems model, here only in its essence, comprises (1) a hierarchy of managers and their representatives in supervision, (2) a hierarchy of workers (non-managerial) and any spokespeople, and (3) specialized governmental agencies (and specialized private agencies created by the first two actors) concerned with workers, enterprises, and their relationships, an ideology which binds the industrial relations system together, and a body
of rules created to govern the actors at the workplace and in the work community (Dunlop, 1958, pp. 7-18). The strategic choice model, which is also reduced to its essence here, modifies the systems model by dividing the activities of management, labour and government organisation into three tiers: (1) a top tier of strategic decision-making, (2) a middle or functional tier of collective bargaining or personnel policy making, and (3) a bottom or workplace-level tier where policies are played out and affect individual workers, supervisors, and union representatives on a day-to-day basis (Kochan et al., 1986, pp. 15-20).

The strategic choice authors write of ‘the rapidly growing theoretical paradigm that integrates the traditional theories of industrial relations systems with the literature on corporate strategy, structure and decision making’ (Kochan et al., 1986, p. 11). Although integration rather than displacement is the means of generation of their ‘Revised Theoretical Framework,’ their work does resonate with the original use of the concept of a paradigm by Kuhn (1970), for whom ‘[n]ormal science involves detailed attempts to articulate a paradigm with the aim of improving the match between it and nature’ (Chalmers, 1982, p. 91). Similarly, for Kochan et al. (1986, p. 13), ‘Many of the changes currently underway in American industrial relations in the 1980s reflect the efforts of one or more of the parties to resolve the tensions that such mismatches [between managerial strategies and labour and government strategies] produce.’

Methodologically, Kochan et al.’s formulation of a model for industrial relations activities presupposes significant knowledge — in their case of observed American industrial relations conceptualised according to a systems schema. Observations of industrial relations activities of other nations — in the case of this thesis, within the colonial and post-colonial political history of Singapore — as appealed for by Kochan et al., too presuppose significant knowledge variously conceptualised: in other words, the facts acquired by observation are knowledge dependent. This does not present a methodological problem so long as the unrealistic requirement ‘that the confirmation of facts relevant to some body of knowledge should precede the acquisition of any knowledge’ is not held to (Chalmers, 1999, p. 14).

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1 The question of whether industrial relations constitutes a paradigm is taken up in Chapter 3, the ‘Review of the Strategic Choice Model of Industrial Relations,’ of this thesis.
Singapore Profile

Singapore is a tiny (682.7 kms²) island city state with a deep natural harbour strategically positioned in the Straits of Malacca at the southern end of the Malay peninsular to which it is joined by a causeway and a bridge. Its immediate neighbours are Malaysia and Indonesia. Ceded to the British by the resident sultan in 1824, its potential had been recognised in 1819 by Sir Stamford Raffles of the British East India Company. Subsequently, as part of the Straits Settlements with Penang and Malacca (1826-1867) governed from India, and then as a Crown Colony under the British Colonial Office (1867-1941), Singapore progressed from a coaling station for steam ships to an entrepot, becoming the exporting centre for Malayan rubber. In 1946, following liberation from the Japanese occupation (1941-1945), Singapore became a Crown Colony, while Penang and Malacca became part of the then Malayan Union.

Amidst rivalry between Leftist forces backed by the Communist Party of Malaya (CPM)² and others seeking a non-communist social democratic polity, Singapore achieved a measure of self-government in 1955, and full self-government, but not independence, in 1959, when the PAP, at the time a coalition of Leftist and social democratic politicians led by Lee Kuan Yew, was elected into office. An eventual schism in the PAP, ostensibly over whether or not to become part of the proposed Federation of Malaysia, was followed by a rout of the Leftists by the Lee Kuan Yew faction. Singapore joined the Federation of Malaysia in 1963, but was forced to leave in 1965 to become an independent republic within the Commonwealth of Nations after the PAP’s objectives proved incompatible with those of the Malaysian leaders. The PAP has been returned to office at every general election since 1959 and overseen the industrialisation and economic development of Singapore. The economic and political crises presented by the separation from Malaysia, and the economic crises presented by the closure of the British military bases in Singapore in the late 1960s, the world oil price hikes of the 1970s and the Asian financial problems of late 1997 each strengthened the PAP’s political resolve and reinforced its avowed pragmatism.³

² Throughout this thesis the researcher has used Communist Party of Malaya (CPM), rather than Malayan Communist Party (MCP) because the latter was used by Party’s Secretary-General (Media Masters, 2003).
³ The definitive history of Singapore is that of Turnbull (1989). Other sources are Drysdale (1984), Bloodworth (1970), and Lee (1988 and 2000).
Singapore’s population growth under colonial rule was mostly by indentured labourers from southern China and, to a lesser extent, from southern India. Ethnic Malays and Chinese from older settlements in the Malay peninsular and archipelago also contributed to population growth. From 10,683 in 1824 and 80,792 in 1860, the date of the first census, Singapore’s population had in 2000 increased to 4,017,700 of which 13.9 per cent were Malays, 76.8 per cent Chinese, 7.7 per cent Indians and 1.4 per cent other races (Ministry of Information and the Arts, 2001, pp. 49-52). In addition to the Singapore citizens and permanent residents who make up the population, it has been estimated that more than 10 per cent of the labour force since the 1980s has comprised foreign ‘guest workers,’ mostly but not exclusively from southern India the Philippines and Indonesia. Construction projects in the 1980s brought guest workers from Thailand and Korea, and Malaysians have remained a traditional but declining source (Patarapanich et al. 1987). Population, its growth and ethnic, genetic, age, intellectual and skills compositions have been a significant, if at times sensitive, aspect of public policy in Singapore since the PAP took office (for particular issues see Chee and Chan, 1984 and Chua, 1991).

Singapore has a parliamentary system of government with a separation of powers between the Executive (President and Prime Minister in Cabinet), the Legislature (President and unicameral Parliament) and the Judiciary (the Supreme Court, comprising the Court of Appeal and the High Court, and Subordinate Courts). The President on the advice of the Prime Minister appoints the Chief Justice, as he or she does other judges, but for them after the Prime Minister has consulted the Chief Justice. The President, of which there have been five,4 two of whom were prominent in the labour movement as NTUC Secretaries-General, is a mainly ceremonial Head of State, although with some powers over the expenditure of the country’s reserves, estimated in 2000 at over $150 billion (Asiaweek, 10 March 2000).5 Since 1993 the President, currently S. R. Nathan, has been elected by Singapore citizens. Before then it had been a parliamentary appointment. He or she appoints as Prime Minister the leader of the parliamentary party that commands a majority in the Parliament and as Ministers those advised by the Prime Minister: from 1959 to 1990, Lee Kuan Yew; from 1990 to 2004, Goh Chok Tong; from 2004, Lee Hsien Loong (Lee Kuan Yew’s elder son).

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5 Unless otherwise signed dollar figures in this thesis are Singapore dollars.
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Since 2004 the Cabinet, has included a Minister Mentor (Lee Kuan Yew), a Senior Minister (Goh Chok Tong) and two Deputy Prime Ministers. Significant for this thesis is that the Secretary-General of the National Trades Union Congress (NTUC), currently Lim Boon Heng, is a Minister (Prime Minister’s Office) in the Cabinet (URL http://www.cabinet.gov.sg/ 3 February 2005).

Table 1.1  Singapore general elections since 1959

<table>
<thead>
<tr>
<th>Date</th>
<th>Seats + (uncontested)</th>
<th>Parties and Independents</th>
<th>Party Returned</th>
<th>Seats Won*</th>
<th>Per Cent Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>25</td>
<td>5 and 11</td>
<td>Labour Front</td>
<td>10</td>
<td>27.06</td>
</tr>
<tr>
<td>1959</td>
<td>51</td>
<td>10 and 39</td>
<td>PAP</td>
<td>43</td>
<td>54.08</td>
</tr>
<tr>
<td>1963</td>
<td>51</td>
<td>8 and 16</td>
<td>PAP</td>
<td>37</td>
<td>46.93</td>
</tr>
<tr>
<td>1968</td>
<td>7 + (51)</td>
<td>2 and 5</td>
<td>PAP</td>
<td>58</td>
<td>86.72</td>
</tr>
<tr>
<td>1972</td>
<td>57 + (8)</td>
<td>6 and 2</td>
<td>PAP</td>
<td>65</td>
<td>70.43</td>
</tr>
<tr>
<td>1976</td>
<td>53 + (16)</td>
<td>7 and 2</td>
<td>PAP</td>
<td>69</td>
<td>74.09</td>
</tr>
<tr>
<td>1980</td>
<td>38 + (37)</td>
<td>8</td>
<td>PAP</td>
<td>75</td>
<td>77.66</td>
</tr>
<tr>
<td>1984</td>
<td>49 + (30)</td>
<td>9 and 3</td>
<td>PAP</td>
<td>77</td>
<td>64.83</td>
</tr>
<tr>
<td>1988</td>
<td>70 + (11)</td>
<td>8 and 4</td>
<td>PAP</td>
<td>80</td>
<td>63.17</td>
</tr>
<tr>
<td>1991</td>
<td>40 + (41)</td>
<td>6 and 7</td>
<td>PAP</td>
<td>77</td>
<td>60.97</td>
</tr>
<tr>
<td>1997</td>
<td>36 + (47)</td>
<td>6 and 1</td>
<td>PAP</td>
<td>81</td>
<td>64.98</td>
</tr>
<tr>
<td>2001</td>
<td>28 + (55)</td>
<td>5 and 2</td>
<td>PAP</td>
<td>82</td>
<td>75.30</td>
</tr>
</tbody>
</table>

*Includes Single Member and Group Representation Constituencies

Sources: Foo, S. L. (2000, p.37);

Singapore’s Parliament is elected every five years. There have been twelve general elections since 1955 — the first two for a Legislative Assembly — and the PAP has been elected to office at all except the first (Table 1.1). Parliament comprises Elected Members,

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6 Singapore’s NTUC Secretaries-General have been: C.V. Devan Nair (1961-64 and 1969-1979); Lim Chee On (1979-1983); Ong Teng Cheong (1983-1994); Lim Boon Heng (since 1994).
Nominated Members (up to nine since 1990, appointed for two years on the recommendation of a Special Select Committee of Parliament) and Non-Constituency Members (up to three from opposition parties, but only one in 2001). There are Single Member Constituencies (nine in 2001) and Group Representation Constituencies (14 in 2001), the latter for parties to field teams of three to six candidates, one of whom must be from a minority race. Political contenders who have looked like forming or leading an independent opposition have almost invariably been thwarted by the political establishment, e.g. Francis Seow in 1988 (Seow, 1994) and J. B. Jeyaretnam, after he had broken the PAP’s parliamentary monopoly in the early 1980s (Seow, 1994, p. 19).

Singapore’s legal system closely resembles the English system that it inherited. There have, however, been some changes. In 1994 the right of appeal to the Judicial Committee of the Privy Council in London was abolished and trial by jury, which had been limited in 1960, was abolished in 1969. There also have been retentions of note. Singapore has retained the death penalty and since 1992 one judge instead of the previous two has heard capital cases. Corporal punishment has also been retained, as has the Internal Security Act, which allows for renewable ‘preventive detention’ and was used in the 1980s, allegedly to silence criticism of the labour laws by young dissenterers (Woodiwiss, 1998, p. 234), and to inhibit the political aspirations of the former Solicitor-General, Francis Seow, mentioned above. Any move there might have been to relax Singapore’s internal security provisions would have been halted by the arrest in January 2002 of 13 alleged Jemaah Islamiya terrorists accused of plotting to attack foreign embassies and other targets in Singapore.

In 1965 Singapore’s per capita Gross National Product (GNP) was $1,618; in 2004 its Gross National Income (GNI) was $41,513 (Department of Statistics, 2002, p. 4; Ministry of Trade and Industry, 2005, p.1). Singapore is an example of rapid industrialisation based on receptiveness to multi-national corporate investment and on the building of an infrastructure of housing, transport and communications, education, health and savings that has been conducive to the development of a productive workforce (Rodan, 1997, pp. 153-156). Two years of national military service for males on completion of high school or university, and subsequently as a reservist as well as fulfilling a defence function, serve as discipline training for the labour market and thereby constitute an integral part of Singapore’s human resource management (Minchin, 1990, p. 227).
Between 1960 and 1980 Singapore’s GDP growth annually averaged more than nine per cent (Pang, 1982, p. 10). By the 1970s unemployment was relatively low and a tight labour market increased the city-state’s dependence on a pool of foreign labour. In 1986 a surprise recession caused the economy to shrink but by 1988 Singapore’s GDP growth was back to positive figures, and this lasted until 1998 when the Asian economic crisis of 1997 had another negative effect on Singapore’s economy. The years 1999, 2000, and 2001 saw GDP growths of 6.9, 10.3 and 2.0 per cent, respectively. The percentage contribution to GDP of manufacturing, construction and utilities has ranged between 26.7 in 1965 and 37.7 in 1980; in 2001 it was 29.8 and 33.8 in 2004. The percentage contribution of services was 70.3 in 1965 and 66.7 in 2001, but was never less than 60. In 2004 it was 63 per cent (Department of Statistics Annual, 2002, pp. 3-4; Ministry of Trade and Industry, 2005, p. 3).

Beset by the prospects of high unemployment in the early years of nationhood, Singapore’s unemployment had eventually fallen — from 6.7 per cent in 1969 to 3.4 per cent in 1979 (Department of Statistics, 1980, p. 43) — the nation having met the challenges of its secession from the Malaysian Federation in 1965, the withdrawal of British military bases after 1968 and the oil-price hikes of the 1970s. By 1979 it was embarked on a transition to a high-tech economy based on high value-added production.

A mantra often recited in Singapore goes, ‘We have no natural resources other than our people.’ Thus national demographics and the concomitant management of human resources, their labour market participation and productivity, have always been a central part of the public policy of the PAP Government. Total population in 1960 was 1,634,000; by 2003 it had increased by more than two and a half times to 4,185,200 (Department of Statistics Annual, 2004), having been the focus of different Government birth control and fertility incentives and disincentives, and selective immigration at different times over the previous 40 years. The size of Singapore’s employed workforce increased from an estimated 490,000 in 1960, when unemployment was 13.5 per cent (Pang, 1982, p. 10), to 2,067,000 in 2004 (inclusive of an estimated 10 per cent temporary migrant workers), when unemployment was four per cent (Ministry of Trade and Industry, 2005, p. 1).

As well as building on its human resources, Singapore built upon its traditional advantages as an entrepot and its created ones, including a reputation for efficient administration and a
stable banking system, to become an important financial centre. Since the late 1990s public policy has shifted towards a less regulated labour market and encouraged flexibility in keeping with the demands of globalisation and increased competition from newer industrialising countries, especially the People’s Republic of China (Ministry of Manpower, 2004, p. 1).

Under PAP one party dominance Singapore has been described as an ‘administrative state’ (Chan, 1975) and its governance as ‘The Management of Compliance’ (Wilkinson and Leggett, 1985), whose leaders have established ‘bureaucratic authoritarian corporatism’ as the mode of institutional regulation (Deyo, 1981). The PAP used to proclaim ‘pragmatism’ as its ‘non-ideological’ justification for its government’s social control in Singapore, but as this means responding accordingly to events as they occur, it impedes rather than allows for the growth of a consistent set of political mores to be internalised by the population (Chua, 1995). For example, in the early 1980s when there was a tight labour market, workers were publicly chided by the Government for ‘job hopping’ (Straits Times, 14 September 1981); in the late 1990s, in response to globalisation and information technology development they were being urged by the Government to take individual responsibility, accept the need for lifelong learning and move more freely between employers to better fulfil the need for a flexible labour market (Ministry of Manpower, 1999b). Thus, in the mid-1990s a Singapore sociologist wrote:

Contemporary politics in Singapore appears to have arrived at a steady state: on the one hand, an ideologically self-conscious interventionist but popularly elected government which maintains a tight reign over freedom in civil society, while simultaneously continuing to produce a better material life for the population as a whole. On the other, an electorate which is appreciative of the government’s efficacy in economic matters but is, nevertheless, uncomfortable with all its interventions and seeks to have a greater say in the formulation of national interests and to have more opposition voices in Parliament to check the easy slippage into arrogance of power and of authoritarianism of an absolutely dominant PAP government, but without removing it. (Chua, 1995, p.210).

The claim of pragmatism as a justification for new policies has lessened since the mid-1980s, when the PAP Government began to cultivate a more consultative style (Chua,
1995, pp. 195-202). However, it remains important for Singapore’s industrial relations transformations, as they do not lend themselves to a consistent political doctrine but to the PAP’s perceptions of the needs for the country’s economy at a particular time. It may be for this reason that Singapore industrial relations academics’ explanations of industrial relations have been largely apolitical in analysis and anodyne in commentary (for example see Pang, 1981a; Pang and Cheng, 1978; Pang, Tan and Cheng, 1989; Tan, 1984, 1995, 1999, 2002 and 2004).

Transformations of Industrial Relations

The *Shorter Oxford English Dictionary* defines ‘transformation’ as the ‘action of changing in form, shape, or appearance; metamorphosis’ and a ‘complete change in character, nature, etc.’ Some industrial relations scholars, for example Kuruvilla and Erickson (2000), have qualified ‘transformation’ with ‘fundamental’ in order to distinguish complete change from incremental change. In this thesis the endeavor is to show that clusters of incremental change may constitute a complete or morphological change in the character of a country’s industrial relations. Each transformation may have its defining events, such as the 1959 Miike coalminers strike in Japan, the Wagner Act in America in 1935, and the Commonwealth Conciliation and Arbitration Act in Australia in 1904.

Three periods of identifiable morphological change in Singapore’s industrial relations, each with its defining event or events, are: 1960-1967 with the Industrial Relations Act in 1960; 1968-1978 with the Employment Act 1968 and the Industrial Relations (Amendment) Act 1968 and the NTUC’s Modernisation Seminar in 1969; 1979-1986 with its wage reform from 1979 and Trade Unions (Amendment) Act of 1982. There was something of an interregnum for taking stock until 1997 followed by the renaming of the Ministry of Labour as Ministry of Manpower with a reforming (rather than transforming) mission in 1998. The changes within the first three of these periods represent transitional peaks rising above intervening incremental changes sufficiently distinguishable in concentration of related events and developments from each other to justify their being separate transformations intended and/or experienced as such by the ‘actors’ in the industrial relations system. None of these transformations has involved a wholesale reversion of a previous one. Consequently, there has been a cumulative as well as a transformational effect of the changes on the character of Singapore’s industrial relations.
The transformation of Singapore’s industrial relations, from 1960 to 1965, began with legislation that provided for centralised, compulsory and judicial arbitration and regulated conciliation and workplace collective bargaining. By the mid-1960s, industrial relations, although remaining adversarial, had shed political confrontation and subversion to pursue economic aims as Singapore followed a path of rapid industrialisation. Convergence theory at the time would explain this as consistent with a transition of authority from ‘colonial administrators’ to ‘nationalist leaders’ (Kerr et al., 1973, pp. 67-70 and pp. 73-77). A strategic choice perspective will have to explain how their understanding of the economic and political environment of Singapore at the time caused the ‘nationalist leaders’ to adopt a strategy of regulating Singapore’s industrial relations. The fitness of the convergence theory of Kerr et al. (1973) as an explanatory framework for the first transformation of Singapore’s industrial relations is how well it predicts it, with the new industrial elite being ‘nationalist leaders.’ The criterion for the fitness of the strategic choice framework of Kochan et al. (1986) is its capacity to identify the choices, not inevitabilities, made and the consequent initiatives taken by the parties at the time.

The second transformation, from 1968 to 1978, again began with legislation — this time to constrain collective bargaining — introduced centralised wage determination, and ended with recruiting new blood into the NTUC. Following the PAP Government’s strategic initiative in constraining collective bargaining, the period saw the union movement respond by abandoning adversarial industrial relations and in their stead taking on consumer business enterprise and welfare and education functions. While not inconsistent with the industrialising strategy of ‘nationalist leaders,’ the change in the functions of Singapore’s unions to include welfare and workforce socialisation is reminiscent of the requirements of unions in countries governed by a Communist Party — ‘revolutionary intellectuals’ in the classification of Kerr et al. (1960). The Government and leading unionists apparently made a strategic choice to incorporate unions into a national scheme. Thus, the Kerr et al. (1960) thesis has indirect predictive validity for Singapore’s second industrial relations transformation, while the Kochan et al. (1986) strategic choice thesis is able to explain the strategic choices made by parties other than the industrializing elite.

The third transformation, from 1979 to 1986, involved the restructuring of unions along industry and enterprise lines, the legal redefinition of unions as agents of productivity
increase, the amalgamation of employers’ federations, wage reform and legislative measures to increase workplace flexibility. The strategic intent of the Government was to complement its program of restructuring the technological basis of the Singapore economy and to avoid the ‘low wage trap,’ whereby cheap labour is the basis for attracting foreign investment. The subordination of unions to the ruling political party in a ‘symbiotic relationship,’ confirmed by the second transformation, does not sit easily with Dunlop’s concept of actors establishing the rules in an industrial-relations system. The criterion for the fitness of the systems model of Dunlop (1958) is its capacity to distinguish the roles of trade unions, employers and government agencies in the transformations of Singapore’s industrial relations. In spite of their shared unitary frame of reference (Fox, 1974) the strategic choice model might offer a more useful explanatory framework for the ‘actors’ in Singapore’s industrial relations system than Dunlop’s does because of its capacity to make this distinction, not just in the system as a whole, but at different levels of the system.

The changes that have been taking place since 1997 continue and are a response to international economic developments generically referred to as globalisation and to developments in information technology. The legitimating report for these responses is titled *Manpower 21: Vision of a Talent Capital* (Ministry of Manpower, 1999b), which constitutes an action plan for national human resource management (HRM). It was commissioned by the Ministry of Manpower, itself a reformation of the former Ministry of Labour, in 1998, and incorporated advice from two international eminent management experts, Professors Charles Handy and Rosabeth Moss Kanter. Complementary to the recommended strategies — which include redefining tripartite partnerships — for developing Singapore as a talent capital is a proposal by a tripartite taskforce for wage restructuring based on the premise that ‘[a] nimble and competitive wage system will provide companies in Singapore with an effective tool to make quick adjustment to the volatile business environment, help them to remain cost competitive, and hence provide greater job security for employees’ (Ministry of Manpower, 2004, unpaginated).

**Reasons for the Research**

One reason for researching the usefulness of the strategic choice model for explaining the transformation of Singapore’s industrial relations is that the architects of the model have called for its application to countries other than the USA.
In their words:

A question that we are frequently asked is whether the framework and key propositions of this book [The Transformation of American Industrial Relations, hardback edition] are applicable beyond the borders of the United States. While we viewed the task of understanding the changes taking place within the U.S. context as a major project in its own right, we see international industrial relations (along with the nonunion sector) as the major unresearched topic of the day. International comparisons provide an opportunity to test the roles played by different institutions and strategies by looking across countries (or industries) facing similar economic pressures. Recent commonalities in economic pressures among countries have made such tests particularly interesting (Kochan et al., 1986, p. xi).

and:

We have a number of thoughts concerning potential future research in this area and along with the nonunion sector view international industrial relations issues as the major underresearched topic of the day. International comparisons provide an opportunity to test the roles played by institutions and strategy by looking across countries (or industries) facing similar economic pressures. Recent commonalities in economic pressures across countries have made such tests potentially fruitful. (Katz, et al., 1990, p.195).

Since these appeals were made, there have been studies that have sought to apply the transformation thesis to the industrial relations activities of countries other than the USA, to a single industry in several countries (Kuruvilla and Erickson, 1996, pp. 99-100) and under transitioning political regimes (Association of Industrial Relations, ROC, 1996). Therefore the results of this research could make a contribution to contemporary debates in the field of industrial relations theory.

A second but related reason for the research is its contribution to the comparative study of industrial relations. This thesis is about whether or not the strategic choice model is useful for explaining different countries’ industrial relations. If it is, one reason will be because it turns out to be an instrument of analysis independent of the substance of a particular
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country’s industrial relations and without the American and temporal bias of the Dunlop model. As identified in Chapter 4 ‘Literature Review of Singapore’s Industrial Relations,’ writers on Singapore’s industrial relations have acknowledged and applied universal analytical frameworks but have not explicitly tested them for their explanatory value. By its selection of Singapore’s industrial relations the research will make a contribution to the understanding of that country’s industrial relations through the testing of an analytical tool available for comparative studies at a time when industrial relations are subject to state-led transformation in response to developments in regional and global environments. Singapore has been especially exposed to global developments ever since it began to industrialise by making its workforce and infrastructure attractive to multi-national corporate investment.

Summary

The immediate purpose of this Chapter has been to supply the contexts for the subsequent complementary chapters: Chapter 2 ‘Organisation of the Thesis’ and the literature Chapters 3 and 4 ‘Review of the Strategic Choice Model of Industrial relations’ and ‘Review of Singapore’s Industrial Relations.’ It has aimed to provide a justification for the choice of thesis topic and has presented a profile of the national context of the industrial relations phenomena selected for answering the research questions outlined in Chapter 2.

A history of Singapore’s industrial relations since the PAP first won office in 1959 reveals three transformations and a progression of the third. These have been induced by the strategic initiatives taken by the PAP Government in response to events in Singapore’s economic environment. Their analyses provide an opportunity to test the applicability of American generated and honed strategic choice theory as a heuristic for explaining other than American industrial relations. This is the aim of this thesis, which is justified by its potential contribution to the theory and to comparative study of industrial relations. It now proceeds to explain how the thesis is organized.
CHAPTER 2
ORGANISATION OF THE THESIS

This chapter complements Chapter 1 by discussing the primary and secondary research questions, explaining the research design, outlining and justifying the research methodology, identifying data sources, and by previewing the restructure of the thesis. The primary research question is concerned with the utility of the strategic choice model and the secondary questions derive from it. The research design emerged from the researcher’s in situ and extra-mural study of Singapore’s industrial relations. It has led to the adoption of an historical-case study methodology, including the collection of primary and secondary data. Then the purpose of and the rationale for the structure of the thesis are explained.

The Research Questions

One of the criticisms of the strategic choice model is that it overlooked the dynamics of the state (Edwards, 1995, p. 20). Observers of Singapore’s changing industrial relations have pointed not to the avoidance of unions by employers but rather to their subordination by the PAP Government to its imperatives for Singapore’s economic development (for example, Deyo 1981, 1989). Having hypothesised that transformation is an appropriate concept to apply to the changes that have taken place in Singapore’s industrial relations, except for the post-1997 changes, and having borne in mind then that government rather than workers or employers strategically shape Singapore’s national industrial relations, the primary research question is:

*How useful is the strategic choice model for explaining the transformation of Singapore’s industrial relations?*

To answer the primary research question it is necessary to address secondary questions about the usefulness of the systems model as well as the strategic choice model. Usefulness may be equated with the ‘description, understanding, prediction’ criteria of Verma (1990, p. 185) or the ‘prediction and explanation’ jobs of Glaser and Strauss (1999, p. 3). The criteria for assessing the fitness, in effect predictive validity, of these models in answering the primary and secondary research questions are stated in Chapter 1. The secondary research questions are:
1. How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the transformation of industrial relations in Singapore? Kochan et al. (1986) asked something like this of the American industrial relations systems model.

2. If the usefulness of alternative — current or precursor — organising frameworks are wanting, what are the aspects of the strategic choice model that might correct this deficiency in the case of Singapore’s industrial relations? Kochan et al. (1986) claim that the strategic choice model more realistically explains transformed American industrial relations than does the systems model.

3. Are there particular features of Singapore’s industrial relations that require modification of the strategic choice model to strengthen its usefulness? Kochan et al. (1986), as have others, speculated on the need for modifications of the model for countries other than America.

4. How does the strategic choice analysis of Singapore’s industrial relations contribute to the following: ‘national’ as a distinguishing criterion; the drivers of change; the interaction of the actors; the scope for strategic choices? These questions were raised by other international studies and listed by Locke et al. (1995).

While the answers to the above questions for a single country may neither verify nor falsify the strategic choice model as general theory, the observations of one country’s industrial relations may support its claims to generalisability and could be used to refine the model.

**The Research Design**

By borrowing a concept from a management professor who was concerned with types of strategy formation, designing this research has been an emergent process, one ‘where patterns developed in the absence of intentions or despite them went unrealized’ (Mintzberg, 1988, p.15). The design developed over time without a conscious direction in mind. The researcher had conducted studies — mainly qualitative — on Singapore’s industrial relations *in situ* from 1980 to 1986, the latter happening to be the year of publication of *The Transformation of American Industrial Relations*, up to when the most commonly applied framework for the analysis of national industrial relations phenomena
was *Industrial Relations Systems* and/or its variants, such as that of Flanders (1965). The systems model was also applied to Singapore’s industrial relations, as is demonstrated in Chapter 3.

Official criticism of an article in a business publication in 1985 co-authored by Wilkinson and Leggett (1985) that analysed Singapore’s industrial relations, not as three independent actors in the sense of the Dunlop model but as the *de facto* ‘Management of Compliance’ by the Government and NTUC symbiosis, led to the suspension of the researcher’s *in situ* access to data until 2001 (see *Straits Times*, 20 December, 1985). Nevertheless, the researcher continued to monitor the progress of industrial relations in Singapore, mainly from outside, until 2000, after which he recommenced on site research with the cooperation of the NTUC and the Singapore Government. Table 2.1 lists the sources of the data he has obtained through interviews conducted since 1980.

**Methodology**

The researcher has adopted a combined historical and case study approach for this thesis. Its broad hypothesis is that the strategic choice approach of Kochan et al. is useful for explaining the transformations of Singapore’s industrial relations. Its methods are qualitative and its mode of interpretation is analytic induction (Flick, 2002, pp. 227-228). Data collection has been by interviewing and the use of primary and secondary sources.

*The Historical Dimension*

Historical research generally reconstructs knowledge of the past systematically and objectively by collecting, evaluating, verifying, analysing and integrating data to establish facts and reach defensible conclusions in relation to particular questions (Grosof and Sardy, 1985: 104). In this case the collection of data has been from published and unpublished texts, as referenced at the end of the thesis, and from interviews with officials engaged in Singapore’s industrial relations and with academics engaged with Singapore’s industrial relations and their contexts, as detailed below. Verification has been by cross-checking official reports with personal accounts, but qualified by the recognition that perceptions betray institutionalised interests, as explained in Chapter 3, and by cross-referencing academic publications and interviewees’ responses. Analysis runs through the thesis and is its basic *modus operandi*, as well as being elaborated in Chapters 8 and 9. The data are presented according to four historical periods (Chapters 5 to 8) but integrated within each
period to justify their reconstruction as three transformations of Singapore’s industrial
relations and a progression of the third.

According to Evans (1997, p. 80) historians ‘use documents not to establish discrete facts,
but as evidence for establishing the larger patterns that connect them.’ The question then
arises as to whether the connections are there to be cognitively discovered or whether the
historian puts them there. To be fair to historians it may be argued that in reconstructing
the knowledge of the past ‘…the purpose of the historian is not the establishment of perfect
truth but the pursuit of truth through a reduction of ignorance’ (Lukacs, 2002, p. 77). In the
case of Singapore’s industrial relations, the reconstruction of knowledge requires the
researcher to maintain an indeterminate point of view with regard to the rhetoric of its key
players. Aristotle was aware of this requirement as the following passage reveals:

    It will be our endeavour to attain the accuracy which the nature of the subject
admits; for perfection is not required in all the labours of the mind any more than in
the works of the hand….In matters so little stable we must be contented, therefore,
with catching the general resemblance of truth; and our conclusions will deserve to
be approved, if in most cases they are found to hold true; for it is the part of wisdom
to be satisfied in each subject with that kind of evidence which the nature of the
subject allows; it not being less absurd to require demonstrations from an orator
than to be contented with probabilities from a mathematician. (Gillies, Undated, pp.
161-162).

In view of the purpose of the study, it is appropriate to adopt an historical approach. To
answer the research question of how useful the strategic choice approach is for explaining a
single international development, that of the historical transformations of Singapore’s
industrial relations, it is necessary to do with Singapore’s industrial relations what Kochan
et al. (1986) did with America’s. The transformations between 1960 and 2002 are traced
through a review of records and of empirical and other studies. In essence this involves
gathering the historical material on Singapore’s industrial relations as presented within
earlier explanatory frameworks and identified in Chapter 3, assessing the ‘usefulness’ — as
defined for the research question — of the precursor frameworks and then assessing it
within Kochan et al’s conceptual framework with a view to determining the level of that
‘usefulness.’
The Case Study

The case study is a widely used research instrument in industrial relations, though less so in the USA than elsewhere (Capelli, 1985). A Dictionary of Social Science Methods defines a case study as ‘A more or less intensive investigation of one particular individual, group, organisation or locale’ (Miller and Wilson, 1983, p. 13). In this case the study is of industrial relations in a defined locale — the nation state of the Republic of Singapore— over a defined period of time. The criterion for constructing industrial relations worldwide has been primarily the national boundary, a construction endorsed by the membership criterion for the International Labour Organisation (ILO).

A definition consistent with the Dictionary’s is one by Robson (1993, p. 52) of the case study as ‘A strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.’ Yin (1999, p. 13), whose work has done much to improve the use of the case study, adds that, as a comprehensive research strategy, it is especially useful when the boundaries between phenomena and context are not clear and when the prior development of theoretical propositions guide data collection and analysis.

In the case of Singapore’s industrial relations the study aims to make clear the boundaries between the phenomena of industrial relations transformations and the contexts with and within which the transformations constitute pragmatic responses. The prior development of theoretical propositions — the greater usefulness of the strategic choice model for explaining transformational change than the systems model — is in this case the basis for the data collection and analysis.

The case study approach has been chosen because it enables the explanation of, among other things, the dynamics of change, the reasons for change and its direction, as well as how it was implemented, and with what result, through the collection and presentation of information from a range of sources about individuals and institutions or organisations over the specified period (Hammersley, 1989, p. 93-94). In particular, the case study enables the use of ‘milestone classification’ and the analysis of critical events (Kjellen and Soderman, 1980, pp. 26-28), practical methods integral to this thesis.

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1 For a review of the role of the case study see Platt (1992).
Both case study and historical approaches are appropriate when ‘how’ and ‘why’ questions are asked and when the researcher has no control over the phenomenon researched (Yin, 1999 pp. 4-9). A composite historical and case study method is expected to enable the interpretation of interconnected factors and events that constitute the relationship between the institutions and their contexts.

As this research involves a single, large, in-depth case study of changing national industrial relations over time with a view to assessing the utility of a particular explanatory framework, it employs qualitative techniques including semi-structured interviews with officials, employers and trade unionists (conducted in Singapore on various occasions from 1980 to 1986 and from 2000 to 2004, and elsewhere — mainly at seminars and conferences — but occasionally in Singapore from 1986 to 2000) and the analysis of data from Ministry of Labour/Manpower, trade union and employers’ association archives, and other documentary sources. However, a basic enabling condition for the historical approach is that Singapore maintains and makes publicly available comprehensive and well-organised industrial relations documentation, a requirement for case studies noted by Gummesson (1991, p. 92).

Apart from that presented by the nature of historical inquiry, a limitation of this research is in the locality of the findings rather than in their generality. This is because the case study method mainly involves just one — in this case the utility of the strategic choice model for Singapore’s industrial relations — or a few research subjects (Gummesson, 1991: p. 91). This fact suggests that the findings of this research are likely to be limited in their generalisability to situations that are analogous with those of Singapore, i.e., industrial relations systems of other newly industrialised countries (NICs). However, this limitation is not necessarily a liability for testing the usefulness of the strategic choice approach for another country’s industrial relations, and may constitute a step towards the model’s generalisability.

Analytic Induction

Flick (2002, p. 227) quotes the following definition of analytic induction:

Analytic induction is a method of systematic interpretation of events, which includes the process of generating hypotheses as well as testing them. Its decisive
in an instrument is to analyse the exception, the case which is deviant to the hypothesis. (Bühler-Niederberger, 1985, p. 476).

In this research the hypotheses are about the usefulness of a theoretical framework for explaining the dynamics of a set of industrial relations phenomena that prima facie have been transformed as a result of strategic choices. The steps of analytic induction as adapted by Flick (2002, p. 228) from Bühler-Niederberger (1985, p. 478) in sequence are: the formulation of the phenomena to be explained; a hypothetical explanation of the phenomena; a case study in the light of the hypothesis; reformulation of the hypothesis if necessary; further cases and reformulations until a universal relation is established. The organization of this thesis follows this sequence, except that further cases are suggestions for further research.

Data Sources

The Interview

Interviews may be of the survey type — structured and standardised, following a specified set of questions and of the field type — semi-structured, adjustable, allowing different degrees of flexibility in the nature and substance of the questions asked (Neuman, 2000, p. 371). ‘Field research interviews…involve one or more people being present, occur in the field and are informal and non directive (i.e., the respondent may take the interview in various directions)’ (Neuman, 2000, p. 370). A version of the field research interview was used in this case study, one that applied the techniques of the ethnographic interview. Thus, a specific request was made to hold the interview, the purpose of the research was explained and why an interview was necessary to complement documented information, and then descriptive and structural questions, and questions about the meaning of the responses were asked (Flick, 2002, pp. 90-91).

In this research the interviews were for the most part conducted in the offices of the respondents, although a few were conducted in the less formal setting of a university staff club, and one in a hotel lobby. To pre-empt any possible uncertainty by the respondents about the purpose of the research and the use to be made of the data supplied by them these were made clear to them both in the letter of request for the interview by the interviewer and at the commencement of the interview session. The interviewer’s position as a
university academic responsible for the teaching of, and research and publication on, industrial relations served to legitimate the interviewing process in the eyes of most respondents. The possibility that cultural differences between the interviewer and the interviewees might have corrupted the data, were minimised by the interviewer’s multi-cultural experience, the multi-cultural structure of Singapore society, and the high proficiency in the English language shared by most Singaporeans. The possibility that the circumstances that forced the interregnum between the two concentrated periods of research mentioned above may have lessened the willingness of respondents to cooperate in the second period did not eventuate, perhaps because the researcher took steps to ensure that his research and teaching roles had unequivocal endorsement at the highest level of the institutions involved — the Government (Ministry of Manpower and Prime Minister’s Office) and the NTUC — and had the cooperation of the Singapore National Employers’ Federation (SNEF). Although in some cases the respondents may have been constrained somewhat in their answers by the character and purposes of the organisations they represented; this was only to be expected and allowance was made for this in the interpretation of the information they supplied, but on the whole they appeared to be agreeably candid. Neither between 1980 and 1986, nor between 2001 and 2004 was the researcher refused a requested interview, either by an individual or by an organisation.

In spite of the cooperative disposition of those interviewed the researcher is aware of the various causes of inaccuracy, especially the four identified by Huber and Power (1985, p. 173). These were, first, respondents who may have answered with a view to implying the correctness of an organisation’s policies and practices and of their position within or in relation to that organisation. Rarely did an informant say, ‘We got that wrong.’ Second, the correct behaviour bias was compounded by the possibility of distortion due to the length of the elapse of time since the event being scrutinised had occurred and therefore distant recollection required of the informant. Third, there was the risk of bias resulting from a reassessment of an event with the benefit of hindsight, and fourth, the attribution of an event to an attractive, but not necessarily the right cause. As recommended by Yin (2003, pp. 97-101), multiple sources of data were drawn on to try and minimise these potential inaccuracies. This was a form of triangulation.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tr>
<td>B. G. Boggars</td>
<td>General Secretary</td>
<td>Singapore National Employers’ Federation</td>
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<td>Stephen C. Y. Lee</td>
<td>Vice-President</td>
<td>Singapore National Employers’ Federation</td>
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<tr>
<td>Michael Chua*</td>
<td>Director</td>
<td>Labour Relations Division, Ministry of Labour (to 1985)</td>
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<td>Ong Yen Her</td>
<td>Director</td>
<td>Labour Relations Division, Ministry of Labour (from 1985)</td>
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<tr>
<td>Tan Boon Chiang**</td>
<td>President</td>
<td>Industrial Arbitration Court</td>
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<td>S. Supiah**</td>
<td>Registrar</td>
<td>Industrial Arbitration Court</td>
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<td>Anonymous (names not recorded)</td>
<td>Senior Officials</td>
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<td>Legal Officer</td>
<td>National Trades Union Congress</td>
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<td>Lawrence Sia Khoon Seong</td>
<td>Secretary International Affairs; General Secretary</td>
<td>National Trades Union Congress; Singapore Teachers’ Union</td>
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<td>Kenneth Mok</td>
<td>Central Committee Member</td>
<td>National Trades Union Congress</td>
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<td>Goh Chee Wee</td>
<td>Cadre Member</td>
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<td>***John de Payva</td>
<td>Full time official</td>
<td>Singapore Manual and Mercantile Workers Union</td>
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<td>***Ho See Beng</td>
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<td>***G. Kandasami</td>
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<td>****Anonymous</td>
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<td>Lim Say Tee</td>
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<td>Malcolm Loh</td>
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Primary and Secondary Secondary Data Sources

Secondary data sources may be categorized as electronic, books and periodicals. (Emory and Cooper, 1991, pp 288-289). For this thesis computerised sources have been used only to download a few copies of documents already available in print. The books used have comprised biographies, single topic texts, and edited readings. The periodicals have been specialist academic journals in management, sociology, industrial relations and related disciplines. Conference proceedings too have proven fertile sources of data. The researcher has authored a series of chapters, articles and conference papers (see Chapter 4).

Government documents have included statistical surveys, especially of labour, annual reports of departments, ministries and statutory boards, and legal statutes. Other useful reports have been annual, biennial and triennial reports from trade unions and employers’ associations. Occasionally, reference has been made to a newspaper report or a business periodical.

Structure of the Thesis

Chapters 1 to 4 are concerned with the framework of the thesis, Chapters 5 to 7 with the phenomena of Singapore’s three industrial relations transformations, Chapter 8 with the progression of the third transformation, and Chapters 9 with the conclusions drawn from the analyses of the transformations and progression of Chapters 5-8. References are listed at the end of the thesis.

The purpose of Chapter 1 is to supply the academic context of the thesis and to justify its selection as a research topic. The aim of the thesis is to test the usefulness of the strategic choice model of industrial relations for explaining the transformations of industrial
relations in Singapore. Chapter 1 introduces the origins of the strategic choice model and its application to American industrial relations, and to the Singapore context for the transformations of its industrial relations. The thesis is a response to the exhortation of the authors of the strategic choice model to apply it to different countries’ industrial relations. The thesis also aims to contribute to the further development of comparative industrial relations.

Complementing Chapter 1, Chapter 2 discusses the primary and secondary research questions, explains the research design, justifies the research methodology and previews the structure of the thesis. The secondary research questions derive from the aim of the thesis and relate to the antecedent systems theory upon which the strategic choice model builds. The research design is an emergent one, a result of the researcher’s experience, and it involves an historical case study methodology.

Having presented the research questions on the usefulness of the strategic choice model for explaining the transformation of Singapore’s industrial relations, Chapter 3 reviews the literature that places them in their academic and historical contexts. Chapter 4 reviews Singapore’s industrial relations literature sub-categorised according to several criteria as: colonial administrators; justifications, eulogies and biography; academic industrial relations; tripartite propagation; explanatory frameworks; into the 21st century; external watchers. Chapter 5 ‘From Colonial Authority to Regulated Pluralism, 1960-1967’ focuses on the concentration of industrial relations events following the ending of the British colonial government of Singapore and as responses to the economic and political crises facing the PAP Government. The Industrial Relations Act 1960 regulated industrial relations with prescribed collective bargaining procedures and the provision of conciliation and compulsory arbitration. It was the basis for the transformation of industrial relations from a state of politicised conflict to one of de-politicised, yet still adversarial, collective bargaining.

Chapter 6, ‘From Regulated Pluralism to Corporatism, 1968-1978’ is concerned with the strategic initiative of the PAP Government in legislating to limit the scope of collective bargaining in Singapore. The restrictive legislation was aimed at increasing the attractiveness of the city-state to multi-national corporate investment and thereby meeting the economic challenge posed by Singapore’s separation from Malaysia and the prospect of
Strategic Choice and Singapore’s Industrial Relations

high unemployment, resulting from Britain’s decision to close its military bases and withdraw its personnel from there. It also considers the strategic response of the NTUC unions to the threat the legislation posed to their at the time raison-d’être.

Chapter 7, ‘From Corporatism to Corporatist Paternalism, 1979 to 1986,’ again concerns the strategic initiative of the PAP Government, this time to change industrial relations, especially trade unionism, to meet the imperatives of economic restructuring, avoid the ‘low wage trap’ and upgrade Singapore into a high-technology, high value-added production nation. In comparison to the relative ease of the previous transformation of industrial relations, this third transformation confronted more difficulties.

Chapter 8, ‘From Industrial Relations to Manpower Planning, Post-1997,’ considers the PAP Government’s strategic initiative to manpower plan Singapore into a ‘talent capital,’ which is the main reason for further changes to industrial relations. The direction of the change is determined by Singapore’s vulnerability to competition in an increasingly globalised world, where it once had a comparative advantage in manufacturing and in services.

Chapter 9 tries to answer the research questions of Chapter 2 in the light of the data and analysis presented in Chapters 5 to 8. This Chapter discusses the implications for the development and application of the strategic choice model, and the implications for further research are explored.

Summary
The broad hypothesis is that, subject to some modifications, the strategic choice approach of Kochan et al. is useful for explaining the transformations of Singapore’s industrial relations. The primary research question asks how useful the strategic choice model is for explaining the transformation of Singapore’s industrial relations. This leads to four secondary questions the answers to which are necessary if the primary research question is to be answered satisfactorily. The secondary questions include those about pre-cursor frameworks and have particular relevance to the first and second transformation of Singapore’s industrial relations. An ‘emergent’ research design is adopted, for which an historical case study and a process of analytical induction for its methodology are required. The structure of the thesis reflects the stages of analytical induction. Data on Singapore’s industrial relations to answer the research questions are collected by interviews and from
secondary sources. Chapter 3, which follows, reviews the literature on the strategic choice model.
CHAPTER 3

REVIEW OF THE STRATEGIC CHOICE MODEL OF INDUSTRIAL RELATIONS

Having established a broad hypothesis, defined the primary research question and formulated the subsidiary research questions on the usefulness of the strategic choice model for explaining the transformation of Singapore’s industrial relations, it is appropriate to place them in historical context using a review of the literature. In addition to placing the research in context, such a review establishes the researcher’s familiarity with the field of study (Neuman, 2000, pp. 446-447).

The review includes those works that offer explanatory frameworks for making sense of development at or up to a point in time and, in the case of Singapore, commentaries and official documents not explicitly theoretical but predicated on a theoretical premise. This historical-explanatory purpose is often inseparable from the substance of the thesis; in this case a record of the observed transformations of Singapore’s industrial relations. Thus, the review has been divided into two parts, the strategic choice model and Singapore’s industrial relations, and presented in Chapters 3 and 4 respectively.

The first sub-category of the literature on the strategic choice model is the ‘Theoretical Perspective,’ a necessary sub-category as the purpose of the research is to test this perspective. The literature that is of immediate relevance here is the theoretical and empirical research of Kochan, Katz and McKersie, widely disseminated as The Transformation of American Industrial Relations (Kochan et al., 1986), following ‘Strategic Choice and Industrial Relations Theory’ (Kochan, Katz and Cappelli, 1984), and the main critical and supportive literature that these publications have generated. For their explanation of the ‘transformation’ Kochan et al. developed a strategic choice model. In 1989 they speculated on the usefulness of their model for explaining transformations of industrial relations in countries other than America (Kochan et al., 1989, pp.xi-xii).

Kochan et al.’s strategic choice model qualifies and builds on systems theory — although it is intended to be a paradigm shift from the systems model as applied to industrial relations by Dunlop (1958). As formulated by Dunlop, an economist, the systems model is derived from structural functionalism. Structural functionalism was a sociological orthodoxy in which Parsons ‘reigned supreme’ (Hamilton, 1983, p. 28).
Parsons made use of biological analogies in his analyses of social systems. These paralleled his evolutionary model of social development in which a dynamic equilibrium conserved extant functional elements as it adapted. According to Watson (1987, p. 40) ‘His [Parson’s] influence has been enormous, establishing an intellectual ambiance in which a considerable proportion of existing contributions to industrial and organizational sociology have been fashioned.’

Dunlop found the social systems model useful ‘for organising insights and observations about the industrial relations aspects of behaviour in industrial society (Dunlop, 1958, p. 5). His was an attempt apply systems theory to unify a discipline that had been informed by a diversity of other disciplines — chiefly economics, sociology, law, politics and history — but which held collective bargaining to be its core function, in spite of challenges from corporatist theorists, labour process analysts and neo-classical economists. In short, Dunlop aimed at giving industrial relations a rational coherence as Parsons had aimed to do for society (Marshall, 1994, pp. 378-380).

‘The Nature of Collective Bargaining’ is the second sub-category of ‘the strategic choice model.’ Originally explained by the Webbs (Webb and Webb, 1902) the nature of collective bargaining has been debated by industrial relations academics, especially whenever the state has sought to reform it, as in the UK in the 1960s (Donovan, 1968), or curtail it, as in Singapore in the same decade (NTUC, 1970). There is a danger in the analyses of national industrial relations systems to conflate collective bargaining and industrial relations, a criticism made by Strauss (1990, pp. 73-74) in arguing for a more comprehensive conceptualisation. The relevance of the systems model and Strauss’s criticism to this research derives from the claim by Kochan et al., quoted above, that their model is consistent with the growth of an integrating business strategy paradigm, one in which HRM is displacing institutional industrial relations.

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1 While the literature is prolific, a succinct account of the debates over the nature of collective bargaining that includes the views and contentions of Webb and Webb (1902), Harbison (1954), Chamberlain and Kuhn (1965), Flanders (1968), and Fox (1975) is provided by Jackson (1985, pp. 114-139). Elsewhere, Braverman (1974) and Hyman (1975) made major contributions to the labour process perspective, and the influence of neo-classical economics on collective bargaining is reviewed in Australia, Great Britain, Japan and New Zealand in Deery and Mitchell (1999) as ‘individualisation and union exclusion.’

2 As a cited author within the text the National Trades Union Congress is abbreviated to NTUC.

3 Storey (1992, p. 35) identifies 27 points of difference between Personnel and IR and HRM.
The Strategic Choice Model

The third sub-category, ‘Ideological Perspectives,’ reviews the industrial sociology mapping of industrial relationships. The justification for its selection is that these perspectives may have a relevance to explanations of industrial relations at a time and in a place, particularly in an historical case study. Of immediate relevance here are the unitary and plural frames of reference proposed as explanatory frameworks by Fox (1966), although the pluralist position was later criticised by him as offering ‘a misleading picture of the realities of social power’ (Fox, 1973, p. 231). It is pertinent to recall that some pluralist writers had already hypothesised that ‘pluralistic industrialism’ would be the ultimate condition at the point of convergence for countries as they advanced along the industrialisation path and as the influence of the forces for divergence were subordinated to those requiring a common future (Kerr et al., 1960). This sub-category of the literature also includes the neo-Marxist focus on the degradation of work as another explanation of transformation under monopoly capitalism and, especially pertinent to the substance of this research, neo-corporatist explanations informed by studies of rapid industrialisation in East and Southeast Asia.

The Theoretical Perspective

The question of an industrial relations paradigm was alluded to in Chapter 1. In some quarters it has been asked, and answered with a rejection, whether the ideas embodied in the strategic choice model represent the basis for an industrial relations paradigm or not (Chelius and Dworkin, 1990b, pp. 2, 14-16). The question itself presupposes that there has never been an industrial relations paradigm. Indeed, as has been observed, industrial relations academics have too often emphasised the multi-disciplinary nature of their field of specialisation to have considered it as ever having constituted a paradigm, except by default, as when they have examined the growth of HRM as ‘an alternative paradigm’ (Deery et al., 2001, pp. 35-60). It is noteworthy that Kochan et al. (1986, p. 11) only refer to their approach as one that ‘draws from the rapidly growing theoretical paradigm that integrates the traditional theories of industrial relations systems with the literature on corporate strategy, structure and decision making’ (researcher’s emphasis).

The equivocal use of ‘paradigm’ by its originator, Kuhn (1970), and others since, causes it to be problematic for defining an historical transition in the shared intellectual community’s way of thinking, doing research and the representation of its exclusive phenomena. It is problematic because, according to Kuhn’s first edition of *The Structure of Scientific Revolutions*, paradigm replacement, which arises out of crisis, is by shift rather than synthesis (Losee, 1980, pp. 203-208). Whether the displacement of a
systems approach to industrial relations research by a strategic choice approach amounts to a paradigmatic shift or not, remains a decision for future analyses.\(^4\) As it is, the shift is presented as a response to a crisis in industrial relations posed by the inadequacy of the displaced paradigm to explain a fundamental transition. However, in a postscript to the first edition (published in the second) of *The Structure of Scientific Revolutions*, Kuhn (1970) ‘allowed for the replacement of one paradigm by another without the occurrence of a prior crisis within the micro-community’ (Losee, 1980, p. 206). As will be shown in Chapters 5 to 7 the transformations in Singapore’s system of industrial relations were precipitated by economic and political crises in the macro-community that generated crises of functional identity in the micro-community of the industrial relations system itself.

One criticism of Kochan et al.’s strategic choice approach echoes an earlier criticism of the original systems model, i.e., of Dunlop’s reference to ‘actors’ rather than ‘people’ (Banks, 1974, p. 13). It is that ‘such a model does little more than list the parties to industrial relations and their interactions,’ i.e., it is not a significant improvement on the systems approach as an explanatory device, ‘its actors being disembodied managements and unions (with workers and the state not really figuring as active participants)’ (Edwards, 1995, pp. 19-20).\(^5\) The significance of this criticism for this study is that, *prima facie*, in Singapore the state is the strategic driver of industrial relations with workers seemingly disembodied by the exclusive authority of the NTUC — to an extent that the NTUC since the 1980s has sought to balance technocrats with ‘grass roots’ leaders to, if only symbolically, re-embodi Singapore workers (Vasil, 1989, pp. 168-169; *Straits Times*, 5 May 1991).

The strategic choice approach to explaining the transformation of American industrial relations embodies a general framework for analysis of industrial relations issues (Figure 3.1), which includes participants’ strategic choices, and a three-tier institutional map of industrial relations institutions (Table 3.1). Rather than their antitheses, both of these artifacts are broader models than their predecessors.

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\(^4\)In the world of work and its organisation a ‘paradigm shift’ has been used to explain the displacement of mass production by flexible specialisation, a development predicted on the basis of the studies of Piore and Sabel (1984).

\(^5\) Parsons conveyed the *Social System* (Parsons, 1951) as functioning more or less independently of changes in the personalities of its members and whom he represented as ‘actors’ who are controlled by the system through the specificity of their roles (Hamilton, 1983, p. 98).
In their preface to the 1989 (paperback) version of *The Transformation of American Industrial Relations*, Kochan, *et al.* (1989, p. xi) report being frequently asked whether their framework and key propositions are ‘applicable beyond the borders of the United States.’ They reformulated this question as: ‘Will the three-tiered framework and the related hypotheses offered in our book be useful in explaining international developments?’ By ‘international developments’ they mean change in the industrial relations systems of countries other than the USA. Based on preliminary evidence from Europe they speculate that it will, but that modifications may have to be made.

**Figure 3.1** General framework for analysing industrial relations issues

![Diagram](image)

*Source:* Kochan et al. (1986, p. 11).

At a conference organised by the American *Bargaining Group* of industrial relations scholars held at Purdue University in 1988, Kochan, Katz and McKersie reiterated their concern with the need for international comparisons:

We are particularly encouraged by questions raised at this conference regarding the international applicability of *Transformation*. We have a number of thoughts concerning potential future research in this area and along with the nonunion sector view international industrial relations issues as the major underresearched topic of the day. International comparisons provide an opportunity to test the roles played by institutions and strategy by looking across countries (or industries) facing similar economic pressures. Recent commonalities in
economic pressures across countries have made such tests potentially fruitful. 

More recently, Kochan (1998, p. 41) has explained that international industrial relations 
studies overcome constraints on theory building of the restrictions of any one country’s ‘culture, ideology, and institutional structures’ on individual actors in its industrial 
relations system. Thus, while the assessment of the usefulness of the strategic choice 
model in explaining transformations in Singapore’s industrial relations system is subject 
to these (Singaporean) restrictions, their level of contribution to outcomes should also 
be assessable within the comparisons made with strategic choice explanations of other 
countries’ industrial relations transformations.

### Table 3.1  Three levels of industrial relations activity

<table>
<thead>
<tr>
<th>Level</th>
<th>Employers</th>
<th>Unions</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Strategy and Policy Making</td>
<td>Business Strategies</td>
<td>Political Strategies</td>
<td>Macroeconomic and Social</td>
</tr>
<tr>
<td></td>
<td>Investment Strategies</td>
<td>Representation Strategies</td>
<td>Policies</td>
</tr>
<tr>
<td></td>
<td>Human Resource Strategies</td>
<td>Organizing Strategies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Negotiations Strategies</td>
<td>Strategies</td>
<td></td>
</tr>
<tr>
<td>Workplace and Individual/ Organization</td>
<td>Supervisory Style Worker</td>
<td>Contract Administration</td>
<td>Labour Standards</td>
</tr>
<tr>
<td>Relationships</td>
<td>Participation</td>
<td>Worker</td>
<td>Worker</td>
</tr>
<tr>
<td></td>
<td>Job Design and Work Organization</td>
<td>Participation</td>
<td>Participation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Job Design and Work</td>
<td>Individual Rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organization</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Kochan et al. (1986, p. 17).*

As observed above, the leader and strategist in transforming Singapore’s industrial 
relations has been its Government, which includes cadre trade unionists (Leggett, 
1988a, 1993a, 1993b, 1993c, Chew and Chew, 2003), whereas Kochan et al.’s analysis 
of the transformation of American industrial relations attributes these roles to the 
employer. It may be that to make it relevant elsewhere the modifications to their 
strategic choice approach, upon which they speculate, could include a relocation of the 
strategic initiative for change. For example, studies both of trade unionism and the 
*chaebol* (family conglomerates) in South Korea have traced the strategic transformation 
of employment relations, until the re-emergence of independent trade unions after 1987,
to the *chaebol* owner-managements with the support of the state (Kwon, 1997; Kwon and Leggett, 1994; Kwon and O’Donnel, 1999).

In an edited set of *Reflections on the Transformation of Industrial Relations* (Chelius and Dworkin, 1990a), three contributors are critical of the strategic choice thesis and two of them offer alternative frameworks. Block (1990) argues that Kochan et al.’s analysis does not reveal a transformation (that is of American industrial relations) but rather an evolutionary response to changes in product markets by employers since the transformation that took place with the National Industrial Relations (Wagner) Act in 1935. Begin (1990) is critical both of the transformation thesis and Dunlop’s systems model on the grounds that they ignore organisational and environmental variables, from which employment relations systems are derived. Strauss (1990) argues for a wider concept of industrial relations than that in the transformation thesis, one that acknowledges and has jurisdiction over HRM.

The above contributors to *Reflections*... each argue in their different ways the invalidity of the strategic choice model as a heuristic for explaining the transformation of *American* industrial relations, not its invalidity as a framework for the analysis of industrial relations change. The original authors’ focus on American industrial relations has engendered these arguments. In their defence of the transformation thesis, Katz, Kochan and McKersie (1990, pp.189-196) agree on the jurisdiction of the discipline but argue that it is the systematic nature of the change that has taken place in American industrial relations that justified its conceptualisation as a transformation, and that the exercise of strategic choices reveals ‘the discretion that remains even in the face of environmental factors.’

In another publication Lewin (1988) offers some fundamental criticisms, alleging that industrial relations academics have been ‘jumping on the strategy bandwagon’ that has conveyed much of the management and organisation literature since it began to pick up speed in the 1970s. Bandwagon or not, it is difficult to see how analyses of industrial relations change can ignore the strategies of the parties. Kerr et al. (1960, 1973) refer throughout their work to the ‘strategies’ of their industrialising elites, admittedly not as choices. For example:

> Each of these elite groups [‘the middle class,’ ‘the dynastic leaders,’ ‘the colonial administrators,’ the ‘revolutionary intellectuals,’ ‘the nationalist leaders’ and their several elements of ‘political leaders, industrial managers,
military officers, religious figures, top civil servants, leaders of labour organizations, associated intellectuals, among others’) has a strategy by which it seeks to order the surrounding society in a consistent fashion. This strategic perspective, if the society is to end up with a cultural consistency, must pervade the entire culture. (Kerr et al., 1973, p. 59).

A survey by Erickson and Kuruvilla (1998) concluded that there was no consensus on what constituted ‘transformation.’ Dunlop (1993, pp. 19-21) has claimed that Kochan et al.’s ‘transformation’ did not amount to a theory of industrial relations as it did not apply to countries other than America, and was not a fundamental transformation of that country’s industrial relations. For the purpose of this research ‘transformation’ has been defined as change best explained metaphorically as a metamorphosis, i.e. the same organism in a new form, and an analogy that Erickson and Kuruvilla (1998) use, but with something residual in the new form from the old one. The transformations of Singapore’s industrial relations have been driven by a political pragmatism that requires ‘all aspects of social life to be instrumentally harnessed to the relentless pursuit of development’ (Chua, 1995: p. 59). In that pursuit, the strategic choices made by Singapore’s industrialising elite on industrial relations transformations have differed from those of the elites of other Asian NIC’s in their equally relentless pursuits of development, even though generalised as ‘the subordination of labour’ (Deyo, 1989).

After making an overall assessment of Kochan et al.’s strategic choice theory Lewin (1988) asks whether the criticisms made of its predecessor, Dunlop’s systems model, and other analytical frameworks, viz. those of Singh (1976), Blain and Gennard (1970) and Chamberlain (1961), also apply to the strategic choice theory. He answers that, although strategic choice theory had made a significant contribution by opening up the black box of management organization, ‘this research falls short — indeed, far short — of confirming a strategic choice theory of industrial relations.’ The bases for this judgement were: the failure to pose and test specific hypotheses; the rare use or delineation of an overall research design; a heavy reliance on case studies and purposive samples; the use of various combinations of primary and secondary data affecting the reliability of the evidence. Lewin (1988, p. 36) is also sceptical of the use of the concept of strategy by industrial relations academics, pointing out that it is ‘consistent with virtually any management action, which means that it is an irrefutable concept.’
One contributor to *Reflections on the Transformation of Industrial Relations*, Peterson (1990), does refer to another country’s industrial relations system — that of Sweden — but as a model for emulation by the USA rather than a set of national phenomena with which to test the international reliability and validity of Kochan et al.’s thesis. However, another author, besides proposing ‘only minor theoretical additions to the model,’ finds that although ‘the model was conceived for the United States and because the European environment is different in some aspects, there are also some adjustments, in particular a fourth tier, that could be suggested to generalise its use’ for European-wide industrial relations activities (Rojot, 1990, p. 160).

As a ‘framework’ rather than a ‘full-fledged theory,’ Verma (1990, p. 185) finds the strategic choice approach ‘a powerful tool for analysing and understanding industrial relations developments elsewhere [than in the USA]’ though less as a predictor than as a generator of ‘testable hypotheses on the effectiveness of strategic choices.’ Importantly, he outlines the criteria of description, understanding and prediction for evaluating the efficacy of the strategic choice framework (Verma, 1990, p. 176):

> [T]he efficacy of the SCF [strategic choice framework] can be found in the extent to which it describes, diagnoses pressure points and identifies future directions in other [other than American, that is] industrial relations systems. Moreover, it must do so in ways that the other views [such as Dunlop’s systems view] have been unable to accomplish. (Verma, 1990, p. 177).

It is important that the strategic choice framework be applied to a country’s industrial relations autonomously of its other applications. Other applications would include that of America, the transformation of which gave rise to the framework. Otherwise ‘…convergence of other systems with that of the U.S. system cannot be justified as a key test of the SCF’s efficacy’ (Verma, 1990, p. 177). In other words, the framework should be independent of the national phenomena it seeks to describe, understand and about which it makes predictions.

A project supported by the Organisation for Economic Cooperation and Development (OECD), the Alfred P. Sloan Foundation and the Massachusetts Institute of Technology (MIT) aimed at applying a common analytical framework to changes in industrial relations in Australia, Canada, France, Germany, Italy, Japan, Norway, Spain, Sweden, the United Kingdom and the United States (Locke et al., 1995, Bamber et al., 2004, pp. 20-24). The project was predicated on the belief that an international perspective was
Strategic Choice and Singapore’s Industrial Relations

needed to compare national responses to common environmental changes without the American bias for which the 1950s’ study by Kerr et al. (1973) — the previous major international study of industrial relations — had been criticised. As the authors reported, the challenge was ‘to modernize and internationalize both the methods of analysis and the theoretical models’ (Locke et al., 1995, p.139). This and the challenge to established labour-management patterns and industrial relations theory posed by variations in industrial relations practices revealed within single country studies had raised a number of basic questions:

Does it still make sense to speak of distinct national systems of industrial relations when there appears to be as much variation in employment relations practice within countries as there is between them? Are the changes observed in employment relations in all the advanced industrial nations being driven by differences in the competitive strategies of firms or differences in national institutional arrangements and public policies? Who are the relevant actors driving this process and at what level of the political economy and the industrial relations system do they interact? What role do national institutions play in an increasing global economy? How do they interact with micro-level actors so as to shape and/or restrict the range of strategic choices of individual firms and trade unions? (Locke et al. 1995, p. 141).

There was an interesting extension of the MIT project by Darbishire and Katz (1997) that, like the work of Locke et al. (1995), argues the importance of institutional arrangements in determining the character of a country’s industrial relations (see Bamber and Lansbury (1998, pp. 30-31). Cowell and Singh (2002) too are concerned with institutional practices when they draw on the strategic choice model to explore workers’ (favourable) perceptions of employers’ de-collectivisation arrangements in Jamaica.

Kochan et al.’s strategic choice model builds on rather than completely displaces Dunlop’s systems model. According to Dunlop ‘[a]n industrial-relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology which binds the industrial relations system together, and a body of rules created to govern the actors at the work place and work community.’ The actors in every system, however various their roles, are managers and supervisors, workers and their spokespersons, and specialized governmental and private agencies They interact to
make rules in a threefold environment of work place and work community technology, market or budgetary constraints and the distribution of power in the larger society....

‘The network or web of rules consists of procedures for establishing rules, the substantive rules, and the procedures for deciding their application to particular situations. The establishment of these procedures and rules — the procedures are themselves rules — is the center of attention in an industrial-relations system.... [A common] ideology…helps to bind or to integrate the system together [and]... defines the role and place of each actor…in the system..... [A] stable system involves a congruence or compatibility among these views and the rest of the system.....’ (Dunlop, 1958, pp. 7-18).

Systems models of industrial relations have been challenged on both ideological and technical grounds (Walker, 1977. pp. 311-312)\(^6\). Of the ideological grounds, Marxist theory is the most challenging, yet it does not so much challenge the systems concept as it does the nature of the relationships of the parties to the system. As in Parson’s *Social System* (Parsons, 1951) so in Dunlop’s *Industrial Relations System* (Dunlop, 1958) the tendency of the relationship between the ‘actors’ is towards equilibrium: in Marxist theory the exercise of their functions by the ‘classes’ (the proletariat and the bourgeoisie in capitalism, i.e. where capital is the means of production) leads to the destruction of the (capitalist) system (Marx and Engels, 1967). On the other hand, Meltz (1993, pp. 177-179) has suggested that the systems framework, of which for him the strategic choice model is one of several variations, can ‘encompass the widely divergent unitarist and Marxist approaches as well as the socialist and political economy variations.’

Unlike Marxist theory the sociologies of Weber and Durkheim do not challenge the concept of a stable social system but each has its own presumption of the nature of that stability: for Weber it was one of ‘reconcilable conflict,’ and for Durkheim the concern was with the integration of functions (Hills, 1995, p. 64).

Of the challenge on technical grounds, Kochan et al. (1986, p. 7) argue that, ‘as an organizing framework Dunlop’s *Industrial Relations System* worked fairly well as long as the environment and the practices of the parties remained stable, [but it] has a difficult time explaining the dynamic aspects of industrial relations.’ An open systems model proposed by Craig (1973) did address this perceived problem. It made the process of environmental inputs to substantive outputs become the ‘within inputs’ of goals

\(^6\) The strengths and weaknesses of Dunlop’s systems model are discussed *inter alia* by Adams (1997).
and power to an industrial relations system comprising actors and mechanisms for converting the inputs, which feed back into the industrial relations and environmental systems. It allowed for a breakdown of the system but otherwise secured the restoration of a new equilibrium. However, there remain those who argue the criticisms have been misdirected. They counter that Dunlop’s industrial relations system is an adequate integrating system and that the criticisms are tilted at a caricature and not the ‘real’ systems framework. In particular they argue that the industrial relations systems model is not deterministic and that it ‘does not equate IR and collective bargaining.’ For example, the systems model does have the capacity to accommodate the many considerations that may affect wage rates and it can also accommodate the multiplicity of rule-making processes (Fiorito, 1990, p. 97-98).

To summarise, the strategic choice approach to the transformation of industrial relations in the USA is claimed by its formulators to more usefully explain post World War II developments in American industrial relations than Dunlop’s systems model, reflecting as the latter does the character of industrial relations arising out of the New Deal legislation and values. From its inception, the question arose as to how useful an explanatory device is the strategic choice approach for transformations elsewhere than America. Programs of research were organised, partly to address this question as well as to survey and compare the nature of transformations across countries, regions and industries. A brief application to Canadian and some European countries’ industrial relations by Verma (1990) indicates that the strategic choice approach is a useful analytical and diagnostic tool.

**The Nature of Collective Bargaining**

Collective bargaining is the central rule-making institution in the industrial relations system as defined by the New Deal legislation in America, but this is not necessarily the case in other national industrial relations systems (Dunlop, 1958. pp. 94-95). In their *Transformation of American Industrial Relations* the authors call their chapter on the pre-transformation New Deal industrial relations system (Chapter 2) ‘Historical Evolution of the U.S. Collective Bargaining System’ (Kochan et al. 1986, p. 21). Of the number of choices that ‘shaped the growth and development of the New Deal industrial relations system’….[t]he key choice, however, was that collective bargaining would serve as the cornerstone of labor-management interactions’ (Kochan et al., 1986, p. 25).
Collective bargaining is both a regulating institution and a regulated one; it generates substantive and procedural rules, yet may be constrained in how it does so and in the scope of the rules it generates. In national industrial relations systems the extent to which collective bargaining is a rule-making institution varies. For example, in Singapore the process of collective bargaining was at first, in 1960, closely regulated and then, in 1968, its scope and substance were curtailed, in both cases by the state through legislation (Leggett et al., 1983, p. 57; Krislov and Leggett, 1985a; Leggett, 1993b). Over the same period, academics in the UK, debated the nature of collective bargaining and the role of the state surrounding incomes policy, productivity bargaining and the recommendations to and of the Royal Commission for reform (Donovan, 1968). In both countries the classical explanation of collective bargaining and the primary function of trade unions as bargaining agents were questioned.

The classical explanation, published at the beginning of the 20th century, was from the Webbs:

*In unorganised trades the individual workman … accepts or refuses the terms offered by the employer … For the sale of his labour he makes with his employer a strictly individual bargain. But if a group of workmen concert together and send representatives to conduct the bargaining on behalf of the whole body, the position is at once changed. Instead of the employer making a series of separate contracts with isolated individuals, he meets with a collective will, and settles in a single agreement, the principles upon which, for the time being, all workmen of a particular group or class, will be engaged.* (Webb and Webb, 1902, pp. 173-174).

Flanders challenged the Webbs’ conceptualisation by claiming that there was a qualitative difference between collective and individual bargaining and that the former regulated the latter. His contemporary in the ‘Oxford School,’ Alan Fox, rebutted Flanders’ critique of the Webbs by restating their economic definition of collective bargaining.

Thus for Flanders:

*A collective agreement…does not commit anyone to buy or sell labour… .It is meant to ensure that when labour is bought and sold, its price and the terms of the transaction will accord with the provision of the agreement. These provisions*
are in fact a body of rules intended to regulate among other things the terms of the employment contracts. Thus collective bargaining is itself essentially a rule-making process, and this is a feature which has no proper counterpart in individual bargaining…. [The] value of a union to its members lies less in its economic achievements than in its capacity to protect their dignity. (Flanders, 1970, p.216).

While for Fox:

[Although]…the trade union is not only a bargaining agent [that] offers its members a variety of services which fall outside that description and…plays a role in the political and social fabric which is also quite different in nature, …it is as a bargaining agent that the union finds its major justification in the eyes of its members and that issues relating to financial reward are still, whether for material or symbolic reasons or both, among its major bargaining preoccupations. (Fox, 1975, p. 171).

Indicative of the truth of Fox’s assertion is that Singaporean apologists for that country’s controls on trade unionism and collective bargaining have difficulty in proposing other than economically rational remedies for Singapore’s relatively low trade union membership density in the mid-1980s. One endorsement of such a proposal distinguishes the Singapore case of the ‘employment-driven union’ from the ‘conventional wage driven trade union’:

The meaning of union membership for an employment-driven union differs from that for the conventional wage-driven trade union. In the case of the former, union membership does not necessarily lead to strength in collective bargaining power for two reasons: Firstly, collective bargaining benefits are not important because there is absence of wage premium for union members and workers can free-ride to enjoy the benefits of having a union. Secondly, many workers can have access to non-collective bargaining benefits if they have the option to join a general union where the workplace is not unionised. This is the case in Singapore, where workers have the option of joining the General Union, which is meant for workers of non-unionised firms. (Chew and Chew, 2001b, p. 5).

Collective bargaining was central to the New Deal construction of the American industrial relations system. However, the decline in trade unionism as managers
strategically replaced union representation with non-union HRM arrangements has removed the centrality of collective bargaining and thereby transformed American industrial relations. Collective bargaining became the central purpose of trade unionism as it developed in the UK, a purpose eventually condoned and then encouraged in many of its colonies. In Singapore, its establishment as central to a system was delayed by the events surrounding Singapore’s advancement to independence. In self-governing Singapore the rules regulating and enabling collective bargaining were embodied in the Industrial Relations Act 1960, subsequent amendments to which in 1968 curtailed collective bargaining and resulted in a second transformation of Singapore’s industrial relations system, the subject of Chapter 6, the first having been from that of colonial administration to regulated pluralism (see Chapter 5).

**Ideological Perspectives**

For Dunlop, ideology is the shared understandings by the actors in an industrial relations system sufficiently congruent to hold the system together. These understandings amount to a form of exclusiveness in which there are norms about the way things are to be done that guide behaviour as well as values. Fox (1966) outlines different ideological perspectives or, in his terms, distinctive frames of reference — unitary and pluralist — which, conceptually at least, may be shared by labour and management and thereby provide for the time being stability in their industrial relations. But he also identifies the antithetical, incompatible frames of reference not shared by labour and management and that ensure instability in their industrial relations.

Ideological perspectives in an industrial relations system are, according to Dunlop, distinct but not necessarily dissimilar from those of the wider society. Thus one might expect that where the strategic initiative for the transformation of a national industrial relations system comes from the government of a modernising state there is likely to be a conscious effort to achieve compatibility between the system and the government’s imperatives for the wider polity. Levine (1980) observed something of this state of affairs in Singapore during one of its industrial relations system transformations. He described the industrial relations system as:

‘…an amalgam of elements familiar to those in Western Europe, the USA, Australia and Japan, but …distinctive in that the overwhelmingly predominant role is played by the state rather than the unions or management. A high degree of centralization in decision-making may be attributed in part to the compactness
of the island with a large multi-racial population, due in part to its vulnerability as a strategic world port, and as a sovereign nation. In short the Government of the Peoples’ Action Party (PAP), under the leadership of Prime Minister Lee Kuan Yew, orchestrates in large measures the behaviour of the actors in Singapore’s industrial relations system.’ (Levine, 1980, p. 78).

The unitary frame of reference requires those whose perspective it is to view industrial relations as, *ceteris paribus*, naturally or normatively integrated and in harmony. Such conflict as does occur is attributed either to technical mistakes, and is therefore remediable, or to irrational subversive elements in the workforce. Emphasis is placed on managerial prerogative, and management style is usually paternalistic. Confrontational trade unions are not normally seen as functional from this point of view. Symbolically, if there is consultation, individuals sit *around* a table and reach unanimous decisions (Jackson, 1977, pp.18-21).

For those whose perspective or frame of reference is pluralistic, industrial relations and the wider society are seen as comprised of both competing and cooperative groups pursuing their own interests and resolving their clashes by seeking consensus. Trade unions and employers are regarded as pursuing legitimate interests, but some degree of third party intervention, such as the provision of conciliation and arbitration by the state, is acceptable. Symbolically, the parties face each other *across* a table and trade concessions. Ideally, they agree on procedures to settle disputes that arise when they cannot reach a consensus.

Unitary and pluralist are alternative frames of reference. The unitary industrial relations practitioner may ‘make an initial verbal genuflection to the pluralist idea’ but yet maintain unitary sentiments and behave accordingly (Fox, 1973, p.205). In Singapore in the 1950s and 1960s one saw this ‘genuflection’ from colonial authorities and among some aspiring post-colonial political leaders, but by the late 1960s it was clear that Singapore’s industrial relations system and the wider society were to be moulded according to a unitary perspective (George, 1973).

In a subsequent publication, Fox (1974, pp.297-313) outlined ‘six possible patterns of management-employee relations, five of which juxtaposed pluralist and unitary orientations of management and employees. In the *Traditional* pattern management and employees shared a unitary outlook; in the *Classical Conflict* pattern a unitary management is challenged by pluralist employers; in the *Sophisticated Modern* pattern
management and employees share a pluralist outlook; in the Standard Modern Pattern ambivalence characterises the frames of reference; in the Sophisticated Paternalistic pattern a seemingly apathetic workforce accepts complacent union leaders who sort things out with a pluralistically minded management.

The sixth pattern is one of Continuous Challenge whereby a workforce, either for traditional or ideological reasons, for example, a Marxist view of the inherent unfairness of industrial relations under capitalism, is unable to legitimise management by coming to terms with it. A class conflict frame of reference explains the ideological mode of the continuous conflict pattern. Within it, the status quo is seen as unjust and therefore inherently unstable and subject to irresolvable, class-based conflict until the order of society is fundamentally changed. Industrial relations are likely to be regarded as manifestations of economic injustice and not as a medium able to other than temporarily remedy it.

According to Marx (1930), under the capitalist mode of production workers sell their labour power to the employer, who realises the labour from it in order to produce a surplus that is accumulated as capital. Further, labour produces the social and cultural conditions for increasing its own productivity so that the surplus continues to be enlarged. But, by selling their labour power to the capitalist, the workers become alienated from the labour process, which becomes the responsibility of the capitalist. Realising the labour power of the worker through the labour process becomes the main function of management.

For this, admittedly-over simplified, Marxist paradigm to be relevant for the explanation of the transformations of Singapore’s industrial relations system, it would have to be posited that the PAP Government’s emphasis on ‘nation-building’ and community development countered the alienation Singapore workers might have experienced as a result of their being made presentable to multinational corporate (MNC) employers by the Government intervening in the labour process to have their potential to market their labour power curtailed. In the longer run, however, it has to be acknowledged that the resultant economic growth led to consumer benefits for Singaporeans equal to or greater than those in other developed market economies.

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7 MNCs in this thesis refer to corporations whose production is spread over several countries. In Singapore it includes corporations with diverse national origins, whether or not they operate globally, that have been the main vehicles for the country’s industrialization.
Some Marxists have viewed collective bargaining as a palliative for rather than a cause of alienation and consequently lamented the analytical emphasis of consumption inequities at the expense of the analysis of production ones. Braverman revived the debates about the labour process that originated with Marx along these lines. He argued that capitalist production has led to a weakening of the revolutionary impetus of the labour movement. The impetus had been dissipated in collective bargaining, and the critique of capitalism as the mode of production has given way to the critique of capitalism as a mode of distribution. His aim in Labor and Monopoly Capital (Braverman, 1974) was to restore the former.

**Ideology and Change**

As an alternative to the seeming failure of Marx’s predictions that capitalism as an economic and social stage in economic development would be overthrown by its own creation, the working class, Kerr et al. (1960) hypothesised from their international studies that industrialising countries would instead pass through a stage of initial worker protest to converge on a future of pluralistic industrialism; that is, something like the Dunlop systems model as applied to the USA at that time. Diversity is explained by the extent to which a country had moved along the path of industrialisation and by the sources of the industrialising elites. Industrial phenomena are classified as universal, related and unique. The universal are true for all countries, the related common to a group sharing a particular criterion and the unique true only for a single country. Ideal-typical elites at the time were dynastic leaders, nationalist leaders, revolutionary intellectuals, middle classes and colonial administrators. Industrialisation was conceptualised as having its own logic and as setting imperatives with which governments and societies of whatever political complexion would, in the end, have to comply. This hypothesis has been criticised for its technological determinism and American bias (Verma et al. 1995, p.2), but has proven useful for analysing the transformations in the early, post-colonial stage of the industrial relations of developing countries. Hence Chapter 5 will return to it.

Dore (1973, 1979), as a result of his study of technologically similar electrical manufacturing companies in Britain and Japan, modified the convergence thesis by suggesting that Japan had leapfrogged pluralistic industrialism and was itself the model for others' industrial futures. By being a ‘late’ developer Japan had more effectively than elsewhere adapted through ‘welfare corporatism,’ the modern bureaucratic equivalent of paternalism. Regular Japanese employees enjoyed so-called lifetime
employment, age-based promotion and seniority wages. While these practices could be a source of rigidity (Dore, 1986) they encouraged the incorporation of employees into the enterprise culture and resulted in strong employee commitment. It has been argued that these practices are a ‘highly rational and effective means for inducing worker identification with the enterprise and for creating a highly skilled and pliable core of employees adaptable to rapid technological and organisational change’ (Moore, 1987, p. 143). It was based on this rationale that the Singapore Government encouraged employers and unions to adopt some features of the Japanese employment system as the nation embarked on a transformation of its industrial relations system to one compatible with a high technology economy (National Productivity Board, 1981), the subject of Chapter 7.

Partly overlapping the academic interest in the industrial relations of Japan in the 1970s and 1980s to test the validity of explanatory frameworks and progress theory and practice has been a focus on the industrial relations of the so-called NICs, especially those of Asia. Not explicitly ideological but applying the conventional structural and functional frameworks for comparative purposes some of the literature has sought to identify commonalities among the industrial relations of the NICs (Levine, 1980; Deery and Mitchell, 1993; Frenkel, 1993; Leggett and Littler (1993); Wilkinson, 1994; Verma et al., 1995). Bamber et al., (2000) have subtitled their edited collection ‘Changing Approaches,’ suggesting transformation-like responses to globalisation but they also seek commonalities in the responses. A related approach, applied more widely to the Asia-Pacific region, has been to organise industrialising states according to the stage of industrialisation they have reached (Leggett and Bamber, 1996). Others have confined their analyses to individual NICs: Singapore (Pang, 1981a; Leggett, 1988b, 1992a, 1994a; Chew and Chew, 1996a, 2000; Tan, 2002); Hong Kong (England, 1989; Levine and Ng, 1995; Fosh et al., 1999); Taiwan (Lee, J. S., 1995, 2000); South Korea (Kwon and Leggett, 1994; Park and Lee, 1995; Leggett and Kwon, 1998).

Summary
Dunlop’s industrial relations system was a useful explanatory device for stable industrial relations systems, but, in the 1960s and 1970s, many observers saw British industrial relations as unstable. Debates surrounded the nature of collective bargaining and the function of bargaining agents vis-a-vis the national economy were supplemented by analyses based on alternative frames of reference which might challenge Dunlop’s shared values and beliefs by the actors in a system. Meanwhile,
strategic-minded managements were outflanking American trade unions and in Singapore a strategic-minded government legislated to curtail collective bargaining to attract investment by MNCs. Following that of Japan, the rapid industrialisation of some Asian countries from the 1960s generated new industrial relations phenomena to which the Western organising frameworks of the time might or might not have been useful. For example, in both Singapore and South Korea resolute governments promoted protégé trade union federations and put constraints on collective bargaining, yet Dunlop’s systems model of industrial relations has difficulty in accommodating the industrial relations features of either Singapore’s NTUC-PAP symbiosis or South Korea’s rival trade union federations. The literature on Singapore’s industrial relations is reviewed in Chapter 4.
CHAPTER 4

REVIEW OF SINGAPORE’S INDUSTRIAL RELATIONS

A function of the literature review, one that is of particular significance to this thesis and related to the potential contentiousness of analyses of a nation’s industrial relations, is to distinguish the analytical, propaganda and chronological schema among the sources reviewed. Since it has few natural resources, Singapore’s economic development has been human resource based, and the Singapore Government has been especially sensitive to critical perceptions of its labour policies — domestic and international — and concerned with the attractiveness of its labour force to overseas investors. Thus, the ‘Review of Singapore’s Industrial Relations’ is a separate chapter, to facilitate the formulation of distinguishing schema.

In order to make the distinctions in this review Singapore’s industrial relations literature has been divided into seven sub-categories. The first, ‘Colonial Administrators,’ consists mostly of official documentation and reports at a time when Singapore’s industrial relations institutions were being formed. A few studies after Singapore attained self-government account for the events leading up to the developments of the 1960s, when the character of Singapore’s post-colonial industrial relations institutions and organizations was being established. The categorization here is to distinguish what was being transformed — from a colonial administered to a nationally regulated industrial relations system.

The second sub-category, ‘Apologists, Eulogists and Biographers,’ reflects the observation that by the end of the 1960s and into the 1970s, and with successful industrialisation, the literature included both criticism of and apologies for Government labour policies, particularly on labour legislation, collective bargaining, wage control and the role of the trade union movement. Dispassionate analyses at this time — as the regulated system of industrial relations was again transformed from a regulated into a corporatist one — tended to be by labour economists explaining the role of labour in the industrialization of Singapore, e.g., Lee (1973) and Pang and Kaye (1974).

The studies of ‘Academicians’ form the third sub-category of Singapore’s industrial relations literature. Apart from historically significant reports by colonial officials and advisors, the main academic studies of industrial relations in Singapore before the accession to government of the PAP were those of Charles Gamba (Gamba, 1955, 1962,
1963. 1965). Although more polemical than academic, Alec Josey’s *Trade Unionism in Malaya* (Josey, 1958) is insightful of the dynamics about politics and labour in the 1940s and 1950s.

As a result of the success of Singapore’s industrialisation policy in attaining full employment by 1972, and with the legislated and institutional reforms of industrial relations, there were analytical studies of industrial relations from the perspectives of labour economics and labour law appearing in the 1970s, but it was not until the 1980s that sociological, for example, Deyo (1981) and institutional studies, for example, Leggett et al. (1983), began to be undertaken and be published. In spite of the significant changes made to institutional industrial relations in Singapore by the PAP Government, few publications from within Singapore’s academic community have sounded a critical note, although foreign academics from time-to-time have questioned the official presentation of industrial relations in Singapore as ‘tripartite’ (Ministry of Manpower, 2000, p. v) by making observations on the pervasiveness of the role of the Government; for example, Levine (1980).

With successful industrialisation through the attraction of multi-national corporate investment, and with the decision to upgrade the economy to one of high technology production and high value-added goods and services by the late 1970s and into the 1980s, works by industrial relations academics, political scientists and industrial sociologists began to complement the continuing work of labour economists. A number of texts devoted to analyses of the political economies of the Asian NICs report the Singapore Government having disciplined its labour force to become a main contributor to the country’s successful industrialization (for an example, see Wilkinson, 1994).

The researcher has called the fourth sub-category of Singapore’s industrial relations’ literature, ‘*Tripartite Propagation.*’ Since the establishment of the NTUC tripartism has been the official ideology of Singapore’s industrial relations. From the 1970s the NTUC has produced delegate conference reports, which, especially in the 1970s and 1980s, have been substantially propagators of public policies on industrial relations and re-assertions of the principle of tripartism. Until the late 1980s the Ministry of Labour’s annual reports contained statistics and accounts of the implementation of the Ministry’s legal responsibilities in standard bureaucratic format. This changed in the 1990s and early 2000s with the Ministry of Manpower’s publications taking on a persuasive communication style and content. The SNEF produces an annual report more to the
taste of the boardroom but generally endorsing public policy to which it is committed by its members’ participation in a substantial number of tripartite bodies. There are of course a range of informative Singapore Government publications, such as reports on surveys of the labour force, manpower statistics and wages in Singapore that have more of a utilitarian than a persuasive purpose and avoid value-laden comment. The NTUC’s, the Ministry of Manpower’s and to a lesser extent the SNEF’s reports reinforce their commitment to tripartism and are explicitly normative.

There has been little academic literature of any consequence proposing or rebutting different analytical frameworks for explaining Singapore’s industrial relations. Such as there has been falls into the fifth sub-category, ‘Explanatory Frameworks.’ Although Dunlop’s system model has been applied as an organizing framework for the material in a few Singapore industrial relations texts, its strengths and weaknesses have not been debated much in Singapore’s academe. Likewise, although the strategic choice approach has been acknowledged, to the researcher’s knowledge, there have been no scholarly attempts to apply it comprehensively to the transformations of industrial relations that have taken place in Singapore since 1960. A comparison with Korean industrial relations attempted to show how the transformation of Singapore’s industrial relations has been ‘preemptive’ (Leggett, 1996). Kuruvilla and Erickson (2000) distinguish ‘fundamental transformation’ and ‘smooth’ adaptation in a review of the industrial relations responses of selected Asian countries, including Singapore, to global competition in the 1990s.\(^1\)

Change after 1997, when the Asian financial crisis led to some strategy re-thinking, has produced mainly official, literature with the sobriquet ‘Into the 21st Century,’ and this is the title of the sixth sub-category of Singapore’s industrial relations literature review. There is much in the official literature that resonates with earlier exhortations to Singaporean workers to respond to crises; this time to the challenge from global competition (for examples, see NTUC publications Managing the Crises (Ee, 2001a) and Stretching the Dollar (Ee, 2001b)).

The seventh sub-category, ‘External Watchers,’ includes an heterogeneity of reports from various organisations outside Singapore on labour force qualities, labour

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\(^1\) Kuruvilla and Erickson (1996) used a ‘punctuated equilibrium framework’ in an earlier study of industrial relations systems transformation that did not include Singapore.
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standards, worker rights and compliance with international commitments. Among these is the US Congress’s *Country Reports on Human Rights Practices* (US Government, Annual).

**Colonial Administrators**

Colonial administrators constitute one of the industrialising elites in the convergence thesis of Kerr et al. (1960). At the time of its first publication, Singapore’s colonial administrators were giving way to another of Kerr et al.’s industrialising elites — ‘nationalist leaders,’ albeit in an uneasy and soon to be ended alliance with ‘revolutionary intellectuals.’ The transfer of government authority was soon followed by the transformation of Singapore’s colonially administered industrial relations to those of a ‘regulated pluralism.’

Following Raffles’ establishment of the authority of the East India Company on Singapore in the early 19th century its immigrant traders, employers and workers were to some extent subject to colonial government labour regulations, but it was not until the late 19th century that workers as employees began to organise in collective institutions. Gamba (1962, pp. 1-37) traced the origins and prototypes of Singapore’s trade unions from the Chinese hong (guilds), some of which were sub-divided between associations of employers, Tong Ka, and associations of workers, Sai Ka that settled any disputes that arose. The first employees’ guild was registered in Singapore in 1890, but this was an early exception and it was not until 1937 that a significant number of employees’ guilds were registered — then as Mutual Aid Societies. These societies and other guilds disappeared during the Japanese occupation (1942-1945), although some labour organisations were mobilised in Singapore to assist the resistance. Following the Japanese surrender in 1945 the General Labour Union (GLU) supported by the CPM set up headquarters in Singapore.

Accounts of industrial relations before Singapore gained a large measure of self-government in 1955 were chiefly in the form of official reports going back to the implementation of British Colonial Office policy associated with the Colonial Secretary, Lord Passfield, who, as Sydney Webb, was, with Beatrice Webb, the author of *The History of Trade Unionism and Industrial Democracy* (Webb and Webb, 1894 and 1902 respectively). Useful documents at this time came from the Office of the Trade Union Adviser Malaya (TUAM), copies of several of which are appended to Gamba’s *The Origins of Trade Unionism in Malaya* (Gamba, 1962). Gamba, an academic of
Hungarian origin who settled in Western Australia, was the first President of the Industrial Arbitration Court (IAC) of Singapore, established in 1960, and the only Westerner to publish in scholarly form explanations of changing industrial relations in Singapore and Malaya at the time (see Gamba, 1955, 1962, 1963, 1965 and 1973).

Alex Josey, who claims to have been employed by the British colonial authorities to oversee psychological warfare against the CPM and to have been a student of Malayan trade unionism, is another source of information about the role of industrial relations in Malaya (including Singapore) in the 1940s and 1950s (Josey, 1958). Later, Josey became a spokesman for the PAP’s industrial relations legislation for Singapore passed in the 1960s (see below).

Coming late to Malaya compared with Britain’s other colonies, the standard British Trade Unions, Trade Disputes and Industrial Courts Ordinances were passed in 1940, but were not operative until after the end of the Japanese occupation in 1945 (Gamba, 1955, pp 11-12). The Singapore Labour Department began issuing an informative Annual Report in 1946 and has continued to do so through its elevation to the Ministry of Labour in 1959 and transition into the Ministry of Manpower in 1999.

Both Gamba and Josey were supportive of the transformation of industrial relations in Singapore as the colonial administration came to an end and the regulatory regime of the PAP Government replaced it. Gamba (1963, p. 84), who was officially involved, reported the influence the State of Western Australia Industrial Arbitration Act 1912-1914 had had on the legislation that created Singapore’s IAC. He advised that:

> The Court, in the Singapore context, must be considered as a highly sophisticated institution not of local origin. It thus behaves those who are in charge of it to take account of local circumstances, local attitudes towards the law and, often, local cultural ways hallowed by centuries of usage — ways brought by migrant labour to Singapore decades ago and now forming part of the very life of this Island State. (Gamba, 1963, p. 92).

The available literature on industrial relations before and just after Singapore gained full self-government is largely from those persons and agencies that were engaged in their different ways with the transfer of Singapore from a British colony to an independent state. These officials, scholars and observers were favourably disposed towards the development of an industrial relations system for Singapore that was based on regulated
collective bargaining, conciliation and arbitration. They were concerned that it should be free from the doctrinaire political ideology that characterised much of Singapore’s trade union activism in the 1950s and early 1960s, as were the holders of government office in the PAP who succeeded the colonial administrators. The colonial legacy as a forerunner to later developments in Singapore’s industrial relations has occupied the attention of more recent authors. For example, both change and continuity were recognized by Pang and Kaye (1974), while Tan Ern Ser conflated the first three transformations of this thesis into ‘From Colonial Tutelage to Corporatist Paternalism’ (Tan, 1995).

Justifications, Eulogies and Biography
In the 1970s, when Singapore was successfully industrializing, but when the PAP Government had extended the regulation of industrial relations and was determining the direction trade unions were to take, through a second transformation, the literature tended towards justification in response to overseas criticisms and possible internal disquiet at the new directions. Among the main justifications was a compilation by C. V. Devan Nair, then Secretary General of the NTUC, titled *Socialism that Works... The Singapore Way* (Nair, 1976b). In 1981, on the occasion of Nair becoming the President of the Republic of Singapore, the NTUC published a collection of his speeches and writings titled *Not by Wages Alone* (Nair, 1982) in which the rhetorical championing of the PAP Government’s twists and turns with regard to labour policies since it had come into office in 1959 can be sequentially followed. The significance of the book at the time, i.e., when the Singapore Government had committed the country to a ‘Second Industrial Revolution,’ and, in consequence, to a third transformation of industrial relations, is evidenced by the generous endorsements it contains in excerpts from a speech by the then Prime Minister, Lee Kuan Yew, and in a ‘Forward’ by Dr. Winsemius, the Dutch expatriate Economic Adviser to the Singapore Government from 1960 until the late 1980s.

Another publication that was concerned with explaining the necessity for Singapore’s labour policies, and especially the laws, for the country’s development was that by Josey (1976), the former British colonial government official referred to above. An account of public policy on industrial relations in Singapore, which was neither an apologetic nor a criticism, was that of Raza (1970), who, after assessing the impact of the Industrial Arbitration Court, presciently observed that:
The stability of the whole industrial relations system is highly dependent on the stability of the P.A.P. Government, or, more precisely, on Mr Lee Kuan Yew, the Prime Minister. His charismatic personality, ability and determination, combined with his willingness to use preventive detention laws to arrest his opponents and to deregister recalcitrant unions, have so far been quite effective in checking the breakdown of the system. There is no indication that he will relent these policies in the near future….(Raza, 1973, 234).

The two contributions to *Socialism that Works* by Nair deal with Singapore’s industrial relations. ‘Trade Unions in Singapore’ is subtitled ‘Model of an Alternative to Futility in a Developing Country’ and challenges the ‘self-righteousness’ of Western academics and politicians, particularly for their criticisms of the constraints Singapore had placed on the scope and substance of collective bargaining. Nair justifies these restrictions and the trade unions’ ventures into the consumer movement by pointing out that these are not ends in themselves but a part of the recognition by union members that they are ‘the co-owners of society’ (Nair, 1976c pp. 97-103). In his ‘Statement on behalf of the People’s Action Party of Singapore’ made at the Meeting of the Bureau of the Socialist International held in London on 28-29 May 1976’ Nair pre-empted Singapore’s expulsion from that body by resigning the PAP’s membership and took the opportunity to rebut among others the allegation that the NTUC was a stooge organisation of the PAP Government (Nair, 1976d, pp. 123-145).

Less trenchant than Nair, Josey was at pains to explain why Singapore’s labour laws, that had induced the country’s second industrial relations transformation, should be accepted as necessary to ensure ‘the discipline, hard work and efficiency of Singapore workers and the enterprise and innovation of the entrepreneurs’ and placed particular emphasis on ‘The Tripartite Alliance.’ He explained:

In 1968 Singapore adopted a new policy governing worker-employer relations. In the overall interests of the nation’s economy, to attract foreign capital, and to provide jobs, the trade union movement deliberately and democratically voted to halt and reverse a major trend. Cooperation would take the place of confrontation — co-operation between workers, employers and Government. Thus was established what is known as the tripartite alliance of Government, worker and employer, which is the basis of Singapore’s industrial relations. This tripartism is a loose but effective arrangement, without legalistic form or
sanction, founded on self-interest, common-sense, and, at least between two of
the three components [the PAP and the NTUC], utter and complete faith. (Josey,
1976, pp 2-3).

If Josey tended to eulogise Singapore’s former Prime Minister, Lee Kuan Yew, T. S.
George was highly critical of him. Also writing about the changes to Singapore’s
industrial relations institutions in the 1960s George recalls:

In the meantime [1964] Lee set up a rival organization called the National
Trades Union Congress with his own lieutenants as leaders…. [But] labour
heroes were still at large and had established the Singapore Association of Trade
Unions as their new vehicle. Eventually Lee plugged all loopholes by banning
the SATU\(^2\) and ordering the mass arrests of left-wing union leaders. This was
accomplished at the time of Operation Cold Store in 1963, which made the final
break up of independent unions a reality. From then on workers were sheep and
the NTUC the shepherd. (George, 1984, p. 34).

Apparently not all were ‘sheep,’ for in 1967 the Public Daily-Rated Employees’ Union
(PDREU) was deregistered and disaffiliated from the NTUC for pursuing an illegal
strike. When addressing the Delegates’ Conference of the NTUC not long after this Lee
made it clear that confrontational industrial relations would not be appropriate for
Singapore from then on. He explained:

This is a new situation. All slogans relevant under old circumstances are a waste
of time now. Great victories scored in the past on behalf of the workers or on
behalf of the people of Singapore are no longer any value, other than for the
experience we have gained from them. For we face new challenges. (Josey,
1980, p. 51).

Alex Josey updated to 1971 a 1968 edited compilation of selected speeches made by
Lee Kuan Yew (from which the above quotation is taken), some of which address
industrial relations issues (Josey, 1980). He noted, as did George (1984, p. 126) how in
1954, the year before the formation of the PAP, Lee had actually endorsed
confrontational industrial relations:

Lee was legal adviser to more than 100 trade unions. He was suddenly thrust
into public attention as the legal brains behind a successful postmen’s strike

\(^2\) In fact SATU was not officially banned. After being refused registration, it eventually faded away.
which achieved its purpose through the sympathy of a letterless public. (Josey, 1971, p. 42).

Lee’s own account of his experiences as a legal adviser to trade unions is devoted a chapter in Volume I of his memoirs, *The Singapore Story* (Lee, 1998, pp. 146-155). Biographies of Lee Kuan Yew rely heavily on chronology that includes Singapore’s industrial relations institutions and regulation, especially of trade unions, as with T. S. George’s *Lee Kuan Yew’s Singapore* (a contra intention to Josey’s *Singapore’s Lee Kuan Yew*) cited and quoted above. A section in James Minchin’s *No Man is an Island* accounts for the transformation of Singapore’s trade unions and laments the bureaucratisation of the NTUC leadership (Minchin, 1990, pp. 223-225). Surprisingly, because of their centrality in public policy, Barr’s *Lee Kuan Yew: The Beliefs Behind the Man* (Barr, 2000) ignores industrial relations and the labour movement altogether. Few academic publications on Singapore, from whichever of the social sciences, ignore industrial relations, there being near universal acknowledgement that understanding the character of the country’s industrial relations system is essential to understanding its political economy. Political scientists Mauzy and Milne (2002, pp. 30-35), for example, discuss labour under the question of where power resides in the Singapore state.

While not a biography but something of an apologetic, Vasil’s *Governing Singapore* devotes some space to explaining how Singapore workers became convinced that the PAP Government was a protector of their interests (Vasil, 1984, pp.127-137) and in the eulogising *The Management of Success: The Moulding of Modern Singapore* (Sandhu and Wheatley, 1989) Vasil has a chapter on ‘Trade Unions’ which acknowledges that:

Trade Unions in Singapore may not conform to accepted norms but it can scarcely be denied that their organization and working have made a singular contribution to Singapore’s progress and prosperity. Their distinctive organization and mode of functioning were developed to assist Singapore, then a poor and underdeveloped Third World country, to achieve rapid industrialization and economic expansion. In this it may not be a model trade union movement for the prosperous industrialized countries of the West, but it is certainly worthy of attention by Third World countries struggling to achieve industrialization and economic growth. (Vasil, 1999, p. 169).
Two decades earlier, Vasil (1979) published a history of the Amalgamated Union of Public Employees (AUPE) that provides an insight into the adversarial industrial relations in Singapore in the 1960s and 1970s. Until a short strike in 1985 — that for reasons never fully explained the Ministry of Labour chose not to prevent in spite of having the legal means to do so — the last strike (though not other forms of industrial action) in Singapore had been that at the Metal Box Company in 1977. On that occasion, the Metal Box Workers’ Union, a non-NTUC affiliate, by demanding the resignation of the personnel manager put itself in contravention of the Industrial Relations (Amendment) Act 1968 and its members were eventually persuaded to seek representation with the NTUC’s Pioneer Industries Employees’ Union (Church and Society Study Group, 1985, pp. 8-9). Ironically, the license for the 1985 strike may have been due to a statement in an article published that year, which portrayed human and industrial relations in Singapore as The Management of Compliance and was strongly criticized by the NTUC and sections of the Singapore press. The article questioned the capacity of Singapore’s trade unions to strike without tacit government approval (Wilkinson and Leggett, 1985, p.12), a condition noted earlier by Pang (1981a, p. 486) and reiterated subsequently by Woodiwiss (1998, p. 237).

Another chapter in The Management of Success (Pang, Tan and Cheng, 1989, pp. 128-143) titled ‘The Management of People’ includes the ‘Disciplining of Labour’ and is essentially a review of the national HRM strategies of the Singapore Government up until the late 1980s. Drysdale, writing the precursor to The Management of Success with his The Struggle for Success in 1984, in his final chapter, ‘The Path to Prosperity and Excellence,’ emphasises the role of the labour movement, in particular Nair’s leadership, under which the NTUC was persuaded to change direction, most crucially in 1969 (Drysdale, 1984, p. 407).

External reports of Singapore’s industrial relations are an important literature resource. They include the periodic country reports of the US Department of State on human rights practices, including those of workers’ rights (Department of State, Annual) and those of international business consultants, prominent among them Business Environment Risk Intelligence (BERI), that grade and rank the attractiveness of the country’s workforce. The former are important because of the absence of critical observation from Singaporean authors, and the latter because of their use as benchmarks for Government labour policy.
Academic Industrial Relations

In the 1960s two American scholars reported their impressions of Singapore’s industrial relations, especially of its arbitration provisions. Writing before the 1968 legal constraints imposed on collective bargaining, and therefore during the transformation from colonial administration to regulated pluralism, Kleinsorge concluded that:

The fundamental problem facing the authors of the Singapore Industrial Relations Ordinance 1960 was to provide a peaceful method by which the relatively new labor movement could progress and gain higher standards of living, while at the same time providing [sic] enough safeguard to maintain the confidence of the business community and thus to attract the investment necessary for industrial expansion. Through a combination of collective bargaining and compulsory arbitration, the authors appear to have achieved their purpose very well…. (Kleinsorge, 1964, pp. 564-565).

Writing a few years later about the Industrial Arbitration Court, but still before the 1968 legal constraints on collective bargaining, Chalmers appears to anticipate the advent of the National Wages Council (NWC), which was set up in 1972. He wrote:

The Court is effectively contributing to industrial peace in Singapore today. The Court is promoting collective bargaining quite effectively at the level of negotiations and much less effectively on the implementation and enforcement of the collective agreements. The Court is doing nothing about an incomes policy. If one were needed in Singapore it would probably have to come from outside the Court. The Court is doing nothing on a shared authority policy. (Chalmers, 1967, p. 100).

Singapore economists have placed industrial relations in the context of their nation’s economic development as the ‘manpower’ dimension. Enumerating the main points in PAP policy after Singapore’s secession from the Federation of Malaysia in 1965, Lee, (1973, p.99) includes ‘an emphasis on labour discipline and increased labour productivity.’ Pang (1982, pp 32-57) anticipated the wage reform undertaken by the NWC that was deemed necessary if Singapore’s proposed ‘Second Industrial Revolution’ was to succeed. Among the selected papers in You and Lim (1984), that of Tan (1984, pp. 189-205) is an account of what is meant by ‘better’ industrial relations in Singapore at a time when the Government was looking at which aspects of
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contemporary Japanese employment relations to emulate and wage reform signaled a ‘return to collective bargaining.’ (Tan’s phrase is indicative of the belief that the 1968 labour legislation had ended collective bargaining rather than limited its scope).

The constraint on collective bargaining led Chew and Chew (1996b) to ask how to induce workers whose collectively arrived at benefits are not significantly better than those mandated by employment legislation to join trade unions. Trade union membership peaked in 1979 and then went into a decline that has been halted and membership stabilized but has not fully recovered. From their review of Singapore’s trade union membership trends Chew and Chew conclude that a scheme whereby only union members receive non-collectively bargained benefits has induced workers in unionised firms to join unions. Likewise the creation of ‘general’ branches for workers in non-unionised firms to join and receive non-collectively bargained benefits has induced workers in these circumstances to join up. They note, however, that even with substantial benefits accruing there are workers in unionised firms in Singapore who still do not want to join a union.

Elsewhere these researchers pursue the same membership problem having first classified Singapore’s industrial relations system from 1997 as one of ‘bargained corporatism,’ after a decade of ‘pluralism under an employment-driven industrial relations regime.’ Their justification for classifying 1987-1997 as ‘The Pluralist Period’ is that:

…in contrast to the previous period [‘The Incomes Policy Period 1972-86’] when industrial relations participants shared a consensus on wage increases, in 1987 it was obvious that the unions, management, and government did not agree on many issues. Furthermore, their disagreements were aired in public, whereas in previous period [sic] they discussed and debated among themselves within the NWC [National Wages Council] and put up a united front in public with respect to NWC guidelines. (Chew and Chew, 2000a, p. 139).

If one takes Fox’s notion of pluralism, ‘that individuals and groups with widely varying priorities agree to collaborate in social structures which enable all participants to get something of what they want; the terms of collaboration being settled by bargaining’ (Fox, 1975, p. 260-261) and applies his frames of reference (Fox, 1974) to the Chews’ analysis, then their ‘Pluralist Period’ does meet some of his criteria for pluralism. The parties may have legitimated their decisions by agreeing to a united front but, at the
same time, this risks their mutual accommodation being seen by the rank-and-file as a ‘sweetheart deal.’ However, the public airing of their disagreements in the subsequent ‘bargaining corporatism’ period may give greater legitimacy in the eyes of the rank-and-file to the final consensus.

More recently in an article about Singapore’s current flexible employment policies, and in contrast to their earlier analyses, the above authors have acknowledged ‘that industrial relations in Singapore is very much influenced by the state.’ They also acknowledge that ‘the measures taken by the government…curb the power of the labour movement and reduce its position as an equal partner in industrial relations’ but the measures have been ‘validated’ by ‘Singapore’s tremendous growth,’ and that in spite of them, the labour movement has remained very supportive of government objectives and the various measures taken’ because of its ‘symbiotic relationship’ with the Government (Chew and Chew 2003, pp. 53-54).

In the 1980s there was something of a flourish of publications on Singapore’s industrial relations by academics, mostly non-Singaporeans. This was probably engendered by a combination of factors. One could have been development economists’ attributions of Singapore’s successful industrialisation to its manpower policies — favourable Business Environment Risk Intelligence (BERI) and other international ratings of the Singapore workforce — in spite of or because of the effects of berating from the Government and NTUC leaders for sloppy work practices and job-hopping (Wilkinson and Leggett, 1985). Other reasons may have included: the questions raised about the transferability of Japanese employment relations features to Singapore and Malaysia; Singapore’s intention to avoid the ‘low wage trap’ by transforming the economy from a low technology to a high technology one; the priorities of Asian Studies departments and centres in Western universities; the appointment of Western sociologists, industrial relations and human resource management academics in Singapore’s tertiary education institutions and research centres who felt freer to engage in critical analyses than their Singapore colleagues; and a focus by editors of international industrial relations and management journals on East Asian phenomena.

In 1980, a passing observer of Singapore’s ‘system’ of industrial relations from the Wisconsin ‘school,’ Soloman Levine, questioned the imbalance in Singapore’s tripartism and observed that:
There is little serious discussion in Singapore of the need for decentralizing decision-making in industrial relations, nor is there any discernible informal trend in this regard. The Government has come to dominate the system quite fully and has emphasized cooperation with the aims of the State. The system is too new to expect any of the actors to seek any major changes in strategic approach.

And, with some prescience of the exercise of strategic choice and, possibly, the fourth transformation of Singapore’s industrial relations, that:

On the other hand, this may not continue in the immediate years ahead as Singapore, having reached an advanced state of industrialization in a rapidly changing world, will probably experience significant shifts in its industrial structure, labour supplies, and aspirations of its citizen workers. In such circumstances decentralized strategies by unions and management may loom far larger some time in the future. (Levine, 1980, p. 80).

The prospects for industrial relations in general and trade unionism in particular as a result of the restructuring of the Singapore economy from around 1979 attracted scholarly analyses by industrial relations academics and sociologists throughout the 1980s and beyond. While some followed up earlier studies (e.g., those of Gamba, 1963 and Kleinesorge, 1964), and empirically researched centralized industrial relations processes, such as conciliation and arbitration (Krislov and Leggett, 1984, 1985a, 1985b), others (Pang and Cheng, 1978; Chua, 1982; Pang and Tan, 1983; Cheah, 1988; Leggett, 1988a, 1993a) placed the structural changes required of the labour movement in the late 1970s and early 1980s in the context of economic restructuring, and technological change (Leggett et al., 1983). Particularly telling, because of its being exceptional at the time, was an interruption to Singapore’s reign of industrial peace by the Singapore Airlines Pilots Association (SIAPA) — a non-NTUC union — that caught the Ministry of Labour off guard when it unlawfully organized a work-to-rule in 1980 and so disrupted Singapore Airlines’ schedules worldwide that it provoked the personal intervention of the Prime Minister, Lee Kuan Yew, and the NTUC’s Nair (Leggett, 1984). The account of this event provides an informative illustration of the whole of Singapore’s industrial relations at the time.
**Tripartite Propagation**

A significant literature source on industrial relations in Singapore is that comprising the publications of the parties to the tripartite alliance, in particular from the NTUC, since 1969, and from the Ministry of Manpower, since its creation as and substitution for the Ministry of Labour. In the 1970s and in 1980 the titles to Secretary-General’s reports to NTUC delegates’ conferences and seminars evoke the urgency of the latest national imperatives for the labour movement: *Why Labour Must Go Modern* (NTUC, 1970); *Tomorrow-The Peril and the Promise* (NTUC, 1976); *Inlook and Outlook* (NTUC, 1977); *Progress into the 80s* (NTUC, 1980). These titles are more than matched by the messages in the bodies of the reports. *Optimising Talent Through Good Human Resources Practices* (Ministry of Manpower, 2000) is the Ministry of Manpower’s ‘National Human Resources Handbook,’ the message of the title being representative of the information, advice and prescriptions of its contents.

*Why Labour Must Go Modern* was the manifesto for the second transformation of Singapore’s industrial relations. It comprises the record of the response of the NTUC to the labour legislation of 1968, and the proceedings of the NTUC Seminar on the ‘Modernization of the Labour Movement.’ The pre-seminar papers of C. V. Devan Nair, then the Adviser to the NTUC and Director of its Research Unit (Nair, 1970a), and Professor Tom Elliott from the University of Singapore (Elliott, 1970) set the parameters of ‘progress’ and ‘change.’ Papers from the Prime Minister (Lee, 1970), the Minister of Labour (Rajaratnam, 1970) and the Minister of Finance (Goh, 1970), respectively, set the imperatives for production efficiency, new style trade unionism and the development of a cooperative movement. There follow workshop papers organized around the themes of ‘The Political and Socio-Economic Context…of Organised Labour,’ ‘Programmes of Modernization,’ and Human and Financial Resources’ of trade unions. These and related topics with three on exemplary national industrial relations systems, those of Germany, Sweden and Israel, precede their recommendations. Many of the recommendations of the workshops were far from visionary and amounted to requests to tidy up industrial relations. The more strategic were the commitment to building a cooperative movement, the call for more full-time trade union officers, for the provision of welfare services, and for a code of Management/Labour relations for ‘the achievement of high norms of Productivity’ (NTUC, 1970, pp. 239-266).
‘Tomorrow: The Peril and the Promise’ (NTUC, 1976) in the report of the Secretary-General of the NTUC to the NTUC’s 2\textsuperscript{nd} Triennial Delegates Conference in 1976, seeks ‘to perceive more clearly our situation in Singapore, in relation to our surroundings in time and in the geo-political space we occupy…in order to assess as soberly as we can our options for the future, and to exercise the right choices (Nair, 1976a, p. i). It is a mixture of rebuttal (of allegations of Singapore’s authoritarianism), of extending the NTUC’s existing programs, and the announcement of new projects, innovative rather than transformational. With ‘Inlook and Outlook’ in his report to the Ordinary Delegates’ Conference in 1997 Nair warns against complacency, reiterates the non-confrontational approach of NTUC unions while flagging one dimension of Singapore’s third transformation of its industrial relations, that of the induction of young educated men and women into the labour movement (Nair, 1977, pp. 1-21). A ‘Statement’ in his last report as Secretary-General to the NTUC — to the NTUC Third Triennial Delegates’ Conference in 1979 — is notable for containing a criticism of Singapore bureaucrats and ‘some politicians’ for ‘regarding our trade union leaders as being nothing more than errand boys — whose only job is to communicate to the ground what the experts have decided for them’ (Nair, 1979, p.3). It is notable in that all previous reports the Secretary-General’s words had been couched in the language of exhortation; to subordinate sectional interests to the attainment of the economic goals of the political leadership, but in this case the above criticism was embedded in a somewhat subdued rhetoric under the sub-heading ‘THE ABUSE OF TRIPARTISM.’

As Why Labour Must Go Modern inaugurated a second transformation of Singapore’s industrial relations system, so Progress into the 80’s inaugurated a third. As they did in 1969, Lee Kuan Yew (Lee, 1980), Goh Keng Swee (Goh, 1980a) and C. V. Devan Nair (Nair, 1980) addressed the seminar. Respectively the topics of their papers were the adverse attributes of the Singapore worker, upgrading skills and improving productivity, and the evolution of a work ethic. The new Secretary-General outlined the NTUC’s ‘Plan of Action for the 80’s’ (Lim, 1980). It included trade union restructuring, stepping up training and development, building a comprehensive information system, maintaining tripartism, developing joint consultation, increasing professionalism in collective bargaining, strengthening work values and the NTUC expanding the social role it initiated in 1969 (NTUC, 1970). Emphasising the significance of the coming transformation, papers were also presented by Ministers of Defence (Howe, 1980), Trade and Industry (Goh, 1980), Social Affairs (Mattar, 1980) and by the Chairman of
the NWC (Lim, 1980). The rhetoric of the text in these publications has to be read in the light of the persuasive purpose of its authors, but there is no mistaking the imperatives for change of its message.

**Explanatory Frameworks**

Some observers have qualified the relevance of the systems model and been reluctant to subscribe to the convergence thesis when analysing the dynamics of industrial relations change in Singapore but yet felt constrained to use it to communicate their observations and analyses. For example:

> We hesitate to place Singapore on one of the converging paths to industrial pluralism as posited in the Kerr et al. (1973) thesis. Nevertheless, once modernization is begun, there are discernible requirements which Singapore’s political elite has been quick to recognize and accommodate. Similarly, we find it useful to conceptualise industrial relations phenomena as constituting sets of interrelated parts but do not perceive them as systems in the positivist sense. Thus, the changes in industrial relations in Singapore vis-a-vis technological changes, defined as imperatives, will be analysed within the systems framework conventionally accepted for comparative purposes *pace* Dunlop (1958). (Leggett et al., 1983, p. 56).

Others have abstracted the strategies of the PAP Government into the role of the state vis-à-vis employees and employers primarily the NTUC and the SNEF — in an idealised tri-partnership within Dunlop’s systems framework. Anantaraman (1990) is the most explicitly committed to Dunlop’s explanatory framework for Singapore’s industrial relations and discusses the nature of an industrial relations system at length. However, in spite of its title, *Singapore Industrial Relations System*, its application to Singapore is almost exclusively to cite Chalmers (1967) as having identified the ideology that binds the actors in the system as one of an open society committed to industrialisation (Anantaraman, 1990, p. 33). For the rest, although more discursive than official sources and containing detailed accounts of industrial relations events in Singapore up until the early 1980s, there is no attempt to represent or justify the systems model of actors as interacting in a system in Singapore and, although published in 1990, there is no reference to the Kochan et al. strategic choice approach.
Meltz (1993) built a composite model from others’ industrial relations systems models. Although Tan (2004), in his analysis of Singapore’s employment relations, also extends the Dunlop model to include ‘elements’ added by, but not in his text individually attributed to, Barbash (1984), Kochan et al. (1986) and Craig (1990), the structure is essentially Dunlop’s system. Like Anantaraman, Tan adds an ideology — supplied by Wong (1987) and called ‘The Tripartite GUM Model,’ GUM standing for Government, Union and Management. GUM features the following:

…tripartism, with strong informal as well as formal network of communication; dominance of the government as policy maker; primary concern with economic growth, political stability and industrial harmony; strong centralized labour movement; symbiotic relationship between government and the unions; non-adversarial problem-solving approach. (Tan 2004, p. 4).

Chew (1991, pp. 61-78) heads a chapter of his Trade Unionism in Singapore ‘Strategies of the NTUC,’ and does ‘outline the position of the NTUC on various issues,’ but the notion of strategic choice is not explicitly addressed.

A sociological analysis of Singapore’s industrial relations phenomena that does not idealise tripartism is that of Deyo (1981). Applying dependency theory to the subordination of labour by governments bent on rapid industrialisation Deyo defined a pattern of state regulation that he called ‘bureaucratic authoritarian corporatism’ and which involved the strategies of the ‘depoliticisation of organised labour, wage controls, replacement of collective bargaining by government disputes-settlement procedures, drawing government sanctioned unions into officially recognised federation structures, deregistration of oppositional unions, and strong assertion of the priority of national development goals over sectional economic interests’ (Deyo, 1981. p. 41).

Deyo’s analysis of the creation of industrial order in Singapore is consistent with Durkheim’s search for social order to counter the moral degradation, or anomie, wrought by industrialisation (Giddens, 1971, pp. 70-76). It extends to reforms of Singapore’s NTUC following the introduction of legal constraints on the scope and substance of collective bargaining to overcome the demoralising effects of the government’s imperatives for rapid industrialisation. The most informative literature on the NTUC’s response is The Full Report and Documents of the National Trades Union Congress Seminar on the Modernization of the Labour Movement held in 1969 and reviewed above (NTUC, 1970). Delegates were exhorted by the NTUC’s Secretary-
General to be pragmatic in determining the future of trade unionism in Singapore, a future in which, according to the then Minister of Labour, ‘No sectional demand or sectional conflict should be allowed to hamper the impetus to economic growth provided by recent measures and legislation initiated by the Government’ (Rajaratnam, 1970, p. 33).

Being pragmatic was and continues to be the justification by Singapore’s PAP Government for its strategies for the achievement and maintenance of Singapore’s economic growth or, as a Singaporean sociologist has put it:

The economic is privileged over the cultural because economic growth is seen as the best guarantee of social and political stability necessary to the survival of a nation….Thus all aspects of social life are to be instrumentally harnessed to this relentless pursuit. This ‘instrumental rationality,’ to the exclusion of all other reasonable arguments, is the conceptual kernel of the PAP’s political pragmatism….(Chua, 1995, p.59).

Among others the same sociologist deals specifically with the PAP Government’s application of its pragmatism to industrial relations. He cites Wong (1983, p. 265), who quotes former Prime Minister Lee Kuan Yew’s suggestion that ‘the economic progress of Singapore was possible because of the intimate co-operation between the PAP and the NTUC’ and warning that ‘political leaders must triumph over unions if necessary.’

Singaporean labour economists similarly ascribe the country’s economic development to the political pragmatism of the PAP. Thus:

In general, the chief lesson of Singapore’s development experience for other countries is that an efficient, honest and forward-looking state apparatus, unencumbered by doctrinaire political or economic philosophy, and ever-responsive to changes in market forces, can effectively mobilise a country’s people and resources to make the most of those prevailing market forces. Popular support for the development effort is crucial, and is obtained by ensuring that the basic needs of the population are quickly met, by the State if necessary. (Lim and Pang, 1986, p. 107).

Into the 21st Century

While the progress of globalisation has led one observer to speculate on its effect on human rights and labour law in Singapore (Woodiwick, 1998, pp 216-243), the Asian
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financial crisis of 1997 led others to speculate on the future of the Asian model of industrial development (Henke and Boxill, 1999) and the prospect of the ‘economic and social turmoil’ unleashed in Indonesia destabilising Singapore (Regnier, 1999, pp 74-75). However, on the labour front, the PAP Government launched a program of workplace reform comparable in significance to that of 1969 and which could amount to a fourth transformation of Singapore’s industrial relations. Its manifesto for employment relations in Singapore into the foreseeable future, Manpower 21 (Ministry of Manpower, 1999b), is the outcome of a tripartite steering committee’s extensive consultation at home and with international management experts. Manpower 21 identifies six strategies for achieving the vision of Singapore as a ‘Talent Capital’ and has been followed up by The National Human Resource Handbook (Ministry of Manpower, 2000) that translates the vision and strategies into workplace practices. The first paragraph of the ‘Executive Summary’ of Manpower 21 reads:

Globalisation and information technology are bringing about major restructuring at the national and corporate levels. Companies are restructuring, down-sizing, relocating to make the best use of global resources, and re-engineering job processes to harness new technologies. Large scale mergers and acquisitions, massive retrenchments by multi-national corporations, shortening product cycles and new knowledge-intensive industries are just some examples of the new economic landscape. While these transformations have created new opportunities, they also bring with them large scale displacement of workers and unsettling change. Nations are beginning to re-invent themselves to respond to the new competition. In developed economies, the production, use and distribution of knowledge, as embedded in people and technology, have become central in creating wealth and sustaining economic growth. Singapore must prepare herself to make a living in this new environment. (Ministry of Manpower, 1999b, p 1).

As with the strategic choice approach then Manpower 21 apparently draws from the same theoretical paradigm as do Kochan et al. (1986).

The implications for the human resource and employment of Singapore’s quest for the knowledge-based economy are discussed by Low (2001). For her, technology, of which Singapore is a ‘recipient’ will require ‘new working practices and a change of the role of unions.’ She does not specify what the change in the role should be, but seems to be
alluding to ‘changing the psychological culture and the mindsets of the workers,’ which is ‘still one big challenge.’

**Summary**

The division of the literature review into two main categories has also divided the criteria upon which publications have been selected for each category. The selection of literature for the ‘Strategic Choice Model,’ which has included its precursors, has been based on the justification of the research questions, the primary research question having been asked by the American scholars who developed the model and reiterated by their colleagues who first received it. The literature on the precursors reflects both the supposed stability of an industrial relations system and the search for explanatory frameworks that would account for the perceived tendencies to the instability of national industrial relations systems.

In order to answer the research questions with the example of industrial relations in a country other than America it has been necessary to select ‘Singapore’s Industrial Relations’ literature as a second category for review. This is due to the fact that Singapore’s industrial relations have undergone three distinctive transformations and a progression of the third since the PAP was elected into office in 1959. Commentaries and analyses on and of those transformations may be distinguished by their sources. These have been identified and assigned as sub-categories in this part of the literature review according to their purposes and they thereby overlap with the timings of the transformations of Singapore’s industrial relations. Thus, while some of the works reviewed are a response to each of the transformations, others, whose purposes are to analyse, defend or inform on a whole-of-Singapore industrialization, transcend them.

Chapter 5, which follows, is concerned with Singapore’s first industrial relations transformation.
CHAPTER 5

THE FIRST TRANSFORMATION OF SINGAPORE’S INDUSTRIAL RELATIONS: FROM COLONIAL AUTHORITY TO REGULATED PLURALISM, 1960-1967

This chapter is concerned with the changes that are claimed here to amount to a transformation in Singapore’s industrial relations that began following the election to office of the PAP to government in 1959. Its passage is defined by the passing of the Industrial Relations Ordinance in 1960\(^1\) and the deregistration of the Public Daily-Rated Cleansing Workers’ Union (PDRCWU) after its illegal wildcat strike in 1967. The changes that occurred between 1960 and 1967 were of the legacy of industrial relations from the colonial period, which included the Japanese occupation of Singapore and Malaya from 1941 to 1945, and a period of limited self-government from 1955 to 1959.\(^2\)

From the colonial administration of labour, which had by no means been a static process,\(^3\) the thrust of the changes was towards regulated collective bargaining along British lines, moderated by Australian-type arbitration. The Japanese occupation had presaged the end of British colonial authority in Singapore (Lee, 1998, p. 45), and the experience of limited self-government had demonstrated the importance of labour to the winning, exercise and loss of political power (Lee, 1998, p. 324). The main contexts of the changes in Singapore’s industrial relations system from 1960 to 1967 were the sentiments and organisation of anti-colonialism, nationalist and pro-communist political collaboration and rivalry, and the start of the rapid, labour-intensive industrialisation of Singapore.

In the colonial period the economic basis for industrial relations had become associated with the politics of the anti-colonial struggle, in which, as political independence became increasingly possible, trade unions became vehicles for the pursuit of rival political objectives. In the immediate post-colonial period the imperatives for economic

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\(^1\) A statute legislated before independence in a British colony is officially an Ordinance and after independence (for Singapore in 1965) an Act.

\(^2\) The British colonial authority retained some powers between 1959 and 1963, when the Federation of Malaysia was formed.

\(^3\) For a summary of the colonial authority’s regulation of trade unions between 1946 and 1959 see Vasil (1989, pp.144-148), and of colonial industrial relations generally in Singapore, Tan (1995, pp. 1-5).
growth set by the need to accommodate the labour requirements of MNC investors in labour-intensive manufacturing included regulated and de-politicised industrial relations. Beyond that, the departure of Singapore from the Federation of Malaysia (of which it had become a part in 1963) in 1965 and the anticipation of the British withdrawal of its military bases (although not officially announced until January 1968) strengthened the imperative and led to the engineering of what is claimed in this thesis to have been a second transformation of industrial relations, beginning in 1968, the subject of Chapter 6.

Figure 5.1 is an attempt by the researcher to schematically illustrate the changes that, it is argued, constituted the first transformation, involving strategic choices and initiatives by the parties to those changes.

**Figure 5.1  The first transformation of Singapore’s industrial relations**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepot and commerce</td>
<td>Strategic choices and initiatives of nationalist leaders for the regulation of employers and unions, 1960-1967</td>
<td>Industrialisation through MNCs</td>
</tr>
</tbody>
</table>

*Source: the author*

This Chapter narrates and analyses the changes that made up the first transformation of Singapore’s industrial relations, beginning with the colonial legacy and proceeding to the strategic engineering of a regulated pluralism. Because of the Chapter’s concern with transformation and because of the coincidence of Singapore’s first industrial relations transformation and the application of systems theory to explain industrial

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4 Singapore’s ‘Planning for Industrialisation’ is detailed by the chapter of that title in Lee (1973, pp. 15-34), and is a source of the more generalised account in this thesis.
relations internationally, the narration and analyses are followed by a discussion that gives consideration to the primary research question of how useful the strategic choice model is for explaining the transformation of Singapore’s industrial relations and addresses the first of the secondary research questions, which asks:

How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the transformation of industrial relations in Singapore?

From Colonial Authority

In this thesis the first transformation of Singapore’s industrial relations has been identified as ‘from colonial authority to regulated pluralism’ ‘Colonial authority’ is more or less self-explanatory, although its exercise with regard to industrial relations may vary according to the nationality of that authority and the extent to which it is committed to its charge’s industrialisation (Kerr et al., 1973, pp. 67-70). Here it is both generalised — as used by Kerr et al. (1960) — and specific, i.e., the implementation of characteristic British colonial labour policy by the British colonial authority in Singapore, and needs only a little further explanation, which is provided in the account below.

Kerr et al. (1973, pp. 67-70) provide both a generalisation of colonial administrators as an industrialising elite and a classification of types of colonial elites. For their thesis the colonial administration is primarily the agency of ‘foreign control and administration of a society in the course of industrialization’ However, industrialisation as a planned program did not begin in earnest in Singapore until the colony had achieved full self-government. Nevertheless, by 1960 a substantial industrial proletariat had developed in Singapore with the growth of stevedoring, ship-repairing, the provision of municipal services, food processing, vehicle assembly and the manufacture and supply of goods and services to commercial, entrepot and military endeavours (Lee, 1973; Rodan, 1989, pp. 31-49). The names of the trade unions organised in the GLU listed in Exhibit 5.1 indicate the variety of wage employment in Singapore in 1945. However, in spite of the growth of an industrial proletariat, employment statistics by industry from each of the 1947 and 1957 population censuses show that employment in commerce increased more than in manufacturing between the censuses (Table 5.2).

5 Industrialism and Industrial Man (Kerr et al., 1960) was first published in the same year as Singapore’s Industrial Relations Ordinance was passed.
Table 5.2  Employment by industry, 1947 and 1957 population censuses

<table>
<thead>
<tr>
<th>Industry</th>
<th>1947</th>
<th>1957</th>
<th>Change from 1947 to 1957</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>%</td>
<td>Total</td>
</tr>
<tr>
<td>All Industries</td>
<td>357,535</td>
<td>100.00</td>
<td>471,918</td>
</tr>
<tr>
<td>Agriculture, Forestry, Hunting and Fishing</td>
<td>25,457</td>
<td>7.12</td>
<td>29,278</td>
</tr>
<tr>
<td>Rubber, Oil Palm and Coconut</td>
<td>3,629</td>
<td>1.02</td>
<td>3,146</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>1,247</td>
<td>0.35</td>
<td>1,598</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>58,922</td>
<td>16.48</td>
<td>76,837</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>9,375</td>
<td>2.62</td>
<td>22,028</td>
</tr>
<tr>
<td>Electricity, Gas and Water</td>
<td>750</td>
<td>0.21</td>
<td>4,038</td>
</tr>
<tr>
<td>Commerce</td>
<td>83,049</td>
<td>23.23</td>
<td>135,157</td>
</tr>
<tr>
<td>Transport, Storage and Communication</td>
<td>52,976</td>
<td>14.82</td>
<td>49,434</td>
</tr>
<tr>
<td>Services</td>
<td>110,374</td>
<td>30.87</td>
<td>148,306</td>
</tr>
<tr>
<td>Others</td>
<td>11,756</td>
<td>3.29</td>
<td>2,096</td>
</tr>
</tbody>
</table>

Source: Chua (1964, p. 84); reproduced in Rodan, 1989, p. 46)

Consequently, the colonial administrators in Singapore in the 1950s cannot be categorised strictly as an industrialising elite according to Ker et al’s typology. However, the typical strategies of colonial administrators as presented in Table 5.2 do accommodate those of Singapore’s colonial authorities until limited self-government in 1955.
Table 5.3 Colonial authorities and their strategies

<table>
<thead>
<tr>
<th>Strategic concepts</th>
<th>Colonial administrators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central strategy of the elite</td>
<td>Servicing the ‘home country’</td>
</tr>
<tr>
<td>Central characteristic of the society</td>
<td>Alien system under alien control</td>
</tr>
<tr>
<td>Sources of variation in the approach</td>
<td>Segmental or total approach; and absence or presence of ‘settlers’</td>
</tr>
<tr>
<td>Basic rule-making authority in labour-management relations</td>
<td>Colonial administrator and employer</td>
</tr>
<tr>
<td>Elite’s view of worker</td>
<td>Dependent</td>
</tr>
<tr>
<td>Elite’s attitude towards conflict</td>
<td>Suppress</td>
</tr>
</tbody>
</table>

Source: Adapted from Kerr et al. (1973, pp. 78-79).

Kerr et al. (1973, pp. 68-69) distinguish three main types of colonialism: ‘segmental,’ where the colonial power develops only a small part of a society; ‘settler,’ where the migrants from the home country make their permanent homes in the colony; and ‘total colonialism,’ where the home country seeks to transform the colony into its own image. It is difficult to match Singapore with any of these models because the colonialism in its case amounts to the whole of the Malayan territories within which Singapore served strategic purposes (military and commercial) for the home country. Thus the administrators in Singapore were not settlers with ‘true permanence.’ Those whom the colonial authority administered were of ‘true permanence’ and included labourers and clerks and public officials originally from China, India, the Malay Archipelago and the Middle East.

Pre-industrial Singapore had been essentially a communal economy. For example, the Chinese Chamber of Commerce recorded its members by dialect group: Hokkien, Cantonese, Shanghai, Teochew, Hainanese and Hakka. (Deyo, 1981, pp. 28-29). Occupational specialisation too could be identified along communal lines with Cantonese predominant as mechanics, North Indians as watchmen and lorry drivers, Tamils as municipal labourers and Malays disproportionately represented in the uniformed public services (Deyo, 1981, pp. 26 and 34).
The origins of organised labour (dealt with in greater detail below) under the colonial administration to some extent reflected the communal nature of Singapore’s pre-industrial economy. For example, along with clerical workers Chinese skilled mechanics were among the first to form trade unions as distinct from guilds (Deyo, 1981, p. 36). But by 1960 the economic communities with their bonds and loyalties had already been partly demobilised by the depoliticisation strategies of the colonial administrators as they sought to suppress expressions of political dissent after World War II (Deyo, 1981, pp. 23-39).

**The Colonial Administrators’ Legislation**

The Trade Unions Ordinance 1940, which did not come into effect until after World War II when a Trade Union Adviser Malaya (TUAM) from Britain was appointed, conformed to the Colonial Office’s model. It granted legal immunities for actions in restraint of trade, required the compulsory registration of trade unions, and provided for their regulation by the office of a Registrar. Before its amendment in 1982, a trade union was defined as ‘any association or combination of workmen or employers, whether temporary or permanent having among its objects one or more of the following objects —

(a) the regulation of relations between workmen and employers, or between workmen and workmen or between employers and employers; or

(b) the imposing of restrictive conditions on the conduct of any trade or business; or

(c) the representation of either workmen or employers in trade disputes; or

(d) the promotion of organization or financing of strikes or lock-outs in any trade or industry or the provision of pay or other benefits for its members during a strike or lock-out

and included any federation of two or more trade unions.’ (Ordinance of 1940).

As well as defining a trade union, providing for the appointment of a Registrar and for the registration of trade unions, the Trade Unions Ordinance 1940 set out unions’ rights and duties, regulated their constitutions, their ownership and use of property, and their

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6 The following detailed extracts from the legislation are included to convey the key aspects of the British colonial trade union regulation and to provide a basis for claiming the Trade Union (Amendment) Act 1982 as part of the third transformation of Singapore’s industrial relations, the subject of Chapter 7.
funds and accounts. The appointment of the Registrar after Singapore attained self-government was a Government one, i.e. by the Ministry of Labour, and appeals against a decision by the Registrar were to the Minister of Labour. This ultimate authority of the Ministry of Labour (now Ministry of Manpower) remains important where appeals are against discretionary decisions allowed by the legislation of the type ‘where the Registrar is of the opinion that…’.

The Trade Unions Ordinance 1940 set out the procedures for the application for a certificate of registration as a trade union, the grounds on which the Registrar might refuse to register a trade union, withdraw or cancel a certificate of registration, or, after an amendment in 1963 (Ordinance 22), freeze a union’s bank account, and the provisions for appeal against a decision of the Registrar. It also set out the circumstances for and the consequences of the dissolution of a trade union. An application for registration could be made by as few as seven members of the union, but the Registrar might refuse to register any trade union if there was already a union registered in respect of that particular trade, occupation or industry.  

No Government ‘officer or servant’ could be a member of any trade union except where the Governor granted an exemption.

The sections of the Ordinance (3 of 1940) on the rights of trade unions were critical for their survival. One read:

No suit or other legal proceedings shall be maintainable in any civil court against any registered trade union or any officer or member thereof in respect of any act done in contemplation or in furtherance of a trade dispute to which a member of the trade union is a party on the ground only that such act induces some other person to break a contract of employment, or that it is in interference with the trade, business or employment of some other person or with the right of some other person to dispose of his capital or of his labour as he wills. (S. 23).

7 The discretion in this provision enabled the subsequent PAP Government to keep the numbers of trade unions in Singapore to a manageable level, in contrast to Hong Kong where a laissez-faire approach has led to thousands of registered unions.

8 The Yang di-Pertuan Negara, Head of State, replaced the colonial Governor under the constitution of 1959, which granted Singapore limited self-government. This title was retained when Singapore became a state of the Federation of Malaysia, but was replaced by the title of President when Singapore became an independent Republic in 1965.
In other words trade unions were granted immunity from civil suit when taking industrial action.

Another read:

(1) A suit against a registered trade union or against any members or officers thereof on behalf of themselves and all other members of a trade union in respect of any tortious act alleged to have been committed by or on behalf of the trade union shall not be entertained in any court.

(2) Nothing in this section shall affect the liability of a trade union or any officer thereof to be sued in any court touching or concerning the property or rights of a trade union except in respect of any tortious act committed by or on behalf of the trade union in contemplation or in furtherance of a trade dispute. (S. 24).

The Ordinance (3 of 1940) provided that a registered trade union ‘shall not be liable on any contract which is void or unenforceable at law’ (S. 25), and that: ‘The objects of a registered trade union shall not, by reason only that they are in restraint of trade, be deemed to be unlawful so as to render any member of that trade union liable to criminal prosecution for conspiracy or otherwise or to render void or voidable any agreement or trust’ (S. 26). It allowed a trade union to sue (and be sued and prosecuted), thus protecting the union from unscrupulous officers who might do financial damage to the union (S. 26).

Payment by trade unions, either directly or indirectly, of contributions to a political party or for any political purpose was forbidden (S. 50). The Trade Disputes Ordinance 1941 and the Industrial Courts Ordinance 1941 complemented the Trade Unions Ordinance, the former by making intimidation illegal and regulating picketing (Ordinance 59 of 1941) and, by an amendment in 1960 (Ordinance 19), making sympathy strikes, strikes pressuring the Government and strikes inconveniencing the public illegal.

**Trade Unions under the Colonial Administration**

The communal origins of Singapore’s trade unions have already been noted. Chinese hong (guilds) had been operating in Singapore for more than a century before the Associations Ordinance 1895 for the Straits Settlements was passed. These guilds, which were sub-divided between associations of employers, Tong Ka, and associations of workers, Sai Ka, settled any disputes that arose. As well as fulfilling a ‘friendly-
society’ function, the guilds determined terms and conditions of employment. Although strong while regulating traditional trades and crafts, the guilds were inappropriate for the organisation of industrial labour (Gamba, 1962, pp. 2-3).

After disassociating from secret societies some guilds registered under the societies ordinances. The first employees’ guild was registered in Singapore in 1890, but this was an early exception; the Singapore colonial authorities and merchants ensured that it was mostly ‘yellow’ or company unions that were registered. It was not until 1937 that a significant number of employees’ guilds were registered, then as mutual aid societies, but these societies and other guilds were generally abolished during the Japanese occupation of 1941 to 1945 (Gamba, 1962, pp. 3-6).

Most of the United Kingdom's colonial territories had some type of ‘native employment’ ordinance to regulate labour in the plantations, on the railways, on the wharves and in the administrative offices before the Colonial Office had begun to formulate a labour policy in response to the emergence of colonial trade unionism. Thus, it was not until 1930 that the Colonial Secretary, Sydney Webb, sent a dispatch to all British colonial governors urging them to legislate trade union rights in their territories.

In spite of further dispatches by Sydney Webb's successors, with the exception of India and Burma, little was achieved until 1938, when the Colonial Office became insistent and there began the appointment of labour advisors, the enactment of trade union ordinances, the creation of labour departments, the appointment of labour inspectors and the provision of dispute settlement machinery. These developments were furthered by the requirement under the wartime Colonial Development and Welfare Act 1940 that ‘no territory might receive aid under its provisions unless it had in force legislation protecting the rights of trade unions...’ (Davies, 1966, p. 39).

Trade union ordinances had been passed in India and in Burma in 1926, but among the early colonial trade union ordinances urged by the Colonial Office were those of Gambia, Tanganyika and Nyasaland in 1932. Subsequent ordinances were passed in Uganda in 1937, in Mauritius and Nigeria in 1938, in Antigua and in Barbados in 1939, and in Singapore and Malaya in 1940 (Roberts, 1964, pp. 3-166).

The typical British colonial trade union ordinance, to which the Singapore ordinance, specifically modelled on the Ceylon Trade Union Ordinance 1936 and outlined above, conformed, emulated the principles of freedom of association in the United Kingdom
legislation and embodied immunity from prosecution for a trade union whose objects were in restraint of trade. On the other hand, the concern of the British authorities to confine colonial trade unionism to industrial matters meant that, unlike in the home country, a trade union in the colonies was required to register with a Registrar of Trade Unions.

The Registrar of Trade Unions, who was usually accountable to a Labour Commissioner or the Governor, might withdraw the registration certificate of a trade union if it engaged in a range of unlawful activities. Other differences from the United Kingdom legislation included the political levy — in Malaya, for example, it was not until 1954 that trade unions were permitted to operate a political fund (Gamba, 1955, p. 19) — in Singapore, never — and restrictions on affiliation. The ambiguity of purpose by the colonial administrators — between the application of benevolent paternalism and the containment of nationalism — was inherent in the colonial relationship and, to an extent, a structural tension between the Colonial Office and the colonial administrators (Gamba, 1955).

During the Japanese occupation of the Malayan peninsula and Singapore, cadres in the CPM and some trade unionists functioned underground or in contact with the Malayan People’s Anti-Japanese Army.⁹ Since its foundation in 1930, the CPM had centred its attention on Singapore rather than Malaya because of the greater concentration of trade unions there (Media Masters, 2003, p. 57). Among the Leftist trade unionists active after the War had ended was C. V. Devan Nair, a teacher who in 1950 and again in 1956 was detained by the British colonial authorities, but later took charge of mobilising the Singapore labour movement for the second of Singapore’s industrial relations transformations and whose publications while Secretary General of the NTUC were reviewed in Chapter 4. Upon news of the surrender of Japan in 1945 the Central Committee of the CPM issued an eight-point program for the Party. Point 6 was to ‘Improve living conditions and develop industry and commerce to assist the poor and in doing so increase wages to a standard minimum and impose an eight-hour working day,’ or as a disappointed Chin Peng, the future Secretary-General of the CPM, who had

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⁹ A personal recollection of these times is provided by the former Communist Party of Malaya leader, Chin Peng. One of his recollections is of the founding of the Party on 30 April 1930 at a meeting present at which was Nguyen Ai Quoc better known subsequently as Ho Chi Min. (Media Masters, 2003).

¹⁰ ‘Leftist’ and ‘pro-communist’ are used in texts interchangeably for individuals and organisations that were sympathetic to or took the CPM line but were not necessarily card-carrying members.
been anticipating a military struggle, puts it: ‘He [Secretary General Lai Te] was calling for cooperation with the [returning] British coupled with a concentrated effort on the organisation of labour and the infiltration of unions’ (Media Masters, 2003, p. 121).

The structural criteria for the trade unions at the time appear to have been occupation, industry and ethnicity, reflecting the commercial and entrepot character of Singapore’s economy (Exhibit 5.1).

The consolidation of unions into one alliance, the GLU, has had its counterparts elsewhere. In 1946 the GLU unions in Singapore and Malaya formed the Pan-Malayan Federation of Trade Unions, one part registered as the Singapore Federation of Trade Unions (SFTU). By 1947, assisted by the Pan-Malayan Trade Union advisor, Jack Brazier, some independent unions had been registered, but by this time the CPM’s strategy of promoting strikes through the SFTU was becoming less and less effective (Turnbull, 1989, pp. 228-229).

As elsewhere the union movement under Singapore’s colonial regime was deflected from its economic purposes by its alliances with political parties engaged in the anti-colonial struggle, or ‘war’ as the CPM cadres saw it (Media Masters, 2003, p. 10). As summed up in the Handbook of Industrial Relations:

> The outbreak of World War II effectively put a brake on trade union development. But even if World War II had not intervened, it is doubtful that the colonial attempt to foster the growth of British–style unions would have been successful. Except for the public sector and for large firms with a sizeable number of English-speaking employees, economic unionism was an idea whose time had not come. (Pang, 1981a, p.482).

The eventual succession of an independent, nationalist government led to a crisis within the trade union movement: industrial relations in Singapore after World War II reflected the conflicting aims of the aspirants for the theoretical status of ‘industrialising elite.’

The convergence thesis of Kerr et al. (1960) identified five generalised types of industrialising elites: the middle class, dynastic leaders, colonial administrators, revolutionary intellectuals and nationalist leaders. In post-World War II Singapore it is possible to discern two parties as aspirants for the post-colonial industrial and incumbent elite: revolutionary intellectuals and nationalist leaders.
The ‘revolutionary intellectuals’ were the pro-communists backed by the CPM. On the labour front they operated through large general unions, such as the GLU, the Singapore Factory and Shop Workers' Union (SFSWU), the Singapore General Employees' Union (SGEU) and the Singapore Trade Union Working Committee (STUWC), at different times. A non-communist Singapore Trades Union Congress (STUC) was established in 1951, but it never succeeded in gaining general support from unions.11

11 Sometimes NTUC leaders have spoken or written of the NTUC as being the STUC’s successor.
The British ‘colonial administrators,’ seeking to defend Britain's interests in the region, declared an ‘Emergency’ in 1948 and applied its regulations to trade union activists in an endeavour to contain the CPM-led insurgency in Malaya and Singapore. In pursuing their objectives, these parties' strategies and tactics were substantially determined by language and ethnic distinctions — for example, the need to win the support of the Chinese-educated Singaporeans by the (mostly) English-educated nationalists — and by the prospective post-colonial political configuration of the Malayan region, which was critical for the colonial authorities, the revolutionary intellectuals and the nationalists.

The ineptness of the British Military Administration set up in September 1945 soon led to industrial action in Singapore: a dock strike followed by a bus workers’ strike. The Singapore GLU was inaugurated on 25 October 1945 and on 29 January 1946 the CPM organised a strike of 200,000 workers in Singapore in protest at the conviction and sentencing of union officials on the Malayan peninsula. This was followed by another general strike on 15 February, the second of a series of strikes throughout 1946 and into 1947. On 20 October 1947 a 24-hour general strike to protest the proposed constitutions of the Malayan Federation and Singapore that involved the Chinese Chamber of Commerce, the SFTU and the All-Malayan Council of Trade Unions was conducted peacefully according to the Straits Times. Chin Peng claims that in spite of the authorities’ allegations that all violence associated with strikes at this time was instigated by the communists, ‘those strikes and demonstrations organised by the CPM had, as their foundations, the genuine grievances of workers who were being appallingly exploited by the returning colonial masters’ (Media Master, 2003, p. 199). He continues:

As our successes grew on the labour front, so did the strike-breaking efforts across our picket lines. Labour was supplied through special contractors which, in turn, hired gangsters to intimidate and crush our [the CPM’s] demonstrations. By taking no action against the contractors or the gangsters, most of whom were drawn from Chinese secret societies; the colonial British signalled their tacit approval of strongarmed tactics against our unions. (Media Master, 2003, p. 199).
Table 5.4  Number of Singapore trade unions and union members, 1946-1959

<table>
<thead>
<tr>
<th>Year</th>
<th>Trade Unions</th>
<th>Union Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>8</td>
<td>18,673</td>
</tr>
<tr>
<td>1947</td>
<td>126</td>
<td>96,060</td>
</tr>
<tr>
<td>1948</td>
<td>118</td>
<td>74,367</td>
</tr>
<tr>
<td>1949</td>
<td>93</td>
<td>47,301</td>
</tr>
<tr>
<td>1950</td>
<td>91</td>
<td>48,595</td>
</tr>
<tr>
<td>1951</td>
<td>107</td>
<td>58,322</td>
</tr>
<tr>
<td>1952</td>
<td>122</td>
<td>63,831</td>
</tr>
<tr>
<td>1953</td>
<td>133</td>
<td>73,566</td>
</tr>
<tr>
<td>1954</td>
<td>136</td>
<td>76,452</td>
</tr>
<tr>
<td>1955</td>
<td>187</td>
<td>139,317</td>
</tr>
<tr>
<td>1956</td>
<td>205</td>
<td>157,216</td>
</tr>
<tr>
<td>1957</td>
<td>216</td>
<td>140,710</td>
</tr>
<tr>
<td>1958</td>
<td>218</td>
<td>129,159</td>
</tr>
<tr>
<td>1959</td>
<td>176</td>
<td>146,579</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour (Annual).

Note: Numbers of unions each year from 1946 to 1952 adapted by by Gamba (1962, p.406) from Annual Reports of the Labour Department, except for 1950 and 1951, vary by as many as -61 for 1947 and +2 for 1949.

Table 5.3 shows the growth in numbers and membership of trade unions in Singapore during the anti-colonial years. Union growth reflects the industrial turbulence in Singapore after World War II. Between 1946 and 1961, 440 employees’ and employers’ trade unions had been registered under the Trade Unions Ordinance. The Singapore Harbour Board Staff Association was the first to register. In 1961 there were 124 registered trade unions and employer trade unions. (Ministry of Labour, 1961, pp. 140-147).
There had been a relatively high number of trade unions dissolved or cancelled in particular years: 18 in 1948, 34 in 1949, 76 between 1950 and 1958, 56 in 1959 and 48 in 1960; and high overall with 241 between 1946 and 1961 (Ministry of Labour, 1977, p. 43). Of the 360 trade unions registered between 1946 and 1959 (Ministry of Labour, 1972, p. 57) only 17 remain active as NTUC affiliates today (Exhibit 5.2).

Exhibit 5.2 Current NTUC-affiliated unions registered before 1960

<table>
<thead>
<tr>
<th>Union Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSU Singapore Stevedores’ Union (1937)</td>
</tr>
<tr>
<td>SPWU Singapore Port Workers’ Union (1946)</td>
</tr>
<tr>
<td>STU Singapore Teachers’ Union (1947)</td>
</tr>
<tr>
<td>SMTU Singapore Malay Teachers’ Union (1947)</td>
</tr>
<tr>
<td>SITU Singapore Interpreters and Translators’ Union (1947)</td>
</tr>
<tr>
<td>SMOU Singapore Maritime Officers’ Union (1951)</td>
</tr>
<tr>
<td>STTU Singapore Tamil Teachers’ Union (1951)</td>
</tr>
<tr>
<td>SBOA Singapore Bank Officers’ Association (1953)</td>
</tr>
<tr>
<td>SGSWA Singapore Government Shorthand Writers’ Association (1953)</td>
</tr>
<tr>
<td>SCTU Singapore Chinese Teachers’ Union (1954)</td>
</tr>
<tr>
<td>SBEU Singapore Bank Employees’ Union (1954)</td>
</tr>
<tr>
<td>SIEU Singapore Insurance Employees’ Union</td>
</tr>
<tr>
<td>KSSU Keppel Services Staff Union (1955)</td>
</tr>
<tr>
<td>RLEU Reuters Local Employees’ Union (1956)</td>
</tr>
<tr>
<td>RCGEU Race Course General Employees’ Union (1957)</td>
</tr>
<tr>
<td>AUPE Amalgamated Union of Public Employees (1959)</td>
</tr>
<tr>
<td>SMMWU Singapore Manual and Mercantile Workers’ Union (1959)</td>
</tr>
<tr>
<td>SATU Singapore Air Transport Workers’ Union (1959)</td>
</tr>
</tbody>
</table>


Among the aspiring ‘nationalist leaders’ were David Marshall and Lim Yew Hock, the former of whom led a Labour Front Government between 1955 and 1956 and the latter between 1956 and 1959, and Lee Kuan Yew, whose success as a labour advocate had anticipated his leadership of the PAP, founded in 1954. Between 1954 and 1961, when they broke away to form the Barisan Socialis (Socialist Party), the pro–communist leaders, notable among them for their union organising being C. V. Devan Nair, Lim Chin Siong, Fong Swee Suan and James Puthucheary, were alliance partners in the PAP.

Singapore was granted limited self-government in 1955 and the Labour Front governments that preceded the PAP Government of 1959 were dogged by industrial unrest (Table 5.4). Marshall's administration unsuccessfully confronted the militant trade unions, including the Singapore Bus Workers' Union, which was controlled by the pro-communists, over dismissals at the Hock Lee Bus Company. An arbitrator, the Australian academic Charles Gamba, whose publications are referenced earlier, ordered the reinstatement of the dismissed bus workers thereby inadvertently demonstrating to communist and non-communist trade unions that militancy could succeed (Lee, 1998, p. 204). After they had mustered 95 unions under the banner of a 'Civil Rights Convention'
in 1956, and following rioting that had involved Chinese high school students and been instigated by the pro-communist leaders, Lim Yew Hock's administration had the leaders detained under the Emergency Regulations.

Table 5.5  Strikes and Work Stoppages in Singapore, 1946-1959

<table>
<thead>
<tr>
<th>Year</th>
<th>Strikes and Stoppages</th>
<th>Worker Days Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>47</td>
<td>845,637</td>
</tr>
<tr>
<td>1947</td>
<td>45</td>
<td>492,708</td>
</tr>
<tr>
<td>1948</td>
<td>20</td>
<td>128,657</td>
</tr>
<tr>
<td>1949</td>
<td>3</td>
<td>7,074</td>
</tr>
<tr>
<td>1950</td>
<td>1</td>
<td>4,692</td>
</tr>
<tr>
<td>1951</td>
<td>4</td>
<td>20,640</td>
</tr>
<tr>
<td>1952</td>
<td>5</td>
<td>40,105</td>
</tr>
<tr>
<td>1953</td>
<td>4</td>
<td>47,361</td>
</tr>
<tr>
<td>1954</td>
<td>8</td>
<td>135,206</td>
</tr>
<tr>
<td>1955</td>
<td>275</td>
<td>57,433</td>
</tr>
<tr>
<td>1956</td>
<td>29</td>
<td>454,455</td>
</tr>
<tr>
<td>1957</td>
<td>27</td>
<td>109,349</td>
</tr>
<tr>
<td>1958</td>
<td>22</td>
<td>78,166</td>
</tr>
<tr>
<td>1959</td>
<td>40</td>
<td>26,587</td>
</tr>
</tbody>
</table>

Sources: Gamba (1962, p. 288); Deyo (1981, p. 43).

The legal regulation of industrial unrest in this period was provided by the Criminal Law (Temporary Provisions) Ordinance 1955, which listed those essential services in which industrial action was unlawful or required a statutory period of notice (Ordinance 26 of 1955). Another notable piece of employment legislation in this period was the Central Provident Fund Ordinance 1955, which established a compulsory savings scheme, the Central Provident Fund (CPF), the provisions of which were to become especially important for the public employment policy of the PAP Government for the third transformation of Singapore’s industrial relations — between 1979 and 1986.

To Regulated Pluralism

Pluralism, at least in Western societies, is a philosophy, a doctrine an ideal and a belief (McLean, 1996, pp. 376-377). It can also be a state of affairs. According to Fox, (1974,
p. 269), it rejects both the classical liberalism of free and equal exchange and the imposed ideology of totalitarianism in favour of independent combinations of the relatively weak that curb the excessive power of the strong. As used here ‘Regulated’ reflects the role of the state seeking to maintain a balance of power. According to industrial relations systems theory:

All industrial societies create managers and industrial workers and labour organizations… All industrial relations systems serve the functions of defining power and authority relationships among managements, labour and government agencies; of controlling or channelling worker protest; and of establishing the substantive rules themselves. Even under different rule-making arrangements, it is not unusual to find similar rules where common technologies and market conditions prevail. (Kerr et al., 1973, p. 277).

However, it will be clear from the account below that regulated pluralism as a condition of industrial relations arising from Singapore’s first strategically initiated transformation was inherently unstable as its political elite led Singapore towards a second transformation. As the chronicler of Singapore’s industrialisation put it:

A hint of what to come was in the message to trade unions in 1966 and 1967 that unless Singapore could establish sufficiently stable industrial conditions (which meant there should be no industrial strikes or slowdowns) and that wages were equated strictly to performance, it would not be possible to have the economic expansion necessary to cope with the rising expectations of the younger generation. (Lee, 1973, p. 96).

Legal and Institutional Regulation, 1960-1967

The above account, ‘From Colonial Authority,’ has been of the industrial relations legacy that the PAP, after it had won office towards the end of 1959, set out to transform into a depoliticised and regulated system. The PAP at the time was an uneasy association of pro-communists and moderates who described themselves as democratic socialists but its capacity to win the support of vernacular speaking union leaders substantially contributed to the PAP’s election success by winning 43 out of 51 seats in the legislature (Pang, 1981a, p.484). A condition demanded by the PAP of the colonial administration before taking office was that the principle pro-communist detainees be released. Lee Kuan Yew had regularly visited them in detention and C. V. Devan Nair, himself a detainee (see above), had helped draft a PAP manifesto of non-communist
aims to which they were able publicly to commit themselves upon their release. Once in office the new Government embarked upon a program of rapid industrialisation.

The rational for this was later put by Tan Boon Chiang, Singapore’s second and long serving President of the IAC:

When Singapore shifted its economic emphasis from traditionally entrepot trading to industrialisation, it became apparent that the relationship of employer and employee should, at the same time, be refined to provide for a meaningful balance between the interests of labour and capital. The decision to switch to industrialisation was in retrospect a wise one, having regard to the fact that the greatest asset of the country was its manpower potential and the capability of developing the skills of its people. There were no natural resources and the Republic's strength rested in its ability to muster the ingenuity of its community towards skilful pursuits to meet the needs of industry. (Tan, 1979, p. 197).

Integral to the program was the regulation of industrial relations. Following the interim recommendations of a visiting United Nations Technical Commission led by Albert Winsemius, for the economic development of Singapore, the Industrial Relations Ordinance 1960 was passed to standardise collective bargaining, centralise conciliation in the Ministry of Labour and to establish IACs to provide compulsory judicial arbitration of trade disputes otherwise unresolvable (Krislov and Leggett, 1985b). Other regulation included amendments to trade union legislation: to the Trade Unions Ordinance 1940 in 1963 (Ordinance 22) to strengthen regulations over trade union registration, the appointment of trade union officers and the use and disposal of funds; to the Trade Disputes Ordinance 1941 in 1960 (Ordinance 19) to extend illegality to sympathy strikes, strikes aimed at pressuring the Government and strikes inconveniencing the public; to the Trade Unions Act 1940 in 1966 (Act 24) to require a secret ballot before taking industrial action, and in 1967 (Act 8) to define the rights to membership of statutory board unions and confine affiliation to an exclusively statutory board federation.

Table 5.5 above has shown the incidence of strikes and stoppages in the post World War II colonial period as being relatively high between 1946 and 1949 and again from 1955 to 1959. Table 5.6 below shows a continuation of high levels of industrial conflict

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12 Dr Albert Winsemius continued to make annual visits to Singapore as an unpaid economic adviser until 1984 (Lee. 2000, p. 74).
between 1960 and 1964, but with a recognisable decline from then on. The decline is attributed to the increasing effectiveness of the Government’s regulation of industrial relations (Deyo, 1981, p. 52).

Table 5.6  **Strikes, worker days lost, conciliation referrals and causes, 1960-1967**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Strikes</th>
<th>Worker Days Lost</th>
<th>Disputes Referred for Conciliation</th>
<th>Main Causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>45</td>
<td>152,005</td>
<td>804</td>
<td>Retrenchment and wage claims</td>
</tr>
<tr>
<td>1961</td>
<td>112</td>
<td>410,889</td>
<td>1,225</td>
<td>Retrenchment and wage claims</td>
</tr>
<tr>
<td>1962</td>
<td>88</td>
<td>165,124</td>
<td>1,064</td>
<td>Dismissal and retrenchment</td>
</tr>
<tr>
<td>1963</td>
<td>47</td>
<td>388,219</td>
<td>967</td>
<td>Dismissals, wage claims and union recognition</td>
</tr>
<tr>
<td>1964</td>
<td>39</td>
<td>35,908</td>
<td>792</td>
<td>Dismissals, wage claims, service recognition</td>
</tr>
<tr>
<td>1965</td>
<td>30</td>
<td>45,800</td>
<td>801</td>
<td>Dismissals, wage claims and union recognition</td>
</tr>
<tr>
<td>1966</td>
<td>14</td>
<td>44,762</td>
<td>702</td>
<td>Dismissals, wage claims and union recognition</td>
</tr>
<tr>
<td>1967</td>
<td>10</td>
<td>41,332</td>
<td>790</td>
<td>Dismissals, wage claims and service recognition</td>
</tr>
</tbody>
</table>

*Source: Ministry of Labour (Annual).*

*Note:* The particularly high worker days lost in 1961 and 1963 reflect the political schism that resulted in rival trade union federations and the PAP crackdown on its Leftist opponents, respectively.

**The Industrial Relations Ordinance 1960**

It is claimed in this thesis that the passing of the Industrial Relations Ordinance (Ordinance 20 of 1960), which dealt with collective bargaining, conciliation and arbitration, complemented the Trade Unions Ordinance (Ordinance 3 of 1940) to provide a second legislative pillar for the procedural regulation of Singapore’s transforming industrial relations. The Employment Act (Act 17 of 1968), it will be
argued, was to provide a third legislative pillar with its extension of the substantive rules for the regulation of Singapore’s second industrial relations transformation. In IAC President Tan Boon Chiang’s words:

In 1960, the Industrial Relations Act placed collective bargaining, for the first time, on a legal footing and established the Industrial Arbitration Court which would handle all disputes whether over rights or interest with unlimited jurisdiction, to supplement the existing ad hoc procedures for settlements of disputes already available to some extent developed over the years by commercial practice. (Tan, 1979, p. 197).

A requirement of the Industrial Relations Ordinance 1960 was that the President of the IACs\textsuperscript{13} was to have the status of a Supreme Court judge (S. 4) who, depending on the case, would sit with a member from each of an employer and employee panel selected by the parties to the dispute (S. 6). An IAC was not bound to act in a formal manner nor according to the Evidence Ordinance, but it should ‘act according to equity, good conscience, and the substantial merits of the case without regard to technicalities and legal forms’ (S. 60). Parties to a dispute could be represented by a union officer or an employers’ association officer,\textsuperscript{14} but not by an advocate or solicitor or a paid agent, except in the case of contempt of court (S. 64). However, the IAC could refer questions of law to the Attorney General (S. 65).

An IAC would have cognisance of a trade dispute where one or all the parties requested the Minister by notice or the Yang di-Peruan Negara/President of Singapore by proclamation had approached it for arbitration (S. 31). A specific request relating to the transfer of employment might be made by a trade union or an employer. Where the dispute related to employment in the service of the Government, the President of the IAC was to inform the Yang di-Pertuan Negara/President of Singapore and only with his approval might the IAC perform its functions over that dispute (S. 33). In determining a trade dispute the IAC might have regard ‘to the interests of the

\textsuperscript{13} Initially there were two IACs but this was reduced to one as the caseload decreased.

\textsuperscript{14} In 1948, 23 employers formed the Federation of Industrialists and Traders in Singapore, which became the Singapore Employers Federation in 1953. The Federation represented mostly American and European employers. Another employers’ association, the National Employers Council, was formed in 1965. It represented mostly local and Japanese employers.
community as a whole and in particular the condition and economy of Singapore’ (S. 34).

The Industrial Relations Ordinance 1960 set out the rules for the commencement, duration, succession, extension, setting aside, suspension, cancellation, interpretation and variations of awards, and on whom awards were to be binding — ‘all parties to the trade dispute who appeared or were represented before the Court’ (SS. 37-59). The content of an award need not be confined to the demands of the parties to the trade dispute. An award, unless the Court thought it inappropriate, should contain provision for the settlement of disputes arising from the operation of the award including the provision of a referee from the names of people appointed by the Minister and published in the Gazette (S. 43).

As well as introducing compulsory arbitration the Industrial Relations Ordinance 1960 was to regulate the processes of collective bargaining (SS. 16-30). Where an employer had not accepted an invitation to negotiate from a trade union, either party might notify the Commissioner for Labour who, after consultation with the parties, if he decided there was a refusal, notified the Minister and, unless the Minister otherwise directed, the Registrar [of the IAC] that a trade dispute existed The Registrar was to bring trade disputes to the notice of the IAC President (S. 20).

If an agreement was not reached within 14 days of the service of notice the Commissioner might authorise a conciliation officer (from among public officers appointed by him and published in the Gazette) to help the parties reach one (S. 21). If an agreement did not look likely, the Commissioner notified the Minister, and unless the Minister directed otherwise, the Registrar, that a trade dispute existed (S. 22). The Minister might authorise further conciliation in the form of a compulsory conference (S. 23).

Collective agreements were to be delivered as a memorandum to the Registrar of the IAC for certification by the Court. The Court might refuse to certify a memorandum if it was of the opinion it was not in the public interest, did not set out the terms satisfactorily or adequately, did not comply with the duration requirements of two to three years. If the Minister (of Labour) was of the opinion that there were special circumstances by reason of which the matter would not otherwise be satisfactorily regulated by collective agreements or an award made under the Industrial Relations Ordinance he could appoint a Board of Inquiry (SS. 74-77).
Trade Unions, 1960-1967

An amendment to the Trades Union Ordinance 1940 in 1960 would have forced small unions to merge with the larger ones. However, although passed by the legislature, the Trade Unions (Amendment) Ordinance was not signed by the Head of State and therefore not activated. Avowedly the Amendment Ordinance was to facilitate collective bargaining, but, as the larger unions were Leftist influenced, it could have been a sop to the Leftists in the PAP or, more likely, an expectation that fewer and larger unions would be easier to control (Raza, 1970, p. 224).

Meanwhile a schism in the PAP in 1961 was mirrored in the labour movement. The STUC was dissolved and the PAP ‘moderates’ supported a National Trades Union Centre to rival the ‘Leftist’ Singapore Association of Trade Unions (SATU). Although SATU was initially an aggressive organiser, it was never registered and in the late 1960s faded from the scene, it having been mortally wounded when the pro-communist leaders had been purged from the PAP at the time of Singapore’s joining the formation of the Malaysian Federation in 1963.

The already established National Trades Union Centre was registered as the National Trades Union Congress in 1964 and, benefiting from Government-subsidised help of the Ministry of Labour’s Labour Research Unit, began to win over some of the former Leftist unions. The NTUC was to become and remain Singapore’s peak trade union organisation (Table 5.7).

NTUC records (NTUC, 1970, pp. 225-228) show that on registration it organised nearly 65 per cent of trade unionists in Singapore, in 55 affiliated unions. A year later this percentage had increased to 73, in 57 affiliates. Of the affiliates, the Amalgamated Union of Public Employees (AUPE) in 1963 recorded 21,000 members and the Singapore Manual and Mercantile Workers’ Union (SMMWU) 16,000. Most trade unions, however, organised less than a thousand members and about 15 ‘house unions’15 less than a hundred. Between 1946 and 1965, the number of trade union members increased from 18,673 to 157,050, with membership peaking at 189,032 in

---

15 The official terminology for trade union structure after 1965 became ‘house,’ ‘craft/occupational,’ ‘industry-wide’ and ‘omnibus’ unions. The term ‘house’ did not imply a company union but an independent or ‘enterprise’ union organising workers of one employer. Accurate details of Singapore’s trade union structure before 1965 are not available but, using the Ministry of Labour’s subsequent classification, from their names the 41 NTUC affiliates in 1967 are discernible as 15 ‘house,’ 12 ‘craft/occupational,’ 11 industry-wide and three ‘omnibus’ unions (NTUC, 1970, pp. 225-228).
1962 and an estimated density of 56 per cent in 1967 (NTUC, 1970, p. 231). In 1964 there were 55 NTUC affiliates, and in 1965, 57, a jump from 65 to 73 per cent of organised workers (Table 5.8). In spite of the decline of SATU a declared membership of its affiliates was available as late as 1969, together with declared membership of NTUC affiliates and independent unions.

Table 5.7  Trade union membership by affiliation, 1963-1968

<table>
<thead>
<tr>
<th>Year</th>
<th>NTUC</th>
<th>SATU</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>91,052</td>
<td>18,131</td>
<td>20,612</td>
</tr>
<tr>
<td>1964</td>
<td>66,485</td>
<td>20,801</td>
<td>18,995</td>
</tr>
<tr>
<td>1965</td>
<td>77,122</td>
<td>15,541</td>
<td>19,044</td>
</tr>
<tr>
<td>1966</td>
<td>66,041</td>
<td>13,841</td>
<td>19,727</td>
</tr>
<tr>
<td>1967</td>
<td>94,372</td>
<td>14,450</td>
<td>18,712</td>
</tr>
<tr>
<td>1968</td>
<td>92,196</td>
<td>13,097</td>
<td>18,243</td>
</tr>
</tbody>
</table>


Note: Ministry of Labour reports show some variation from these numbers. Of the 91 trade unions filing returns to the Ministry of Labour in 1967 (NTUC, 1969, p.236) seven remained active as NTUC affiliates in 2003 (Exhibit 5.3).

Table 5.8  Numbers of Singapore trade unions and memberships, including NTUC affiliation, 1960-1967

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Unions</th>
<th>Membership</th>
<th>NTUC Membership</th>
<th>NTUC % Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>130</td>
<td>144,770</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1961</td>
<td>124</td>
<td>164,462</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1962</td>
<td>122</td>
<td>189,032</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1963</td>
<td>112</td>
<td>142,936</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1964</td>
<td>106</td>
<td>157,050</td>
<td>101,824</td>
<td>64.8</td>
</tr>
<tr>
<td>1965</td>
<td>108</td>
<td>154,054</td>
<td>112,635</td>
<td>73.1</td>
</tr>
<tr>
<td>1966</td>
<td>108</td>
<td>141,925</td>
<td>104,526</td>
<td>73.6</td>
</tr>
<tr>
<td>1967</td>
<td>108</td>
<td>130,053</td>
<td>92,936</td>
<td>71.5</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour (Annual).
Strategic Choice and Singapore’s Industrial Relations

Exhibit 5.3  NTUC-affiliated unions as at 2004 registered between 1960 and 1967

<table>
<thead>
<tr>
<th>Union Name</th>
<th>Year Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>UWPI United Workers of Petroleum Industry</td>
<td>1961</td>
</tr>
<tr>
<td>SNUJ Singapore National Union of Journalists</td>
<td>1961</td>
</tr>
<tr>
<td>SPHEU Singapore Press Holdings Employees’ Union</td>
<td>1961</td>
</tr>
<tr>
<td>FDAWU Food, Drink and Allied Workers’ Union</td>
<td>1964</td>
</tr>
<tr>
<td>AESU Air Transport Executive Staff Union</td>
<td>1965</td>
</tr>
<tr>
<td>HDSSU Housing and Development Board Staff Union</td>
<td>1967</td>
</tr>
<tr>
<td>POU Post Officers’ Union</td>
<td>1967</td>
</tr>
</tbody>
</table>


The Trades Disputes Ordinance (Ordinance 59 of 1941) and the Criminal Law (Temporary Provisions) Ordinance (Ordinance 26 of 1955) had already limited the capacity of unions to take industrial action in essential services, made politically motivated strikes illegal and banned secondary picketing when the President of the Public Daily Rated Employees Unions Federation (PDREUF), which organised mostly immigrant Indian labourers, had in December 1966 called for a strike in support of a wage demand, a strike that was made unlawful by virtue of the Government referring the dispute to the IAC. An affiliate, the Public Daily Rated Cleansing Workers’ Union (PDRCWU) went on unofficial strike in January 1967 and as a result both the PDREUF and the PDRCWU were deregistered (Ministry of Labour, 1967).

In the view of the then Prime Minister, Lee Kuan Yew:

The strike was a turning point in Singapore’s industrial history. The way the government met it head-on won the support of the public. It triggered off a change in union culture, from a defiant flouting of the law to reasonable give-and-take. I was able to swing public opinion round further. In a series of speeches to the unions I prepared the workers for the changes we planned to make to the labour laws. We banned all strikes in certain essential services and made each statutory board have its own union. (Lee, 2000, pp. 106-107).

In 1965, following differences between the PAP leaders and the political elite in Malaya, Singapore left the Federation of Malaysia, even though the PAP ‘nationalist leaders’ had staked Singapore’s political and economic future on continuing Federation membership. This event and the impending closure of the British military base, a major employer of Singapore labour, prompted the Government to act to ensure that Singapore’s industrial relations would not be a deterrent to MNC investment in labour-absorbing enterprises. It is claimed here that the strategic changes to Singapore’s industrial relations prompted by these events constitute a second transformation: from regulated pluralism to corporatism.
Discussion
In addressing the secondary research question:

*How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the transformation of industrial relations in Singapore?*

with respect to Singapore’s first industrial relations transformation the precursor organising framework is the convergence thesis of Kerr et al. (1960, 1973).

Explicitly an alternative to the Marxist prediction that the worsening conditions of the industrial proletariat would lead to the overthrow of capitalism (Engels, 1969; Marx and Engels, 1967), Kerr et al.’s thesis ‘amounted to a theory of the incorporation of the working class into the mainstream of affluent capitalism, both a political and an economic incorporation’ (Haddon, 1973, p. 2). Coming from different starting points industrialising elites would lead industrial societies to a common future. This thesis claims that the intent of Singapore’s PAP Government, comprised of nationalist leaders, to industrialise Singapore led it to change substantially — in what amounts to a transformation in the sense that Kochan et al., 1986) have conceptualised it — in industrial relations: from colonial administration to plural regulation.

Following Kerr and Siegel (1955), Dunlop (1958) conceptualised the integration of the industrial relations system as through a ‘web of rules’ and the dynamics of industrial relations in effect a rule making process. Although this terminology has been subject to much criticism (see Chapter 3), the transformation thesis does not reject Dunlop’s systems model. Indeed, the word ‘system’ is used extensively throughout *The Transformation of American Industrial Relations* (Kochan et al., 1986) for the American institutions. Rather what it does is to analyse the matching through strategic choices of the institutions with their environmental conditions, past, present and future (Kochan et al., 1986, p. 227). In his elaboration of systems theory its author noted this as:

> The influential theoretical framework developed by Kochan, Katz and Capelli (1984) explicates the rudimentary analysis of Dunlop. They note that even within the firm there are multiple points of potential and actual labour-management contact: at the top level where ‘strategic’ business decisions are made, at the human resources department level where decisions on conditions of
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employment are made and at the point of production where work organisation and pace are decided. (Adams, 1997, p. 49).

In the account above of the transformation of Singapore’s industrial relations from one regulated by colonial administrators to one regulated within a legal framework for collective bargaining and dispute settlement the systems model offers necessary but not sufficient analytical parameters. Therefore, it is necessary to ask what in the nature of this substantial change in Singapore’s industrial relations from 1960 to 1967 justifies it as a transformation, and in response to the primary research question,

*How useful is the strategic choice model for explaining the transformation of Singapore’s industrial relations?*

The short answer to the former is the strategic initiatives made by the parties in response to environmental change: political, from colony to self-government and independence; economic, entrepot to manufacturer. In answer to the latter it has been necessary to outline Singapore’s colonial legacy in order to demonstrate the extent and direction of the change to its industrial relations system that occurred between 1960 and 1967. The change was typically that from a colonial scheme of things to a national one. The specific circumstances of Singapore’s transition to nationhood influenced the character of both the first transformation between 1960 and 1967 and that which was to follow from 1968 to 1978. The strategic initiative for the first transformation belongs to the PAP ‘moderates’ within the contexts of constitutional transition, the struggle between the moderates and the Leftists in the PAP for influence over the trade unions, and the economic and political imperatives for economic development. The scope of the strategic initiative was shaped by these contexts, as it was a pragmatic response to them. It established the relationship between the PAP and the NTUC for the longer term.

As an alternative to the Marxist frame of reference, the prevailing industrial relations theory in the 1960s was Dunlop’s systems model, central to which were the interactions of the three actors of a hierarchy of managers and their representatives in supervision, a hierarchy of workers, and specialized governmental and private agencies bound by an ideology but functioning in a body of rules created to govern the actors at the work place and in the work community (Dunlop, 1958, pp. 7-18). The dynamics of change (transformation?) are not well explained by the systems model, which is inherently conservative and inclined towards the equilibrium of a plurality of interests. On the other hand, *Industrialism and Industrial Man* (Kerr et al., 1960) explains the behaviours
of the actors according to the dynamic of diverse political elites’ aspirations to industrialise, ultimately to convergence, intentionally or otherwise, on a state of ‘pluralistic industrialism.’ Table 5.9 extracts some of the industrialising criteria from *Industrialism and Industrial Man* and the expressions of them by colonial administrators and nationalist leaders.

**Table 5.9 Industrialising criteria and industrialising elites**

<table>
<thead>
<tr>
<th>Industrialising Criteria</th>
<th>Colonial Administrators</th>
<th>Nationalist Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central strategy</td>
<td>Servicing the home country</td>
<td>National independence and progress</td>
</tr>
<tr>
<td>Basic rule-making authority in labour-management relations</td>
<td>Colonial administrator and employer</td>
<td>Mainly state</td>
</tr>
<tr>
<td>Role of workers’ organisations</td>
<td>Largely part of the independence and nationalist movement</td>
<td>Confronts the conflicting objectives of economic development and protection of workers</td>
</tr>
<tr>
<td>Managerial authority</td>
<td>Dictatorial or paternalistic</td>
<td>Various, depending on nature of the managerial class</td>
</tr>
<tr>
<td>Attitude to conflict</td>
<td>Suppress</td>
<td>Control</td>
</tr>
</tbody>
</table>

*Source: An interpretation of Kerr et al. (1973, pp. 79, 169, 241).*

In the case of Singapore the political elite that emerged to lead the industrialisation process as the colonial administrators withdrew was that of nationalist leaders, who, at the same time, had effectively defeated the revolutionary intellectuals. National independence had been complicated by the difficulties Singapore’s ruling PAP had had in the Federation of Malaysia, but it had taken on the labour-management rule-making authority with the Industrial Relations Ordinance 1960.

Soon after the defeat of the Leftists the NTUC as a PAP protégé was given the dual role of achieving worker protection and labour discipline by bringing organised workers under its leadership. Managerial authority was never challenged by the PAP Government and, for the time-being, industrial conflict was controlled, though not eliminated. In short, the transformation from industrial relations characteristic of colonial administration to industrial relations characteristic of nationalist leadership in
Singapore was consistent with the initial stage of industrialisation presented as typical in *Industrialism and Industrial Man* (Kerr et al., 1960).

**National Status**

When the PAP, then an alliance of pro-communists and moderates, won office in 1959, Singapore’s constitutional status was not that of a completely independent nation state. The office of Governor had been abolished and replaced by a *Yang di-Pertuan Negara*, but a British Commissioner retained certain powers, not least as Chairman of the Internal Security Council (Turnbull, 1989, p.266). The PAP, officially — and its ‘moderates’ in the Government, strategically — looked forward to an ultimate union in a federation with Malaya. Thus, the strategic initiative on industrial relations in Singapore, their regularisation and regulation through the Industrial Relations Ordinance 1960 was not taken in a realised national context but rather that of a province in waiting but with no time to wait. As it turned out, the events leading up to and surrounding Singapore’s joining with Sarawak, Sabbah and the states of the Federation of Malaya to form the Federation of Malaysia in 1963 saw the political demise of the pro-communists in Singapore. As summed up by an historian: ‘The trade union movement went into decline, and after the arrest of militant leaders and the disintegration of the communist-controlled Singapore Association of Trade Unions (SATU) in 1964, the organised labour movement ceased to be an important political force’ (Turnbull, 1989, p. 309). When Singapore left the Federation of Malaysia in 1965, there began the urgency of speeding up the industrial development of a sovereign state, although twenty-five years later the PAP and some Singapore academics chose to date ‘nation-building’ as commencing in 1959 (You and Lim, 1984). The incorporation of Singapore’s trade unions into a national scheme of things did not begin until after the separation from the Federation of Malaysia and, although flagged in the confrontations between the PAP Government and some unions, especially with the PDREUF, the institutional changes necessary constituted the second transformation of Singapore’s industrial relations.

**Strategic Initiative**

Under the colonial administration Lee Kuan Yew had earned credibility with workers as a trade union advocate and, to some extent, after he had become Secretary of the PAP, with the colonial authorities. During a strike by City Council workers in 1955, the Governor reported to the Colonial Secretary:
At one time there were disquieting instances of rowdyism on a familiar pattern, but they ceased suddenly after a few days. Whether Lee Kuan Yew should be given any credit for this is uncertain, but it is probably the case. …His intervention was in fact useful to both sides and he has probably improved his personal position as a result of the settlement.16

Lee later regretted that he had been a party to encouraging ‘British-style trade union practices’ but acknowledged that [a]t the time there ‘had been too much exploitation of our workers’ and there had been the need to counter the communist influence on Singapore’s unions (Lee, 2000, p. 103). However, it has been claimed that the strike by the postal workers of 1952 in which Lee acted as their advocate and the later success at arbitration of their fellow clerical workers should be viewed as a landmark in the history of the unionism of Government employees (Vasil, 1979, p. 16).

There is no question of where the strategic initiative lay for this first transformation of Singapore’s industrial relations. The PAP Government set out at once to industrialise Singapore and one of its first steps was to pass the Industrial Relations Ordinance 1960. Meanwhile the PAP moderates used the advantages of office to outmanoeuvre the pro-communists over the question of whether to join the proposed Federation of Malaysia or not, and used the powers under the Internal Security Ordinance 1948, to detain and demoralise the Leftist trade union leaders, and make way for the NTUC.

**Scope of Strategic Choice**

The latitude to exercise strategic choice has been questioned on the grounds that capitalist production is determined by economic forces (Hyman, 1987). The strategic choices made to transform Singapore’s industrial relations by the PAP from 1960 to 1967 were made within the constraints of the power struggle over the future of post-colonial Malaysia and Singapore. Although the PAP had not sought to become an independent sovereign state, it still saw it as urgent to change industrial relations if Singapore was to survive without its former hinterland of Malaya. The urgency, in this case for the unions, is echoed in Lee Kuan Yew’s speech to the NTUC in 1968:

> It was a highly politicised trade union leadership. The primary targets were political. Anti-colonialism, anti-exploitation by foreign capital. The basis was solidarity of all the oppressed to band together and fight for freedom. Demands

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were issued accompanied by the threat of strike if demands were not met, and followed often by a strike even when demands were nearly all met. But with self-government and later independence things have changed. Independence gave us the power to take over whatever there was to take over. But, it was accompanied by the responsibility to make things work, to make life better for all. (Lee, 1970, p. 21).

The ‘responsibility to make things work’ explains the strategic choices made to transform Singapore’s industrial relations between 1960 and 1967. One of them was the founding of the NTUC. Another was the invitation to C. V. Devan Nair to return to Singapore from Malaysia, where he had been elected a PAP Member of Parliament, to advise the NTUC and direct its Research Unit to make things work. Yet the symbiotic relationship between the PAP and the NTUC was still embryonic and more a feature of Singapore’s second industrial relations transformation than of the first.

**Industrial Relations Climate**

1960 to 1967 saw the end of politicised industrial relations and a decline in adversarial industrial relations. Confrontational collective bargaining became increasingly free of the resort to strikes and the fall in the number of worker days lost after 1963 was partly due to the regulations established by the Industrial Relations Ordinance 1960. However, the Ministry of Labour’s conciliation caseload remained high (Table 5.6). Likewise there was a large number of cases each year (734 in 1961 and 562 in 1967) instituted in the Labour Court, which, under the Labour Ordinance 1955, the Shop Assistance Employment Ordinance 1957 and the Clerks Employment Ordinance 1957, dealt with cases over arrears of wages, but most (398 in 1967) were settled by conciliation (Ministry of Labour, Annual). Much of the IAC’s work was certifying collective agreements, but over the same period it made 429 awards, its caseload increasing until 1963 and thereafter declining (Table 5.10).

The rationale for regulating industrial relations was the commitment to industrialisation through MNC investment; the agency for facilitating this being the Investment Promotion Division of the Economic Development Board (EDB). As summarised by a Singapore economist:

The objective was to create in overseas investors’ minds a favourable image of Singapore — that of an efficient state with a sound economic infrastructure, a progressive administration, and an intelligent and enterprising community which
Colonial Authority to Regulated Pluralism

provided an attractive location for overseas manufacturing enterprises wishing to expand in South-east Asia. (Lee, 1973, p. 61).

Table 5.10 Matters completed by the Industrial Arbitration Court and Referees, 1960-1967

<table>
<thead>
<tr>
<th>Year</th>
<th>Awards</th>
<th>Collective Agreements Registered and Certified</th>
<th>Referee Decision</th>
<th>Cases Settled Out of Court</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960 (from 15/09)</td>
<td>1</td>
<td>5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1961</td>
<td>7</td>
<td>116</td>
<td>14</td>
<td>—</td>
</tr>
<tr>
<td>1962</td>
<td>15</td>
<td>264</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>1963</td>
<td>88</td>
<td>268</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>1964</td>
<td>119</td>
<td>165</td>
<td>6</td>
<td>—</td>
</tr>
<tr>
<td>1965</td>
<td>49</td>
<td>196</td>
<td>10</td>
<td>60</td>
</tr>
<tr>
<td>1966</td>
<td>72</td>
<td>216</td>
<td>8</td>
<td>62</td>
</tr>
<tr>
<td>1967</td>
<td>47</td>
<td>210</td>
<td>2</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>398</td>
<td>1,440</td>
<td>48</td>
<td>169</td>
</tr>
</tbody>
</table>

*Source: Industrial Arbitration Court (1978, p. 6).*

An attractive location was to include the recommendations of the United Nations Technical Commission directed towards achieving the cooperation of organised labour and the provision of a managerial infrastructure. For example, in 1962 the EDB had organised eight management courses, and in 1963 and 1964, together with vocational institutions and the Singapore Manufacturers’ Association (SMA), run a series of orientation courses for management. In 1965 all management training was taken over by the then recently registered Singapore Institute of Management (SIM) and in the same year a joint declaration on productivity was made by the Singapore Employers’ Federation (SEF), the NTUC and the SMA (Lee, 1973, pp. 71-72). Thus the engagement of organised employers as ‘actors’ in an industrial relations system in Singapore was, in the first transformation of Singapore’s industrial relations, a facilitation by a government agency, the EDB, in order to attract MNCs to Singapore.
Although it does not confirm their thesis, the first transformation of Singapore’s industrial relations — from that of colonial administration to regulated pluralism — is consistent with the ‘universal’ end of convergence of Kerr et al. (1960). It is also consistent with their ‘related’ (converging) dimension in that there was much in common with what was happening in other British colonial territories approaching or recently having been granted independence. With regard to the ‘unique’ characteristics (i.e. those that most distinguish potentially converging industrial relations systems) the particular political, cultural, demographic, economic and strategic circumstances of the Malayan Peninsula and Singapore following World War II, out of which the PAP became the Government and the Lee Kuan Yew faction its leaders, enabled the completion of the transformation to regulated pluralism to an extent rarely found elsewhere. It was so complete that the seeds of the second transformation — from regulated pluralism to corporatism — were already being nurtured.

Summary
The first transformation of Singapore’s industrial relations, it is claimed, was from that of the system of British colonial administration. This had been required by the Colonial Office in the 1930s but not fully implemented until after World War II. Then the political uncertainties of the Malayan Peninsula prevented its stabilisation. The legality conferred on trade unions by the colonial legislation and the regulations for the conduct of collective bargaining were inadequate for achieving stability while the contention over the political configuration of post-colonial Malaysia and Singapore involved the trade unions. Singapore’s limited self-government from 1955 to 1959 was characterised by disruptive strikes organised by pro-communist trade union leaders under instruction from the CPM. Since 1945 the CPM’s political strategy had been to infiltrate the labour movement and turn its grievances towards achieving the CPM’s political purposes.

The first transformation of Singapore’s industrial relations was into one of regulated pluralism. It was the strategic initiative of the moderate faction led by Lee Kuan Yew in the PAP elected to domestic self-government in 1959. The main instrument for regulated pluralism was the Industrial Relations Ordinance 1960. Its achievement was assisted on the political front by the moderates’ defeat of the pro-communists in 1963 over the issue of whether or not to be part of a Federation of Malaysia and on the labour front by their sponsoring of the NTUC at the expense of SATU.
Regulated pluralism may be seen to have been achieved by the depoliticisation of the labour movement and the decline in the number of strikes and worker days lost after 1963. However, the secession of Singapore from the Federation of Malaysia in 1965 and the impending withdrawal by the UK of its military bases in Singapore prompted the PAP Government in 1967 to initiate a second transformation of Singapore’s industrial relations system when legislation was drafted to restrict the scope and substance of collective bargaining for the bulk of the manual workforce.

The adoption of a strategic choice organising framework (Kochan et al., 1986) for Singapore’s industrial relations as they were adapted to changes in the political and economic environments does not preclude the use of earlier organising frameworks. The criterion stated in Chapter 1 for the fitness of the convergence theory of Kerr et al. (1973) as an explanatory framework for the transformation of Singapore’s industrial relations was the validity of its prediction that industrialization would require it, the transformation that is. The *Industrialism and Industrial Man* (Kerr et al., 1960) thesis is particularly useful here because of its classification of industrialising elites. *Industrial Relations Systems* (Dunlop, 1958), although not a sufficient model because of its conflation of the parties’ strategic initiatives within a system, does give emphasis to rule-making, which, in its legal form, was the means for the first transformation of Singapore’s industrial relations. Acceptance of this does not undermine the importance of the strategic initiatives for undertaking the transformation, but they are better explained by the adoption of a strategic choice model. Nor does it undermine the importance of strategic initiatives for the second transformation, the subject of Chapter 6.
CHAPTER 6

THE SECOND TRANSFORMATION OF SINGAPORE’S INDUSTRIAL RELATIONS: FROM REGULATED PLURALISM TO CORPORATISM, 1968-1978

In 1968 the Singapore Parliament passed two pieces of legislation that were to lead to a second transformation of the country’s industrial relations. The effects on the scope and content of collective bargaining, and on the role of trade unions, of the Employment Act 1968 (Act 17 of 1968) and the Industrial Relations (Amendment) Act 1968 (Act 22 of 1968), it is claimed here, were greater than those of Singapore’s transition to self-government and then independence were on them in the previous transformation. The immediate purpose of the 1968 legislation was to counter the anticipated economic effects of the then recently announced withdrawal of British military bases and troops from Singapore and, in particular, the loss of jobs that this might have induced.

The Industrial Relations (Amendment) Act 1968 extended the duration of collective agreements and made it an offence for a trade union to raise for collective bargaining matters pertaining to the promotion, transfer, hiring, firing or job allocation of an employee. The Employment Act 1968 set out the minimum terms and conditions of employment for the workforce and, for the bulk of the manual workforce, the Industrial Relations (Amendment) Act 1968 confined these terms and conditions of service in a collective agreement to those prescribed as minima under the Employment Act.

The number of disputes and working days lost fell following the 1968 legislation, but so did trade union membership, and if the NTUC was to play a significant part in the Government’s human resource strategy for economic development, it had to be revitalised. Revitalisation, it was advised by the PAP leaders and announced by NTUC senior officers at a seminar Why Labour Must Go Modern in 1969, would be by establishing consumer cooperatives and providing members with welfare services.

The direction of the transformation of industrial relations in this period was sustained by the establishment of the NWC in 1972 and strengthened by the authority of its annual wage increase recommendations. The tripartite authority of the NWC, with its NTUC representation, may have contributed to the increase in 1973 of union membership that had begun to decline in 1968 (see Table 6.1).
As with the first transformation this second included a significant strike — at the Metal Box Company in 1977 — which, as it was the last strike in Singapore carried out without the tacit consent of the Government, might be seen as another turning point in the history of Singapore’s industrial relations. By 1979 Singapore’s industrial relations had been transformed from a system of a regulated plurality of competing interests into a system in which, by being a partner in government, trade unions were constrained in the exercise of their traditional activities for the sake of Singapore achieving further economic development.

From whenever its precise beginning is dated — it was flagged in political speeches in 1967 — the second transformation of Singapore’s industrial relations is marked by legal constraints on collective bargaining and the consequent ‘modernisation’ of trade unions, the tripartite legitimacy of centralised wage-fixing, the increase in trade union membership and the advent of a strike-free system (Figure 6.1).

**Figure 6.1 The second transformation of Singapore’s industrial relations**

<table>
<thead>
<tr>
<th>Nationalists outflank pro-communists, 1963</th>
<th>Federation; independence; collective bargaining constraints; union modernisation; British military withdrawal; full employment; oil price hikes</th>
<th>PAP poised to upgrade the Singapore economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationalist leaders’ regulation of a plurality of employers and workers, 1960-1967</td>
<td>Strategic initiatives by government and unions</td>
<td>Corporatist regulation of trade unions, wage determination, and peaceful industrial relations, 1968-1978</td>
</tr>
<tr>
<td>Labour-intensive rapid industrialisation based on MNC investment decisions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: the author.*

This Chapter moves on to relate and analyse the changes that constitute the second transformation of Singapore’s industrial relations, beginning with the circumstances which led to regulated pluralism giving way to corporatism, i.e., the legal restrictions on collective bargaining provided by the 1968 legislation. As with the first transformation the account and analyses of the second demands consideration of the primary research question of how useful the strategic choice model is for explaining it, and, again, also of

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1 The only strike by an NTUC union since had the tacit consent of the Minister of Labour (see Chapter 8).
the first of the secondary research questions: How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting it?

The details of the legal regulation of collective bargaining are followed by an account of the strategic choice made by Singapore’s NTUC at the behest of its and the PAP’s leaders to ‘modernise’ by coming to terms with the Government’s legislative constraints on collective bargaining and subordinating its sectional interest to the Government’s definition of the national interest, thereby establishing a corporatist role for itself within the Singapore polity. This is followed by an account of the establishment and functioning of the NWC and some observations on the significance of the strike at Metal Box. Then, a discussion seeks to relate the relevant research questions of Chapter 2 to the changes in Singapore’s industrial relations in the period 1967 to 1978.

**From Regulated Pluralism**

The demise of regulated pluralistic industrial relations for Singapore could not be immediately foreseen, even as late as 1967. The system’s stability appeared to be vested in its moderation by the Government through the Industrial Relations Act 1960, in its institutionalisation by the succession of the NTUC as the peak union body and in the requirement of an open-door policy towards MNCs. However, on 8 September 1967, the then British Prime Minister, Harold Wilson, announced a 50 per cent British troop withdrawal from Malaysia and Singapore during 1970-1971, i.e., earlier than had been expected, with the remainder leaving by the mid-1970s. Apart from the defence implications it generated, the withdrawal created logistic and human resource problems for Singapore. These problems were reiterated by Prime Minister Lee Kuan Yew in his announcement of the British Government’s decision to the Singapore Parliament on the same day:

> The problems arising out of this process are of considerable magnitude and complexity. What to do with this vast military complex, one naval base and dockyard, three military airfields and a vast army complex of workshops, supply depots and other supporting services. While we will inherit all the fixtures…we will also inherit more than 40,000 bread-winners and their families who have come to Singapore from India, West Malaysia, as far off as Hong Kong and even Weihaiwei. With their families they now comprise some 500,000 persons. About three-quarters are now our citizens. (Quoted in Josey, 1980, pp. 384).
These problems were still not sufficient to require the abandonment of a regulated pluralism, but, when on 16 January 1968 it was announced that all British forces would be withdrawn from Singapore by the end of 1971, the Singapore Government quickly responded by, among other things, drafting legislation to constrain collective bargaining, the raison d’etre of the trade unions in the more or less depoliticised industrial relations environment that had begun to characterise the second half of the 1960s.

Legal Regulation, 1968-1978

In 1969 Singapore’s Ministry of Labour, which had been upgraded from a Department of Labour in 1964, reported its duties as the administration of a list of labour laws that, except for the Labour, Clerks Employment and Shop Assistants Employment Ordinances had been consolidated in the Employment Act 1968, and functions connected with another list that included the Industrial Relations Ordinance 1960 and the Central Provident Fund Ordinance 1955 (Ordinance 15 of 1955) (Ministry of Labour, 1969).

The Employment Act 1968 did not help to transform Singapore’s industrial relations by itself. If we apply the systems model (Dunlop, 1958), what it provided was a consolidation and extension of the existing substantive rules to complement the mainly procedural rules set out in the Industrial Relations Ordinance 1960. The Employment Act 1968 regulated the conditions of employment (except for seamen, domestic servants, managers, executives, confidential personnel, statutory board and government employees and persons belonging to categories notified by the Minister of Labour and the employer) and provided a mechanism for the resolution of individual labour disputes.

The Employment Act 1968 defined one employee category as ‘workmen.’ A ‘workman’\(^2\) was any person in a contract of service except for seamen or domestics and included drivers, chargehands, bus crews, harbour-craft crews and factory operatives on piecework. Part IV of the Employment Act (terms of employment other than wages) applied to all workmen and to employees who did not earn more than a periodically revised sum per month. The significance of the application of Part IV was that the Industrial Relations (Amendment) Act 1968 required that ‘No collective agreement to which this section (Act 22 of 1968, S. 25) applies shall contain provisions with regard to

\(^2\) A woman worker is defined in Singapore’s legal jargon as a ‘female workman.’
terms and conditions of service that are more favourable to employees than those contained in Part IV of the Employment Act unless such provisions are approved by the Minister [of Labour]....’ In other words, for the bulk of the manual workforce the statutory minimum terms and conditions of service were also the statutory maxima and, therefore, the statutory terms and conditions of service.

In addition to the constraint on collective bargaining of the Industrial Relations (Amendment) Act 1968 referred to in the Employment Act 1968, the Industrial Relations (Amendment) Act 1968 requires that no trade union of employees may include in a notice setting out proposals for a collective agreement a proposal in relation to promotion to a higher grade or category, transfer where there was no detriment to the employee, appointment, termination by reason of redundancy or reorganisation, dismissal and reinstatement in which section 35(2) [dismissal without just cause] applied, or assignment or allocation consistent with the terms of the assignee’s employment. (Act 22 of 1968, S. 17). In effect, the law sanctioned management prerogatives.

Other legislative changes to industrial relations during this second transformation of Singapore’s industrial relations not referred to above or below were amendments to the Trade Unions Act 1940, to regulate the purchase of land by trade unions (Act 1 of 1973) and to control unofficial industrial action (Act 3 of 1977).

**To Corporatism**

To explain the labelling of Singapore’s second industrial relations transformation as being from ‘regulated pluralism to corporatism,’ it is necessary to discuss briefly corporatism in relation to industrial relations.

**Corporatism**

According to Panitch (1977, p. 66) corporatism defines ‘a political structure...which integrates organised socio-economic groups through a system of representation and cooperative mutual interaction at the leadership level and of mobilisation and social control at the mass level,’ i.e., a political rather than an institutional arrangement, in which sectional interests voluntarily subordinate themselves to a national interest. In a study, *Employment Relations and the Social Sciences*, a pluralist industrial relations system is contrasted with a corporatist system as follows:
In a pluralist industrial relations system, the state does not subsidize union organizations and does not enact complex legislation governing the activities of unions, once organized. (Hills, 1995, p. 81).

After Collier and Collier (1979, p. 968) a corporatist system is defined here as:

…one in which there is: ‘(1) state structuring of groups that produces a system of officially sanctioned, non-competitive, compulsory interest associations; (2) state subsidy of these groups; (3) state-imposed constraints on demand-making, leadership, and internal governance.’ In labor relations a corporatist state may encourage the formation of a single labor federation, appoint some of its leaders, help to finance its operations, and in other more subtle ways make it beholden to government. Labor legislation both induces labor to become a partner with government in the economic system and constrains labor’s actions once engaged. (Hills, 1995, p. 81).

Not all observers regard Singapore as a corporatist state. With respect to industrial relations it has been observed that:

It is evident that there is an ‘imbalance’ in the Singapore government-union relationship when compared with the government-business relationship. The difference between the government’s stronger ties with the former, as compared with the latter, may be attributed to history. The main challenge to the PAP came from the Barisan Sosialis whose main bastion was the left-wing unions. In order to overcome them, the PAP had to use its governmental power, and build up its own unions so as to crush the opposition forces, leaving it, not regretfully, allied with its creation, the NTUC. (Mauzy and Milne, 2002, p. 35).

One might add that the PAP Government’s alliance with the NTUC was (and is) a very visual inclusion of the labour leaders, one which by the end of the second transformation of industrial relations placed the former in a position of virtual arbiter of the latter’s leadership, as will be shown in Chapter 7.

It is generally acknowledged that corporatism is a matter of degree, but however it came about historically, Singapore’s industrial relations system between 1968 and 1978 does

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3 The Malay name for the Socialist Party formed by the Leftists after their split from the PAP in 1962 that was linked with the never registered SATU (see Chapter 5), not to be confused with the Singapore Air Transport Union.
increasingly fit with the definitions of corporatist industrial relations offered above. From his close observations in the late 1970s, Deyo (1981), who applied a Durkheimian analysis to Singapore’s rapid industrialisation, described the system of social control in Singapore as ‘bureaucratic authoritarian corporatism.’ He observed that ‘[t]he structural basis for Singapore’s growing labor corporatism centred on the National Trades Union Congress’ and that [c]ontinuing PAP control over the NTUC resulted from a number of factors:

[The fact that] the NTUC was financially dependent upon government for many of its activities;

[In addition to government influence over union leadership choice, there is substantial personnel overlap between the PAP and the NTUC;

[The] PAP guidance of union activities is effected through the NTUC Research Unit;

[The] consolidation and centralisation of the union structure itself;

[The fact that by] the late 1960s, the NTUC had effectively established its authority over affiliate unions in all questions of policy relating to government, general economic and national matters, union organization structure, internal discipline and organizational growth;

And that the NTUC leadership had accepted its new productionist role with enthusiasm (Deyo, 1981, pp. 42-45).

The New Role for Labour

An NTUC seminar held in 1969 under the banner, Why Labour Must Go Modern (NTUC, 1970) was the event that defined a new role for Singapore’s unions that was accepted ‘with enthusiasm’ (Deyo, 1981, p. 45). The limitations on the scope of collective bargaining contained in the 1968 legislation had started a decline in trade union membership. In 1968, 110 trade unions had organised 125,518 workers, or 33 per cent of employed persons; in 1969 membership was down to 120,053 or 30 per cent of employed persons (Table 6.1). Consequently, at the 1969 seminar, the NTUC set a new direction for its trade unions, one away from confrontational collective bargaining and towards the provision of consumer cooperatives, the provision of recreation and educational services for members, and representation on a range of public corporations and associated bodies in Singapore.
### Table 6.1 Singapore trade unions, membership, density and NTUC affiliation, 1968-1978

<table>
<thead>
<tr>
<th>Year</th>
<th>Unions</th>
<th>Membership</th>
<th>Density (% of Employed Persons)</th>
<th>% NTUC Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>110</td>
<td>125,518</td>
<td>32.60</td>
<td>70.4</td>
</tr>
<tr>
<td>1969</td>
<td>110</td>
<td>120,053</td>
<td>30.05</td>
<td>71.3</td>
</tr>
<tr>
<td>1970</td>
<td>102*</td>
<td>112,488</td>
<td>25.35</td>
<td>76.0</td>
</tr>
<tr>
<td>1971</td>
<td>100</td>
<td>124,350</td>
<td>25.51</td>
<td>77.4</td>
</tr>
<tr>
<td>1972</td>
<td>97</td>
<td>166,988</td>
<td>30.47</td>
<td>85.1</td>
</tr>
<tr>
<td>1973</td>
<td>92</td>
<td>191,481</td>
<td>31.41</td>
<td>87.8</td>
</tr>
<tr>
<td>1974</td>
<td>90</td>
<td>203,561</td>
<td>24.70</td>
<td>93.0</td>
</tr>
<tr>
<td>1975</td>
<td>89</td>
<td>208,561</td>
<td>25.02</td>
<td>94.7</td>
</tr>
<tr>
<td>1976</td>
<td>91</td>
<td>221,936</td>
<td>25.50</td>
<td>95.5</td>
</tr>
<tr>
<td>1977</td>
<td>90</td>
<td>229,056</td>
<td>25.34</td>
<td>94.1</td>
</tr>
<tr>
<td>1978</td>
<td>89</td>
<td>236,907</td>
<td>24.80</td>
<td>95.5</td>
</tr>
</tbody>
</table>

*Source: Ministry of Labour (Annual).*

*Two unions were registered while 10 unions and one federation had their certificates of registration cancelled.*

In 1970, when the NTUC was close to organising three quarters of Singapore’s trade unionists, its organisation chart emphasised both an authority-up (from branches to delegate’s conferences) and an authority-down structure (from a central council to an executive to branch supervision (Figure 6.2).

Some observers point to the centralisation of authority in the NTUC. They explain:

Union members elect the branch committee and delegates to the union headquarters. These delegates in turn periodically elect office holders of the union headquarters. In theory, authority begins from the grass roots. But, in practice, members of the NTUC Central Executive Committee have been elected although they are not members of branch unions. The status and power of these
central committee members derive from their long and close association with the political leadership.

The downward flow of authority from the NTUC to union headquarters, branches, and local members is more discernible. It is at NTUC that the basic policies, negotiating tactics, and strategies are developed. Part of NTUC influence fans out from the Labour Research Unit, which assists unions in their formulation of claims, preparations for negotiations, and presentations of cases before the Industrial Arbitration Court. (Pang, 1981a, p. 491).

Of major significance for the role of labour in Singapore was that the NTUC was able to amend its constitution in 1978 to permit the appointment into leadership positions of persons from outside the labour movement (NTUC, 1985c, p. 30). However, this amendment and its consequences anticipate the events of the third transformation of Singapore’s industrial relations and will be dealt with in Chapter 7.

The NTUC’s activities ‘as carried out in 1968/1969’ were listed as: Industrial Relations; Legal Matters; Formation of New Unions; Research; Workers’ Education; Social, Cultural and Recreational Activities; International Relations; Public Relations, Receiving Familiarisation Visitors; Representation at Statutory Boards and Public Bodies (NTUC, 1969, pp. 171-178). After 1969 the more important functions shifted from industrial relations ones to social, recreational and business cooperation ones.

The range of activities recorded by the NTUC has varied over time but a list of those reported twenty years on from the Modernisation seminar indicate the change in the role of the NTUC that the seminar initiated. A 1991 publication lists: Administration; Cooperatives; Culture; Industrial Information; International Affairs; Labour Education; Occupational Health and Safety; Productivity Promotion; Publicity; Skills Development; Sports; Women’s Programs; Youth (Chew, 1991, p. 44).

The NTUC’s role in productivity promotion became increasingly defined in the period 1968-1978. In 1968 the NTUC’s Secretary-General noted a greater concern with ‘better production techniques’ and concluded a paper to a regional productivity conference with, ‘We in the trade union movement will not be found lacking in our efforts to generate the requisite atmosphere in which a concerted tripartite effort can be made to

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4 The centralisation of authority in what are constitutionally democratic organisations, such as trade unions and political parties, is well known in political science as ‘the iron law of oligarchy’ (Michels, 1963).
increase productivity. And through increased productivity, enhance national well being.’ The NTUC Modernization seminar in 1969 recommended to ‘request the Government to accept, as obligatory on both management and labour, [a] Code of management/labour relations for the achievement of high norms of productivity.’ In 1974 the NTUC’s Secretary-General called on trade unions to appreciate that wage increases must be related to productivity, and in 1975 the NTUC set up its own Productivity Services Unit. Conferences and seminars promoting productivity consciousness continued to be organised by the NTUC during this second industrial relations transformation and on into the third (NTUC, 1970, p. 241; 1985d, pp. 6-15).

Figure 6.2 National Trades Union Congress organisation structure, 1970

Source: Adapted from NTUC (1970, p. 54).
Within three years of its decision to establish consumer cooperatives the NTUC had founded an insurance cooperative (INCOME), a taxi service (COMFORT), a dental service (DENTICARE), and a supermarket (WELCOME). After 1973 came a book retailer (FAIRDEAL), a travel agency (TRAVEL SERVICES), and a consumer protection agency (CASE). The first consumer cooperative supermarket, WELCOME, to counter profiteering, was opened in 1973, in which year the NTUC reported that ‘Besides investing in cooperative ventures sponsored by the NTUC, the unions were providing educational, cultural, recreational and mutual aid facilities to their members’ (NTUC, 1995a, pp. 27-28).

An Act of Parliament in 1977 established the Singapore Labour Foundation (SLF), in the affairs of which the NTUC and its affiliates would have a decisive say. The SLF’s objects were to: promote the welfare of trade union members and of their families; develop trade union education programs; provide bursaries, scholarships and fellowships for workers, their children and NTUC nominees; award fellowships for trade union research; promote vocational rehabilitation; construct and maintain premises for trade unions and cooperative societies; and to assist charitable, educational and other work of benefit to the trade union and cooperative movement (NTUC, 1979, p. 139). By 1979 the NTUC was represented on a dozen or so statutory boards, including the EDB and the NPB, on the boards of companies, such as Singapore Airlines Ltd., on several advisory committees, and in a range of associations with a public purpose or with the provision of a social service (NTUC, 1979, pp. 145-147).

Perhaps the corporatist role the NTUC was now playing in Singapore’s public domain contributed to union growth: from 1972 until 1979 trade union membership and the NTUC’s portion of that membership increased annually until they had reached 249,710 and 95.5 per cent, respectively (Table 6.1). The Ministry of Labour (1974, p. 13) attributed the improved financial position of NTUC affiliated unions that enabled them to provide financial benefits to members to the introduction of the check-off in 1970. Overall union density\(^5\) at its peak in 1979 was 25 per cent.

The 47 NTUC affiliates in 1967 were structured into 15 house (enterprise), 12 craft/occupational, 11 industry-wide and three omnibus (general) unions (NTUC, 1970, pp. 225-228). Part of the revitalisation of the NTUC during this second transformation was the growth of two general unions — officially referred to as ‘omnibus’ unions —

\(^5\) Calculated as membership percentage of employed persons.
that organised workers in those ‘pioneering industries’ attracted to Singapore by a substantial tax break and for whose workers the constraints on the substance of collective bargaining in the 1968 legislation applied. The Pioneer Industries Employees’ Union (PIEU) had been registered in 1963 and the Singapore Industrial Labour Organisation (SILO), as the Industrial Labour Organisation of Singapore, in 1970. Together with the AUPE these unions, whose members were mostly employed in manufacturing, towards the end of this period organised almost 50 per cent of the NTUC membership (Ministry of Labour, 1977).

In emphasising Singapore’s official attitude to trade unionism, and contrasting it with those of Korea, Taiwan and Hong Kong at the time, the NTUC’s Secretary-General, C. V. Devan Nair, quoted Prime Minister Lee Kuan Yew as having said that:

> It is the consciousness of our being co-owners of the new society we are creating that provides the drive for fulfilment. In multiracial countries like ours, trade unions have a special role in building up this spirit of camaraderie among the workers. Developing the economy, increasing productivity, increasing returns, these make sense only when fair play and fair shares make it worth everyone’s while to put in his share of effort for group survival; and group prosperity. (Nair, 1973, p. 70. Attributed to Lee Kuan Yew, source not cited).


**Exhibit 6.1  Current NTUC-affiliated unions registered between 1968 and 1978.**

| STEEU Singapore Technologies Electronics Employees’ Union (1968); SSEU-SEM Sembawang Shipyard Employees’ Union (1969); KEU Keppel Employees’ Union (1969); KFEU Keppel FELS Employees’ Union (1971); (SOS) Singapore Organisation of Seamen (1971); SURAWU Singapore Urban Redevelopment Authority Workers’ Union (1975); USE Union of Security Employees (1978). |

*Source: www.ntuc.org.sg/myunion/aboutus/listunion.html (2 August 2004).*

With respect to the multi-racial composition of Singapore’s workforce and the ‘spirit of camaraderie’ referred to by Lee Kuan Yew in the quotation from Nair, until 1973 the Ministry of Labour recorded trade union membership by race. In 1973 Chinese made up
65 per cent of total union membership, Malays 16 per cent, Indians 16 per cent, and ‘Others’ two per cent. In 1968 the percentages had been Chinese 62 per cent, Malays 21 per cent, Indians 15 per cent, and ‘Others’ three per cent. From such statistics as are available these percentages were roughly in line with the breakdown by race of employed persons (Ministry of Labour, Annual) suggesting that race had little to do with the propensity to join or not join trade unions at this time.

The National Wages Council, 1972
By 1972 it was clear that Singapore had weathered the effects of its departure from Malaysia and the withdrawal of the British military bases. Nevertheless, the Government decided that wage increases should be regulated in line with economic growth. Accordingly, the tripartite NWC, chaired by an economist from Singapore’s academe, was established in 1972. The Employment Act 1968 had to be amended (Act 28 of 1972) to enable the payment of an annual wage supplement, bonus and wage increase — the combined payments of which had been limited by the original Act — where recommended by the NWC. The NWC made annual wage increase recommendations to the Government, but such was its authority, deriving from its tripartite representation, that its recommendations were adopted by most of the private as well as the public sector. As former Prime Minister Lee Kuan Yew recalls:

In 1972 we set up the National Wages Council (NWC), with representatives from unions, management and government. Every year, using facts and figures available to the government the NWC reached a wide consensus recommendation on wage increases and other terms and conditions of service for the coming year which would be affordable and would promote further economic growth. Its joint recommendations were accepted as general guidelines, with variations for the different sectors, for all union-management negotiations. From its early years, all parties agreed on the principle that wage increases must not exceed productivity increases. (Lee, 2000, pp. 108-109).

Reinforcing the NWC’s authority were an amendment to the Industrial Relations Act 1960 that allowed the IAC to incorporate NWC recommendations in its awards (Act 29 of 1972), the acceptance of the annual recommendations by the Cabinet, the guidelines

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6 Figures may not add up to exactly 100 because of rounding.

7 Like some other key officials in Singapore’s industrial relations system Professor Lim Chong Yah remained in the office of his appointment throughout its transformations, thus providing continuity.
of Ministry of Labour conciliators, and the monitoring by the NTUC’s Industrial Affairs Committee of its affiliates’ negotiations with employers. Although not a statutory body, and therefore without mandatory powers, the NWC’s authority led to the observation that, ‘Indeed, it may not be too far fetched to suggest that the decisions of the [National Wages] Council had a crucial, if not decisive role, in shaping the development process of Singapore as a whole’ (Oehlers, 1991, p. 287).

It is possible that, as has been mentioned, the NTUC’s participation in the NWC contributed to the growth in union membership after 1971, but other factors were also at work, some mentioned above, to which might be added the organising prowess of NTUC leaders and the anti-profiteering effect of the NTUC’s and affiliates’ retail cooperatives.

Table 6.2 shows the NWC’s wage increase and CPF contribution recommendations during the second transformation of Singapore’s industrial relations, when the NWC was still more of a product than an instrument of change. Its corporatist function in the industrial relations system is confirmed by Prime Minister Lee Kuan Yew when he explains how:

As NTUC leader, from 1970 to 1981, when Parliament elected him president of Singapore, he [Devan Nair] got union leaders to face the challenge of competition in world markets. Each time Winsemius [Singapore’s Dutch economic adviser throughout its industrialization and into the 1980s] visited Singapore, he with his liaison officer, Ngiam Tong Dow, would brief Devan on the economic and employment situation. Devan taught the union leaders the basic principles of economics and helped make the tripartite NWC a success. (Lee, 2000, p. 109).

Centralised wage fixing was thus corporatised by the establishment and authority of the NWC in this period of the second transformation of Singapore’s industrial relations begun with the legislative constraints on collective bargaining and followed by the incorporated role of the NTUC.
Table 6.2  National Wages Council recommendations and Central Provident
Fund contributions, 1972-1978

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Wage Increase</th>
<th>Provisions</th>
<th>CPF Contributions (per cent of ordinary wages)</th>
<th>Qualifications and Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>8%</td>
<td>No offsetting</td>
<td>14% employer 10% employee</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>9%</td>
<td>Full offsetting</td>
<td>15% employer; 11% employee</td>
<td>Public sector without offsetting</td>
</tr>
<tr>
<td>1974</td>
<td>$40 + 6%</td>
<td>No offsetting</td>
<td>15% employer; 15% employee</td>
<td>$40 + 10% for those without annual increment</td>
</tr>
<tr>
<td>1975</td>
<td>6%</td>
<td>Full offsetting</td>
<td>15% employer; 15% employee</td>
<td>Minimum increase after offsetting of 3%</td>
</tr>
<tr>
<td>1976</td>
<td>7%</td>
<td>Full offsetting</td>
<td>15% employer; 15% employee</td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>6%</td>
<td>Full offsetting</td>
<td>15.5% employer; 15.5% employee</td>
<td>Annual increments subject to merit</td>
</tr>
<tr>
<td>1978</td>
<td>$12 + 6%</td>
<td>Full offsetting</td>
<td>16.5% employer; 16.5% employee</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Labour (Annual).

The Metal Box Strike
The reduction in the numbers of strikes in Singapore during the second transformation of industrial relations was not only due to the Ministry of Labour’s ‘preventive mediation’ service (introduced in 1975), conciliation and the cognisance of a trade dispute by the IAC (when it became unlawful to take industrial action) but also, as mentioned above, to the efforts of the NTUC’s Industrial Affairs Council (Industrial Disputes Committee before 1975) which reviewed its affiliates’ grievances with employers with a view to heading off industrial action (NTUC 1976, p. 33). Table 6.3 shows the low incidence of strikes and work stoppages between 1968 and 1978. However, a non-NTUC house union without the services that affiliation provided called
the strike at Metal Box in 1977. The strike was significant in that the strikers forfeited certain rights by making unlawful demands and in that it was the last one for nearly nine years in Singapore. In retrospect it can be seen as the last attempt at industrial action by workers who had not been completely socialised into the corporatist national scheme of things. 8

Table 6.3  Strikes and work stoppages in Singapore, 1968-1978

<table>
<thead>
<tr>
<th>Year</th>
<th>Strikes and Stoppages</th>
<th>Worker Days Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>4</td>
<td>11,447</td>
</tr>
<tr>
<td>1969</td>
<td>-</td>
<td>8,512</td>
</tr>
<tr>
<td>1970</td>
<td>5</td>
<td>2,514</td>
</tr>
<tr>
<td>1971</td>
<td>2</td>
<td>5,499</td>
</tr>
<tr>
<td>1972</td>
<td>10</td>
<td>18,233</td>
</tr>
<tr>
<td>1973</td>
<td>5</td>
<td>2,295</td>
</tr>
<tr>
<td>1974</td>
<td>10</td>
<td>5,380</td>
</tr>
<tr>
<td>1975</td>
<td>7</td>
<td>4,853</td>
</tr>
<tr>
<td>1976</td>
<td>4</td>
<td>3,193</td>
</tr>
<tr>
<td>1977</td>
<td>1</td>
<td>1,011</td>
</tr>
<tr>
<td>1978</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Ministry of Labour (Annual); Deyo (1981, p. 43).

Note: The worker days lost in some years are brought forward from a previous year.

The strike-free record, which has continued since 1986, was maintained partly by a combination of institutional provisions. The Metal Box strike might have been the death rattle of the old style trade unionist that the Minister for Labour and Foreign Affairs, Sinnathamby Rajaratnam, acknowledged had not completely died out when he addressed the NTUC’s Modernisation seminar in 1969 (Rajaratnam, 1970, p.34). After the strike — organised by a non-NTUC house union — had failed (as a result of the application of the 1968 legislation), it became reasonable to claim that ‘a legal strike in Singapore is virtually impossible without the tacit consent of the government’ (Wilkinson and Leggett, 1985, p.12).

8 A work-to-rule by Singapore airline pilots in 1980 led to their non-NTUC union being deregistered and replaced, but the NTUC affiliate that struck in 1986 had the approval of the Minister of Labour.
Discussion

As with Singapore’s first industrial relations transformation, for its second it behoves the researcher to address the secondary research question:

How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the transformation of industrial relations in Singapore?

Again, the precursor organising framework for the second transformation is the convergence thesis of Kerr et al. (1960). On the face of it this framework has predictive validity for Singapore’s nationalist leaders and their relationship with Singapore’s unions. A note of caution is due here. As Kerr et al (1973, p. 290) observed in their ‘Postscript’ nationalism is a ‘chiliastic approach’ that more often than not does not offer a demarcated path to industrialism. This may account for the Singapore leaders’ stances towards trade unionism leaning away from the stereotype for nationalist leaders towards a middle class elite’s stance (Table 6.4).

In Table 6.4 the criteria and nationalist leaders columns from Kerr et al’s ‘Worker Organizations and the Elites’ chart (Kerr et al., 1973, pp. 240-243) are reproduced and a Singapore leaders column added. The result is a reasonably close correlation between the ideal-typical model of nationalist leaders of industrialisation and the activities of Singapore’s industrialising elite during Singapore’s second industrial relations transformation. With some of the criteria there is a closer approximation between middle-class leaders and Singapore’s leaders than between nationalist leaders and Singapore’s leaders, and this is not surprising when one examines the English education backgrounds of the PAP moderates who eventually ousted the Leftist, mainly Chinese educated, ‘revolutionary intellectuals.’ For example, the ‘sources of leadership’ under middle class leaders reads: ‘The ranks through lower levels of workers’ organizations’ is closer to the Singapore experience than ‘Nationalist leaders and intellectuals except where confined to manual workers.’ There is even more of an approximation if one takes the functioning of Singapore’s leaders in the regulated pluralistic phase of the country’s industrial relations. For example, for division of authority on rule-making, ‘Pluralistic with workers, management and state having an active role,’ under the middle class elite fits the Singaporean experience after its first industrial relations transformation quite well.
Table 6.4  Trade unions, nationalist leaders, and Singapore’s leaders in the 1960s

<table>
<thead>
<tr>
<th>Industrialising elite</th>
<th>Nationalist leaders</th>
<th>Singapore’s leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideology</td>
<td>Nationalism.</td>
<td>‘Nation building.’</td>
</tr>
<tr>
<td>Functions of workers’ organisations</td>
<td>Confronts the conflicting objectives of economic development and protection of workers.</td>
<td>Constrains collective bargaining and promotes welfare and business unionism.</td>
</tr>
<tr>
<td>Role of labour organisations at work place.</td>
<td>Little direct role. Influence through government tribunals; increase productivity.</td>
<td>Challenge blatant unfairness; increase productivity.</td>
</tr>
<tr>
<td>Division of authority on rule-making.</td>
<td>Nationalist state and enterprise managers.</td>
<td>Government employment legislation attractive to MNC employers.</td>
</tr>
<tr>
<td>Broad or detailed system of rules.</td>
<td>General rules prescribe by state with management often free at the workplace.</td>
<td>Fairly detailed rules but management free to apply in-company HRM.</td>
</tr>
<tr>
<td>Competition among workers’ organisations</td>
<td>Tendency for consolidation among organisations recognised as loyal by nationalistic elite. Advantage over those not so recognised.</td>
<td>Creation and incorporation of the NTUC. Law applied to deregister oppositional trade unions.</td>
</tr>
<tr>
<td>Structure of worker organisations</td>
<td>Tendency towards industrial unions with one confederation acceptable to elite.</td>
<td>Commitment to industrial unions not met. General unions organise new manufacturing workers. NTUC emerges as sole federation.</td>
</tr>
<tr>
<td>Sources of funds</td>
<td>Funds often secured indirectly from government in addition to meagre dues. Officers receive other salaries.</td>
<td>Check-off system helps NTUC unions. Some officers excused work by their employer. Government imposes financial probity.</td>
</tr>
<tr>
<td>Sources of leadership</td>
<td>Nationalist leaders and intellectuals except where confined to manual workers.</td>
<td>Various but largely from the rank-and-file at this time.</td>
</tr>
</tbody>
</table>

*Source: Constructed from Kerr et al., 1973, pp. 240-243.*
At least to the extent of the comparison made above the organizing framework of Kerr et al. (1960) remains useful for explaining Singapore’s industrial relations during its first and second transformations. However, the extended thesis of Kerr et al. anticipates a convergence of nations’ industrial relations systems towards ‘pluralistic industrialism’ and it has been claimed and demonstrated here that Singapore’s second industrial relations transformation was a move away from pluralism and towards corporatism. Thus a less deterministic organising framework is called for.

In a developing country, as was Singapore in the 1960s and 1970s, an industrialising elite rarely allows industrial relations to proceed unregulated for long. This is especially so where economic development is dependent upon MNC investment, as has as been the case with Singapore. In Singapore the workforce was required by public policies to conform to national economic development imperatives while the MNC employers functioned relatively unrestrained on a transnational plane, moving capital to where the best returns were anticipated (Palloix, 1975, pp. 137-163). In other words, a national government obliges its workforce to compete for cost effectiveness, or, as the researcher has expressed it elsewhere:

Typically, labour organisations are required by the governing elite to forego such comparative bargaining advantage that their collective solidarity in an imperfect labour market may offer them in order to assure the maintenance of a stable national wages structure and an industrial relations climate attractive to the elite’s desired current and potential multi-national investors.

In addition to the need for investment, the export-oriented production of multinational companies operating in the NICs reinforces the determination of the governing elites to ensure the cost competitiveness and cost predictability of labour. This does not necessarily mean offering investors cheap labour because, among other things, wage increases may be offset by higher productivity, but it does necessitate some form of wage regulation and control. Ideally the power of the elite to regulate and control labour is legitimised by an ideology of national economic rationalism, i.e., everyone gains in the long run, and by constitutional propriety, such as may be provided by legislated tripartism. Where legitimacy is achieved, any dissenting sections of the workforce can be characterised by the governing elite as, at best, misguided and, at worst, downright subversive and unpatriotic. (Leggett, 1984, pp. 27-28).
Having considered the usefulness of the Kerr et al. organising framework the discussion is now widened to address the primary research question:

_How useful is the strategic choice model for explaining the transformation of Singapore’s industrial relations?_

This involves, first, an examination of the strategic initiatives that led to the transformation. In Chapter 1 it was claimed that to employ a strategic choice explanation it is important to determine who initiates the transformation strategies, why and on what basis, and what scope there is for strategic choices within whatever constraints there are. Second, the model has to embrace the national context of Singapore’s industrial relations and the potential for demoralisation that the subordination of a sectional interest to the national interest can bring. Third, the scope of strategic choice is constrained by the atomisation of the workforce with rapid industrialisation such that alternatives have to be found to the past utilitarian and political appeal of unincorporated trade unionism. Fourth, the scope of strategic choice is constrained by the institution of tripartism with employers, in this case the exogenous MNCs, being represented as the employer equivalent of the endogenous trade unions, so that the ‘overriding’ national interest becomes little more than the Government’s articulation of the interests of international capital. The capacity of the strategic choice model to embrace these four factors at work in Singapore’s industrial relations during their second transformation are considered in more detail, beginning with strategic initiative.

**Strategic Initiative**

Accepting that the decisions by MNCs to invest in Singapore are exogenous strategic choices that constitute the context for the choices about industrial relations of Singapore’s industrialising elite, the inspiration for the second transformation of Singapore’s industrial relations came from the PAP and NTUC leaders. The political imprimatur was clear in the addresses to the NTUC’s Why Labour Must Go Modern seminar held in 1969, none more explicit than in the closing address by the NTUC’s Secretary-General, C. V. Devan Nair:

_I may make bold to make a confident assertion that nowhere else in the developing world would three of the leading figures in the political leadership[^9]_

[^9]: He was referring to Prime Minister Lee Kwan Yew; Minister of Finance Goh Keng Swee and Minister for Labour and Foreign Affairs Sinnathamby Rajaratnam.
come out so openly (i) to outline the shape of things to come; (ii) to categorically affirm the crucial role of labour in the task of development and (iii) to actually assist in the formulation of a strategy of growth for organised labour in its escalation for modernization. (Nair, 1970b, p.268).

In his address to the NTUC’s seminar, Prime Minister Lee Kuan Yew warned of the danger of complacency setting in as a result of Singapore having that year received a favourable economic assessment from the World Bank, and which the World Bank attributed to the effect of the Employment Act 1968. In spite of the World Bank’s prognosis Lee in his address anticipated something qualitatively different from just the continuation of a regulated industrial relations environment. As he saw it:

Legislation can prohibit and punish abuses and malpractices. But it cannot give that positive urge to work and to achieve. This urge can only come from the conviction of a people that they must, and want to give of their best. (NTUC, 1970, p. 21).

But it was the former journalist, at this time Minister for Labour and Foreign Affairs, Sinnathamby Rajaratnam, who presented the transformed labour credo, liturgy and canons to Singapore’s trade unionists assembled at the Why Labour Must Go Modern seminar.

On the national interest he asserted:

Singapore is no longer an imperial property…We are today an independent country and therefore the terms ‘national interest,’ ‘national economy,’ ‘national welfare,’ and ‘national security’ are not meaningless and unreal concepts. If any of these interests is adversely affected then all of us — workers, employers, political leaders and citizens generally — are also adversely affected. The safeguarding of these broad national interests is the responsibility of all of us because if these are not preserved then sectional interests go down with them. That is why no responsible government can permit the promotion of sectional interests…at the expense of national interests. (NTUC, 1970, pp. 30-31).

On employers he opined:

[T]he old-style trade unionist has his counterpart in the old-style capitalist who is just as ready…to promote his sectional interest at the expense of the national interest. But…[t]he capacity of the Singapore employers to oppress and exploit
workers is not as great as it was twenty years ago…Today with a popularly elected Government the employers have no political power. (NTUC, 1970, p. 31).

On trade unions and trade unionists he claimed that:

The old style trade unionist…is a menace to the future of Singapore.

and insisted that:

[T]he new trade union leaders must become skilled executives to look after the interests of workers. They must become counterparts of the executives that the capitalist classes have created to run their enterprises and promote their interests. The trade unions must therefore create skilled executives of their own — well-paid, well-educated, with deep knowledge of the workings of modern industrial and commercial enterprise, possessing the skills and intelligence to negotiate effectively with their counterparts representing the employers and finally possessing a perception of the overriding need to give priority to national interests.

Predicting that:

It will undoubtedly take some time for the new kind of trade union leader to emerge in sufficient numbers to bring new life into the trade union movement. At the moment we are in the transitional phase when the old-style trade unions and their outlook have not completely died and the new style unions have yet to develop confidence and clear cut ideas to waken the interest and enthusiasm of their members.(NTUC, 1970, pp. 31, 33-34).

On economic development he explained that:

In the Singapore of today modernization and economic development are the overriding considerations. Modernization and economic development…are goals which require discipline, restraint and sacrifices on the part of workers and citizens in general…

And announced his belief that:

[Modernization and rapid economic development can be put through in Singapore with the least sacrifice and least discomfort if the operation is undertaken as a joint effort by Government, entrepreneurs and workers. This
Regulated Pluralism to Corporatism means that all three must make modernization and economic development their common objective and overriding consideration. No sectional demand or sectional conflict should be allowed to hamper the impetus to economic growth provided by recent measures and legislation initiated by the Government. (NTUC, 1970, pp. 32-33).

As well as defining the transformation of Singapore’s industrial relations from regulated pluralism to corporatism with the latter’s subordination of sectional to national interests, with the eventual emergence of a new type of trade union leader Sinnathamby Rajaratnam was signalling a third industrial relations transformation for Singapore.

National Status
The absence of any serious opposition to the PAP by 1969 meant that public policy and its implementation, including that on industrial relations, in Singapore took on more of a corporatist hue. Beginning with the 1969 ‘Modernisation’ seminar the PAP Government moulded the character of industrial relations through a series of corporatist measures, such as the establishment of the SLF and the NWC, designed to make the trade unions partners in national development. More than just a productionist role the NTUC trade unions might be seen to have fulfilled a secondary agency role, in the sense of Durkheim’s proposed solution to the problem of the division of labour (Giddens, 1971, p. 104), one between the state and the individual worker. Singapore had successfully tackled the unemployment problem by 1972 and the demoralising effect on workers of the restrictions on collective bargaining in the 1968 legislation may have been offset by the close association of the revitalised NTUC with the PAP Government.

Scope of Strategic Choice
The detailed analysis of Singapore’s industrial relations then by Deyo (1981) referred to above, draws on Durkheim’s sociology to label their transformation as ‘The Emergence of Bureaucratic-Authoritarian Corporatism in Labor Relations.’ Deyo noted that:

...during the 1960s many developing countries increasingly tended to establish bureaucratic-authoritarian corporatist labour relations in order to pursue goals of political stabilization and economic growth. Such corporatist strategies have typically involved, interalia, depoliticization of organized labor, wage controls, replacement of collective bargaining by government disputes-settlement procedures, drawing government sanctioned unions into officially recognized federation structures, deregistration of oppositional unions, strong assertion of
the priority of national development goals over sectional economic interests. (Deyo, 1981, p. 41).

It is possible to identify examples of these corporatist strategies in the events in Singapore during the 1960s. The sequence was as follows:

(1) the ‘depoliticisation of labour’ was effected in the mid-1960s with the routing of the pro-communists over the politics of whether or not Singapore should become a member of the Federation of Malaysia;

(2) ‘drawing Government sanctioned unions into officially recognized federation structures’ began with the founding of the NTUC in 1961;

(3) the ‘replacement of collective bargaining by government disputes-settlement procedures’ was completed by the passing of the Employment Act and the Industrial Relations (Amendment) Act in 1968;

(4) the deregistration of oppositional unions was completed by the demise of the PDREUF in 1967;

(5) wage controls, though these were not put in place until the establishment of the NWC in 1972;

(6) the ‘strong assertion of the priority of national development goals over sectional economic interests’ was a particular feature of PAP Government leaders’ addresses to the NTUC’s 1969 Modernisation seminar (NTUC, 1970).

Thus the strategies for the attainment of ‘bureaucratic-authoritarian corporatism’ can be traced to some of the events of the first transformation of Singapore’s industrial relations, ‘From colonial authority to regulated pluralism, 1960-1967,’ and its attainment to those of its second transformation, ‘From regulated pluralism to corporatism, 1968-1978.’

Deyo (1981, p. 95) observed signs of a transition in the late 1970s. The direction was away from bureaucratic authoritarian corporatism to more popular, paternalistic modes of authoritarian corporatism. A negative consequence of corporatist industrial relations, according to him, was a loss of collective identity that he termed ‘labour force atomism’ and which ‘is in turn associated with worker demoralization and lack of commitment to elite-imposed institutional norms relating to enterprise, union and industrial relations.’ To overcome worker demoralization, government might adopt a more ‘popular’ form of
authoritarian corporatism ‘by attempting to reinvigorate government-controlled unions in order to permit them to play effective productionist roles’ (Deyo, 1981, pp. 109-115). In short, Deyo was applying Durkheim’s sociology to analyse the symbiotic relationship between the PAP and the NTUC and the NTUC’s strategies for revitalising worker interest in unions following the 1969 Why Labour Must Go Modern seminar. It should be noted, however, that because of Singapore’s commitment to freedom of association, there is not the element of compulsion in union membership that there is in some other countries’ union memberships. Some Singaporean economists have explained the reluctance of Singapore workers to join trade unions as follows:

At the other extreme [to wage-driven trade unionism], trade unions work closely with government to attain the objective of full employment. Thus, such unions will set wages at the level that maximises employment. This may be referred to as employment-driven trade unionism. In this case, there is no wage premium for union members. Moreover, management is likely to extend collective bargaining benefits such as retrenchment benefits to non-union members. …Hence, under such circumstances, workers will not be enticed either by a wage premium or collective bargaining benefits to join the union… (Chew and Chew, 2001a, p. 1).

Others point to the immediacy of post-colonial politics. For example:

As the government consolidated its position, it became less dependent on the NTUC as a mass support base. More reliance was placed on such [corporatist] organizations as the People’s Associations and community centers and on public housing and educational expansion programs to win the masses’ support. Consequently the NTUC, increasingly constrained by restrictive legislation, was unable to recruit new members (Pang, 1981a, p. 488).

_Tripartite Industrial Relations_

In 1973 NTUC Secretary-General C. V. Devan Nair elaborated on the promotion of tripartism:

Now, in the nature of things, people who are regarded as co-owners are not inclined to be at perpetual war with other co-owners. We have of course our aberrations in Singapore, both among employers as well as trade unions, who are prone to offend against the principle of tripartism as the basis of a rational industrial relations system. Government ministries and departments occasionally
tend to go off the rails themselves. By and large, however, it would be true to assert that it is the conscious and deliberate policy of the political leadership, and of the trade union movement, to promote the principle and practice of tri-partism in the Republic. (Nair, 1973, p. 70).

It is noteworthy that Nair does not include employers in the conscious and deliberate policy. The dependence of Singapore on foreign investment (Table 6.5) for labour-absorbing economic growth meant that employers could not be incorporated to the same degree as the trade unions were in this second transformation of industrial relations. On the NWC, for example, was a representative each of the SEF, NEC and the SMA. Employers who were not members of these organisations’ affiliates — mostly smaller and local firms — were therefore outside the tri-partite institutional consensus, as were foreign workers, non-unionised Singapore workers and workers not members of an NTUC affiliate. It has been suggested, therefore, that the NWC was structured to ensure recommendations consistent with state policies (Rodan, 1989, p. 107; Oehlers, 1991, p. 285). On the other hand, state labour policies were strategic responses to the requirements of the MNCs. To ensure their willingness to invest in Singapore these requirements were monitored by the EDB, which was not averse to leaning on the NTUC to refrain from organising employees of an MNC that had an anti-unions policy.

Table 6.5  Foreign and local net investment commitments in Singapore, 1972-1978

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreign</th>
<th>Local</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>156.3</td>
<td>38.2</td>
<td>194.5</td>
</tr>
<tr>
<td>1973</td>
<td>224.1</td>
<td>71.8</td>
<td>295.5</td>
</tr>
<tr>
<td>1974</td>
<td>168.8</td>
<td>123.1</td>
<td>291.9</td>
</tr>
<tr>
<td>1975</td>
<td>246.8</td>
<td>59.5</td>
<td>306.3</td>
</tr>
<tr>
<td>1976</td>
<td>267.7</td>
<td>50.0</td>
<td>317.7</td>
</tr>
<tr>
<td>1977</td>
<td>362.6</td>
<td>36.0</td>
<td>398.6</td>
</tr>
<tr>
<td>1978</td>
<td>769.9</td>
<td>46.7</td>
<td>816.6</td>
</tr>
</tbody>
</table>

*Source: Department of Statistics (1980, p. 96).*
After praising the qualities of the NWC in 1979 the President of the IAC felt able to claim: ‘Tripartism has definitely contributed to the resolution of industrial disputes by removing them and bringing about the general well-being of the economy which stands at the growth and performance rate of an increase of 8.6 per cent in the year 1978 with an unemployment figure of 3.6 per cent and an inflationary rate of 4.8 per cent’ (Tan, 1979, p.206). By 1978 awards (other than certifications of collective agreements) made by the IAC had declined to 35. Of these, 26 were for variations and extensions of awards/collective agreements and for proposals for salary, terms and conditions of service and one for compliance. The more adversarial causes of dismissal, retrenchment, recognition, contempt of court and appeal recorded only eight awards for 1978 (Ministry of Labour, 1984, p. 75).

### Table 6.6 Strikes, worker days lost, conciliation referrals and causes, 1968-1978

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Strikes</th>
<th>Unionised Disputes Referred for Conciliation</th>
<th>Non-Unionised Disputes Referred for Conciliation</th>
<th>Main Causes of Unionised Disputes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>4</td>
<td>262</td>
<td>387</td>
<td>Dismissal and wage claims</td>
</tr>
<tr>
<td>1969</td>
<td>0</td>
<td>148</td>
<td>301</td>
<td>Dismissal</td>
</tr>
<tr>
<td>1970</td>
<td>5</td>
<td>211</td>
<td>275</td>
<td>Wage claims</td>
</tr>
<tr>
<td>1971</td>
<td>2</td>
<td>331</td>
<td>263</td>
<td>Recognition and wage claims</td>
</tr>
<tr>
<td>1972</td>
<td>10</td>
<td>574</td>
<td>566</td>
<td>Recognition and wage claims</td>
</tr>
<tr>
<td>1973</td>
<td>5</td>
<td>533</td>
<td>464</td>
<td>Wage claims and recognition</td>
</tr>
<tr>
<td>1974</td>
<td>10</td>
<td>652</td>
<td>439</td>
<td>Wage claims and recognition</td>
</tr>
<tr>
<td>1975</td>
<td>7</td>
<td>709</td>
<td>1,191</td>
<td>Wage claims and recognition</td>
</tr>
<tr>
<td>1976</td>
<td>4</td>
<td>694</td>
<td>1,369</td>
<td>Recognition and collective agreement proposals</td>
</tr>
<tr>
<td>1977</td>
<td>1</td>
<td>640</td>
<td>1,319</td>
<td>Recognition and wage claims</td>
</tr>
<tr>
<td>1978</td>
<td>0</td>
<td>548</td>
<td>1,198</td>
<td>Wage claims and recognition</td>
</tr>
</tbody>
</table>

*Source:* Ministry of Labour (Annual).

There were no strikes in 1978, but the Ministry of Labour’s conciliation caseload had grown during the period of Singapore’s second industrial relations transformation. In particular, in 1975, non-unionised disputes more than doubled and remained high for
the rest of the period (Table 6.6). The increase in unionised disputes is attributable to the aggressive organizing of the NTUC in the 1970s and the non-unionised disputes to the increased numbers of foreign workers. Tripartism, it would seem, had eliminated strikes but not entirely eliminated industrial conflict.

**Summary**

The second transformation of Singapore’s industrial relations began before the first had been fully consolidated. However, it was a distinct transformation and not simply an extension of the first. As a result of the legislated constraints on collective bargaining and the sanctioning of management prerogatives, the depoliticised trade unions of the NTUC had to find a new formula for unionism different from that which had been appropriate for regulated pluralism. The formula they came up with — their leaders’ strategic choice — was a mixture of the establishment and management of cooperative business enterprises, the promotion of productivity and the provision of social and welfare services and benevolent funding. Their choice was more in line with corporatist industrial relations than was adversarial collective bargaining and persistent challenge to management authority that typified the short lived post-colonial period of regulated pluralism. The enthusiastic embrace of the NTUC, along with the employers’ associations’ commitment, to centralised wage fixing from 1972 was equally consistent with a corporatist arrangement of industrial relations.

In Chapter 1 it was stated that the fitness of the convergence theory of Kerr et al. as an explanatory framework depended on its capacity to predict the path of industrialisation, subject to the new industrial elite being ‘nationalist leaders.’ This chapter has shown that the transformation of Singapore’s industrial relations between 1968 and 1978 can be accommodated by the organising framework of Kerr et al (1960) because of the diversity associated with different types of industrialising elites. Singapore’s mainly English-educated industrialising elite may not have fully fitted the stereotype of charismatic national leaders of developing countries at the time but they were sufficiently bent on nation-building through industrialisation for the Kerr et al. model to have considerable relevance.

The criterion for the fitness of the systems model of Dunlop (1958) stated in Chapter 1 is its capacity to distinguish the roles of trade unions, employers and government agencies in the transformations of Singapore’s industrial relations. However, as noted above, the value of this model for explaining Singapore’s second industrial relations transformation rests with its distinction between substantive and procedural regulation,
as with the 1968 legislation and its constraints on collective bargaining, than with its capacity to assess the relative influences on the system of the industrial relations parties.

Likewise in Chapter 1 it was stated that the criterion for assessing the fitness of the strategic choice framework of Kochan et al. (1986) for this particular transformation is its capacity to identify the choices made and the initiatives taken by the parties at the time. The strategic choices that were made by the parties to initiate and maintain the second transformation of Singapore’s industrial relations were not made unconstrained. The PAP Government used the withdrawal of the British troops and bases from Singapore as a justification for a corporatist role for its protégé union confederation, the NTUC. Itself intent on rapid economic development through MNC investment, the PAP Government could argue that it was constrained in its choices by developments beyond its control and further justify the imperatives it determined for Singapore labour. The NTUC was never an organisation with grass-roots sovereignty, other than constitutionally, and its leaders, themselves closely associated with the PAP, enthusiastically embraced the new role required of their organisation as tough new labour laws and centralised wage fixing consigned collective bargaining to routine behaviour and Labour Ministry conciliation, and collective agreements to routine formulae scrutinised by the IAC.

While the loss of bargaining power may have resulted in union membership decline, the success of the consumer cooperatives and the newfound role of the NTUC in the tripartite NWC may have played a part in reversing this decline. By the end of the 1970s, after the effects of the oil price hikes had been absorbed and economic growth had tightened Singapore’s labour market, a third transformation — from corporatism to what might be termed corporate paternalism — was being planned for the 1980s. This is the subject of Chapter 7.
CHAPTER 7

THE THIRD TRANSFORMATION OF SINGAPORE’S INDUSTRIAL RELATIONS: FROM CORPORATISM TO CORPORATIST PATERNALISM, 1979-1986

The third transformation of Singapore’s industrial relations, as here identified — ‘from corporatism to corporatist paternalism,’ between 1979 and 1986 — was integral to the PAP Government’s intentional restructure of the Singapore economy. Because nearly half of Singapore’s GDP growth in the 1970s was due to labour force expansion, and the ratio of capital and efficiency to labour inputs had fallen, the Singapore Government decided to lead a transition of Singapore from a labour-intensive, low technology, low value-added economy to a more capital-intensive, high technology, high value-added one (Lim, 1979, 1980; Goh, C. T. 1980; Goh, K. S. (1980); Howe, 1980; Lee, 1980; Wong, 1983, pp. 264-265). Called a ‘Second Industrial Revolution’ by C. V. Devan Nair (Straits Times, 9 June, 1979)¹ the PAP Government’s strategy has been described as ‘the most imaginative and aggressive strategy by any developing country to exploit the structure of the NIDL [New International Division of Labour]’ (Rodan, 1989, p. 142). Towards this end industrial relations were to be transformed through five measures (Chen, 1980; Lim, C. O., 1980a; Lim, C. Y., 1980; Nathan and Lee, 1980; Ong, 1980), some influenced by the emulation of Japan’s employment relations that were fashionable as ‘Look East’ policies at the time (Lee, 1980, p. 7; 2000, pp. 579-589).² As had happened with the second transformation, the third began with a direction-setting NTUC seminar; this time titled Progress into the 80’s (NTUC, 1980) and held in 1979. It was halted by a sharp economic recession that tested the foundations of the corporatist structure of Singapore’s industrial relations and resulted in some serious rethinking about the pace of economic restructuring, including the transformation of industrial relations (National Wages Council Secretariat, 1986).

The first of the five strategic initiatives for transformation was, as noted in Chapter 6, in 1978 when the NTUC amended its constitution to allow non-elected cadre delegates to participate in policy-making (NTUC, 1985c, p. 30). Second, a ‘wage correction’ policy

¹ A chapter is devoted to the ‘Second Industrial Revolution’ by Rodan (1989, pp. 142-188).
² It was rumoured that Japan as No. 1: Lessons for America (Vogel, 1979) was compulsory reading for Singapore’s senior civil servants. A Chapter in the second volume of Lee Kuan Yew’s memoirs is titled ‘Lessons from Japan’ (Lee, 2000, p. 579).
was implemented through the NWC (Lim, 1979, 1980). Third, the NTUC restructured its general unions into industry-wide ones (Ong, 1980) and then some of these, followed by others, into ‘house’ (enterprise) unions (Leggett, 1987, 1988a). Fourth, in 1982, the Trade Unions Act 1940 was amended to change the legal objects of trade unions from confrontational ones to ones committed to cooperation and productivity growth (Act 28 of 1982). Fifth, in 1984, the Employment Act 1968 was amended to allow employers greater flexibility in rostering workers and avoiding the payment of overtime rates (Act 21 of 1984).

The transformation was not always smooth. In 1979 the NTUC’s then President absconded after being investigated for financial improprieties (Seow, 1994, p. 75). The next year Singapore Airline Pilots caught the Ministry of Labour off guard when their union conducted an illegal work-to-rule (Leggett, 1984). In 1981 the First Deputy Prime Minister and Education Minister, Goh Kheng Swee threatened the Singapore Teachers’ Union (STU) with deregistration, in spite of its General-Secretary, Lawrence Sia, being the NTUC’s Deputy Secretary-General and a PAP Member of Parliament, because its members had been publicly critical of his education policies. The effect of the threat was to double the STU’s membership within a month, revealing the existence of a worker loyalty independent of the corporatist character of Singapore’s trade unionism (Wong, 1983, p.268). Significantly, Goh’s rationale for deregistration — that as the Government would never allow teachers to go on strike, they had no need for a union — anticipated the 1982 Trade Union (Amendment) Act (Act 28 of 1982) that, as has been noted, re-defined trade union ‘objects.’

C. V. Devan Nair, the NTUC’s President after 1979 and former Secretary-General, was elevated to the Presidency of Singapore in 1981, but in 1985 he was unceremoniously relieved of that office for alleged indiscretions in Malaysia. Some unionists refused to vote for the NTUC’s house union policy, and one industry-wide union leader resisted the NTUC’s proposed break-up of his union into house unions until outmanoeuvred by the NTUC and the Ministry of Labour (Blum and Patarapanich, 1987, pp. 394-396; Leggett, 1988a, p. 249). In 1983 the NTUC’s ‘new guard’ Secretary-General, Lim Chee Onn, who had succeeded Nair in that post in 1979, was dismissed, ostensibly by the Prime Minister, after less than four years in office (Straits Times, 13 April 1983). In

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3 Nair’s grievance at his dismissal is expressed in his ‘Forward’ to and as an open letter to Lee Kuan Yew appended to Seow, (1994, pp. ix-xxx and 273-282).
1986 Singapore’s almost nine years no-strike record was ended with the consent of the Minister of Labour (Asiaweek, 10 March 2000); and NTUC unions volunteered to forego NWC recommended increases as the country experienced a sudden recession that precipitated something of a crisis for having followed a long period of strong economic growth (Wilkinson, 1986, pp. 101-102).

Accompanying the industrial relations transformation during the 1980s was the PAP Government’s concern with workforce qualities. A labour shortage had tipped the bargaining power in favour of workers, who took advantage of it to increase their wages by switching employers for ‘a few dollars more.’ As a result they were publicly scolded by the Government for indulging in ‘job hopping’ (Lim, 1980b, pp. 5-13; Straits Times, 14 September 1981; Cheah, 1988, pp. 272-275). At the same time a growing dependence on foreign workers and national demographic trends led to a Government concern with the genetic and ethnic makeup of Singapore’s human resources. The concern was such that the Government introduced measures to strengthen the country’s gene pool and pursue greater regional selectivity in wooing worker immigrants (Chee and Chan, 1984; Wilkinson and Leggett, 1985, pp. 11-12; Wilkinson, 1986, pp. 104-106).

Another accompaniment of industrial relations transformation was a program for leadership succession labelled ‘Changing Guard’ (Rodan, 1999) that involved the NTUC leadership by virtue of its self-styled symbiotic relationship with the PAP. This did prove problematic. However, the success of two opposition candidates and a 13 percentage points drop in the PAPs share of the national vote in the 1984 general election (see Table 1.1), perceived as significant at the time, it may be surmised had less an effect on the restructuring of Singapore’s economy and transformation of its industrial relations than did the economic recession of 1985-1986.

The third transformation of Singapore’s industrial relations (Figure 7.1) required strategic initiatives from the Government and the leaders of the NTUC unions. The ‘new blood’ leadership of the NTUC was ready to emulate industrial relations practices and trade union structures from elsewhere as a contribution to the progress of economic

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4 *A Few Dollars More* was the title of a ‘spaghetti western’ film exploited by the Singapore press (Straits Times, 14 September 1981).

5 In 1982 the Prime Minister announced the Government’s commitment to a wholly Singaporean workforce (Straits Times, 1 January 1982).
restructuring (Ong, 1980). In particular, they, among other institutional leaders, emphasised the need for a qualitative change in workforce attitudes, ones that embraced cooperation and teamwork, and the provision of company welfare and more discriminating material rewards for merit (Rodan, 1989, pp. 161-165).

**Figure 7.1 The third transformation of Singapore’s industrial relations**

<table>
<thead>
<tr>
<th>New blood to replace the ‘Old Guard’</th>
<th>Economic restructuring from low technology, low value-added manufacturing to high technology, high value added production interrupted by an economic recession, 1985-1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporatist control of trade unions, wage determination, and peaceful industrial relations, 1968-1978</td>
<td>Strategic initiatives by government and unions</td>
</tr>
<tr>
<td>Corporatist paternalism influenced by perceptions of Japanese employment relations and trade union structure, 1979-1986</td>
<td></td>
</tr>
<tr>
<td>From labour to technology-intensive industrialisation based on MNC investment</td>
<td></td>
</tr>
</tbody>
</table>

*Source: the author.*

This Chapter then moves on to detail, analyse and explain the events that made up the third transformation of Singapore’s industrial relations.

In the discussion that follows the secondary research questions of:

*How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the transformation of industrial relations in Singapore?*

*If the usefulness of alternative — current or precursor — organising frameworks are wanting, what are the aspects of the strategic choice model that might correct this deficiency in the case of Singapore’s industrial relations?*

and

*How does the strategic choice analysis of Singapore’s industrial relations contribute to the questions of ‘national’ as a distinguishing criterion, the drivers of change, the interaction of the actors, and the scope for strategic choices?*

are addressed, followed by a response to the primary research question:
How useful is the strategic choice model for explaining the transformation of Singapore’s industrial relations?

From Corporatism

The setting of imperatives for the workforce and the restructuring of its organisations was essentially paternalistic, although no less corporatist than before the transformation. As was reported in Chapter 4, in 1980 an American industrial relations academic observed that although Singapore’s industrial relations system reflected the adoption of Western and Japanese institutions, its overriding characteristic was the central role of the state, as filled by the PAP Government and its Prime Minister, Lee Kuan Yew (Levine, 1980, p. 78).

This perception of Singapore’s industrial relations as corporatist has been echoed by other observers including: George (1973); Chan (1975); Deyo (1981); Pang, (1981a); Krislov and Leggett (1984); Wilkinson and Leggett (1985); Cheah (1988; 1993); Leggett, (1988a); Anantaraman (1990); Oehlers (1991), but it was the imperative of economic restructuring that powered the transformation to a state of corporatist paternalism, a political as much as an economic imperative. This is underscored by an account written during the transformation, as the following extract from it reveals:

While restructuring the economy is presented by the government as imperative and technological change as inevitable and irresistible if Singapore is to remain competitive in an increasingly hostile world economic environment, the requirements of labour as a human resource cannot be fully understood within an economic frame of reference. Rather, the initiatives for upgrading human and industrial relations in Singapore need to be studied in the light of the city-state’s unique social and political context. Human resource management in Singapore, therefore, comprises two analytically distinct but interdependent areas of public policy initiative. One ensures the provision of the appropriate quality of human resources to the economy. The other concerns the management of compliance of human resources, i.e., the workforce, with the imperatives defined for it by the PAP government. Both entail the upgrading of human and industrial relations. (Wilkinson and Leggett, 1985, p. 10).

6 Deyo (1981, pp. 95-107) foresaw a shift in Singapore from ‘bureaucratic authoritarian corporatism’ to a ‘corporate paternalist society.’ His analysis included the wider society, not just the industrial relations explained here. ‘Paternalism’ was applied to Singapore in the 1980s by Blum (1989).
The authors sub-titled the article from which the above extract is taken, ‘The Management of Compliance’ and explained that, ‘by upgrading human and industrial relations and by invoking the PAP-NTUC self-styled “symbiosis” does the government politically manage the compliance of the workforce with its economic and social imperatives’ (Wilkinson and Leggett, 1985, p. 12). In this thesis the character of Singapore’s industrial relations resulting from their third transformation — a transformation through which workforce compliance is managed — has been labelled ‘corporatist paternalism,’ as distinct from Deyo’s label (see footnote previous page) of ‘corporate paternalism’ because of ‘corporate’ being associated with private sector companies’ practices rather than with the political incorporation of institutions by government meant here.

To Corporatist Paternalism
The labelling of the character of the industrial relations transformed in this period as ‘corporatist paternalism’ is to convey the sense of it being a graduation from the corporatism established in the previous transformation. In the words of one observer:

In conjunction with the various forms of economic intervention by the state to usher in a greater degree of industrial sophistication, the PAP also introduced important refinements in social and political control, particularly over labour…While state intervention had already been integral to Singapore’s industrialisation, following 1979 this entered a qualitatively new phase. The degree and nature of intervention represented a conscious attempt by the PAP to test the limits to the influence which state policy could exert in determining Singapore’s upward mobility in the NIDL. (Rodan, 1989, pp. 142-143).

An observation of the functional role of ‘corporate paternalism’ in Singapore at the time of the transformation was that:

In the context of growing socioeconomic complexity accompanying rapid industrialization, the state depends to an ever greater degree on mechanisms not only to control popular groups, but to provide for the upward communication of needs and grievances as well. While tripartite worker participation in economic decision making may seem insignificant by the standards of Western, pluralist models of autonomous interest representation, it does provide an important, if limited, channel for the upward flow of information essential to the functioning of Singapore’s corporate paternalistic political order. (Deyo, 1981, p. 107).
As has been shown in Chapters 5 and 6 the legal regulation of Singapore’s industrial relations had become fully comprehensive under the PAP Government and only needed fine tuning with an amending act now and again. Further, the functioning of the IAC, the NWC and the Ministry of Labour’s conciliation facilities complemented the legal regulation, substantive and procedural, to build the corporatist structure of Singapore’s industrial relations by the late 1970s (Pang, 1981a, pp.493-496).

Reflecting the qualities of ‘paternalism’ and ‘corporatism’ the following symbolic changes were observed in Singapore:

1. The language for urging transformation was changed from imperatives to a more persuasive mode of communication, and authoritarian terms such as ‘inculcate’ were dropped from Ministers’ speeches and public documents (Leggett, 1993c, p. 119). From essentially Taylorist injunctions and the berating of the Singapore worker as tardy the PAP Government switched to policies more reminiscent of Elton Mayo: managers were urged to adopt styles and practices that would produce company loyalty, team spirit and the will to productivity (Wilkinson and Leggett, 1985, p. 12; Leggett, 1987; Lee, 2000, pp. 579-589).

2. Education programs for the appreciation of human relations supplemented the provisions of basic skills training. For example, in 1985, at the behest of the Prime Minister’s Office, HRM became a compulsory course for all undergraduates in the National University of Singapore (Wilkinson and Leggett, 1985, p. 12).

3. The promotion by the NPB of the ‘participatory’ institutions of Quality Control Circles (QCCs) and Company Welfare through Employer’s Contribution (COWEC) and, in the Civil Service, Work Improvement Teams (WITs). While joint-consultation, as opposed to confrontational bargaining, had long been advocated by the NTUC, it had not been well received by employers, who had feared an erosion of their established prerogatives. On the other hand, in the Civil Service it met with more success, at least in the numbers reported functioning. In June 1984, there were 1,900 WITs (Ng, 1984, p. 9) and nearly 900 QCCs. Work Excellence Committees (WECs) were also promoted by the NPB (Wilkinson and Leggett, 1985, p. 13).

4. By borrowing a concept from the Soviet Union — i.e., Stakhanovism named after a prodigious Russian coalminer — exemplary workers (and employers)
were awarded prizes and praise at public ceremonies, often graced by the presence of a PAP Government Minister or a senior NTUC official (McLean, 1996, p.470).

5. The dry rhetoric of enforcing ‘productivity consciousness’ was sweetened with a national productivity song and the adoption of an anthropomorphic bee as a productivity mascot and reinforced by public relations and the use of entertainment media (Wilkinson and Leggett, 1985, p. 11).

The events that constituted the transformation of Singapore’s industrial relations from corporatism to corporatist paternalism listed earlier are examined in more detail below, beginning with the appointments to the NTUC leadership of young graduates without trade union backgrounds.

The New Trade Union Leaders

Illustrative of the increasing paternalism of Singapore’s corporatist industrial relations was the induction into the NTUC of young technocrats, very much an initiative of the Prime Minister, legitimated in Singapore by the PAP-NTUC symbiosis. At the 1979 Progress into the 80’s seminar, Prime Minister Lee Kuan Yew made the case for exchange between NTUC cadres and Members of Parliament. His reasoning was that:

In the 1980’s, the NTUC will have a more difficult role in an economy grown more complex and sophisticated, and with organising a workforce which is better educated, better trained, and with higher expectations. To do this more talent must be inducted into the leadership, men with ability and dedication, men who can work closely and patiently with grass-root union leaders to bring the Singaporean worker up to world standards of skills and professionalism. (Lee, 1980, p. 5).

At the same seminar, the Prime Minister also anticipated some of the difficulties that could come from the unions as the Government proceeded with industrial relations transformation by asserting the ultimate supremacy of the PAP in any clash with union leaders:

Unions are stronger and wealthier than political parties. And because union objectives appeal directly to the pockets of workers, plus the grouping of members in offices and factories, it is easier for union leaders to mobilise theirs. In Singapore, only the overriding authority of political leadership saves the
country from unnecessary conflict: for if challenged the union leadership knows it must face the consequences of a collision of wills; few leaders can doubt the outcome of such a clash…

The crucial question is how to ensure that the PAP-NTUC symbiotic relationship will endure between younger leaders in the PAP and NTUC. Put simply, who will educate a younger generation of union leaders to recognise their strengths and their limits: namely that if the union leadership challenges the political leadership, political leaders must triumph, if necessary, by changing the ground rules to thwart the challenge, using legislative and administrative powers, and, when necessary, backed by the mandate of the electorate. If this axiom is put to the test, severe damage will result; but given strong political leaders the outcome cannot be in doubt. (Lee, 1980, pp. 5-6).

By 1980 the NTUC and the PAP were emphasising more strongly the ‘symbiotic’ basis of their relationship — an organic analogy of mutual dependence. The symbiosis became more apparent as the new officials were drafted into the NTUC. In 1979 the NTUC’s first Secretary-General, C. V. Devan Nair, relinquished his post to a young public sector technocrat, Lim Chee Onn. As has been noted above Nair stayed on as the NTUC’s President for two years until he was elected to the Presidency of the Republic by Parliament on the nomination of the Prime Minister. Lim, who was also a Minister-without-Portfolio in the Cabinet, diligently implemented the reforms of the NTUC that were deemed appropriate for a successful high-tech economy. Other technocrats began to be recruited into the NTUC at this time. A prominent example in 1981 was Lim Boon Heng. The year before, Lim had been elected to the Singapore Parliament for the PAP. He was to go on to become the NTUC’s fourth Secretary-General and a Cabinet Minister in 1994.7

Not all the ‘new blood’ unionists were as resilient as Lim Boon Heng. Lim Chee Onn offended some of the ‘old guard’ unionists who were still influential with Prime Minister Lee upon whom they prevailed to have Lim Chee Onn replaced. Lee’s letter to Lim advising him of his dismissal and of the nomination of the then Minister of Labour, Ong Teng Cheong,8 was published in the press (Straits Times, 13 April 1983) and demonstrated that the de jure elective office of NTUC Secretary-General was, at least

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7 Profiles of Singapore MPs are available at http://www.parliament.gvt.sg.
8 Like Nair, Ong succeeded to the Presidency of the Republic.
on this occasion, the *de facto* prerogative of the Prime Minister. The Prime Minister’s account of the appointment of Lim to the NTUC in his memoirs is worth quoting at length as it throws light on the paternalistic nature of the Government’s symbiotic relations and the patronage it enabled with the NTUC at this time:

Renewing its leadership has enabled the NTUC to keep itself relevant to a younger generation of workers. When Devan [Nair] resigned in 1981 to become president, Lim Chee Onn, a 37-year old political secretary, took over as secretary-general. He had worked under Devan after becoming an MP in 1977. A first class graduate in naval architecture from the University of Glasgow, he brought sound management methods to his union work. However, his interpersonal skills were not as good as Devan’s and misunderstanding arose between him and older union leaders who claimed they found him somewhat unapproachable.

This was a problem I faced each time there was a change of generation between leaders. Chee Onn was more than 20 years younger than Devan. Union leaders of Devan’s generation were used to Devan and did not take to Chee Onn’s different work style. The basic problem was that the old leaders did not welcome a sudden infusion of young blood. At my suggestion, Chee Onn had brought in several young graduates to help him. This added to the discomfort of the older union leaders. I concluded that it would be difficult for them to get on with him. Chee Onn took this as a personal failure and resigned from politics in 1982. He went into the private sector, joining Keppel Corporation, one of our largest government-linked companies. He was a success as a corporate leader, and a tower of strength to Sim Kee Boon, who had retired as head of the civil service to be chairman of the corporation. (Lee, 2000, pp. 110-111).

Lim Chee Onn’s replacement as Secretary-General was Ong Teng Cheong. Ong was an architecture graduate from the University of Adelaide, was in the Cabinet, was an establish PAP politician, and was promoted to Second Deputy Prime Minister. Assisted by a Deputy and Assistant Secretaries-General Ong took charge of the restructuring of

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9 Another former political secretary, Ng Pock Too, who had been unsuccessful as a PAP candidate in the 1984 General Election became a member of the NTUC’s Central Committee in 1985 (NTUC, 1986).

10 The current NTUC Secretary-General, Lim Boon Heng, also a graduated in naval architecture from the UK.
the NTUC’s larger affiliates that had begun in 1979 and was obliged to assert his authority over the movement after some delegates to the 1984 NTUC Ordinary Delegates’ Conference sat on their hands rather than vote for a Central Committee motion affirming the NTUC’s house union policy (Leggett, 1993a, 230).

Following the leadership change it would appear that there was some rethinking about the phasing out of NTUC officers with rank-and-file origins by the mid-1980s. To offset a possible imbalance between technocrats and ‘grass-roots’ unionists in its leadership, in 1985 the NTUC delegates restored some of the latter's representation in their Central Committee and its Secretariat (*Straits Times*, 30 April 1985). It was not the first time that concern had been expressed about the credibility of the NTUC leaders. In his final address as Secretary-General to the NTUC, at the Triennial Delegates’ Conference in 1979, C. V. Devan Nair said that he found a ‘disturbing trend among certain bureaucrats and even some politicians.’ He was referring to the trade union movement having come to be taken for granted because of the achievement of peaceful industrial relations in Singapore. He warned:

> The average Singapore worker may be an apolitical and unideological [sic] chap. But that does not mean that he cannot get angry...It is therefore vital that all bureaucrats and politicians…who are supposed to be the specialists of our highly specialised society, do not commit the elementary mistake of regarding our trade union leaders as nothing more than errand boys — whose only job is to communicate to the ground what the experts have decided is good for them. (Nair, 1979, p. 3).

Devan Nair’s warning that the NTUC should not become a transmission belt for the imperatives of the political elite was timely as he was giving way as NTUC Secretary-General to a bureaucrat and member of the political elite. With respect to the industrial relations events that followed in the first half of the 1980s, he was more than timely, he proved to have been prescient.

While the leadership change in the NTUC was the beginning and means of the third transformation of Singapore’s industrial relations, the corrective wage policy was the parallel economic imperative, the meeting of which required the collaboration of the NTUC, and upon which the transformation of Singapore’s industrial relations was dependent.
The Corrective Wage Policy

Economic growth had brought a tight labour market by the end of the 1970s. In 1979 unemployment had fallen to 3.3 per cent (Ministry of Labour, 1979, p. 2). Even during the recessions, occasioned by the oil price hikes that delayed Singapore’s reach for a high-tech economy, economic growth did not fall below 4 per cent and unemployment was checked by the repatriation of foreign workers (Pang, 1981, p. 491). However, as economic growth rates recovered there was increasing anxiety by the Government about Singapore being caught in the ‘low wage trap.’ The Chairman of the NWC made this clear in 1979 in his recommendation to the Government that wages should be allowed to rise:

Unless this is done, we will be caught in the trap of low wage increases to support labour-intensive, low-skill industries and services. Low wage increases will enable such industries to expand further and use even more labour unproductively. Moreover, new and better industries will be hampered by labour shortages. Productivity will suffer and consequently our growth in per capita income will be less than our potential. The continued inflow of foreign workers, if unchecked, will pose serious social and political problems for our small island Republic.

The NWC is therefore of the view that there is an urgent need to resume the policy that we adopted prior to the oil crisis of 1973 to restructure the economy to a higher technological level through higher productivity and better wages. It is imperative that we adopt a wage policy over the next few years which will encourage more productive use of labour through increasing mechanisation, better managerial organisation and greater labour motivation. (Lim, 1979, pp. 1-2).

From 1979 to 1981 the unanimous annual recommendations of the authoritative NWC substantially boosted wage levels in Singapore with the deliberate intention of shifting capital-to-labour ratios in order to slow employment growth and raise productivity (Table 7.1). The Government introduced further tax incentives to encourage research and development and technological upgrading. A Skills Development Fund (SDF) and work excellence campaigns\(^\text{11}\) aimed at increasing labour productivity (Pang, 1982, pp.

\(^{11}\) ‘Work and Excel’ and ‘Work Excellence’ were NTUC’s themes at the time (NTUC 1980a; 1983).
In addition a National Productivity Movement, spearheaded by the NPB, was started in 1981 ‘to [among other things] inculcate the “Productivity Will” among Singaporeans’ (Ministry of Labour, 1984, p. 124).

Table 7.1 National Wages Council recommendations and Central Provident Fund contributions, 1979-1986

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Wage Increase</th>
<th>Provisions</th>
<th>CPF Contributions (per cent of ordinary wages)</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>$32 + 7%</td>
<td>Full group offsetting</td>
<td>20.5% employer capped at $615; 18.5% employee.</td>
<td>Employer to pay 2% of monthly wage or $5 to SDF</td>
</tr>
<tr>
<td>1980</td>
<td>$33 + 7.5%</td>
<td>Full offsetting</td>
<td>20.5% employer, capped at $615; 18.5% employee, capped at $540.</td>
<td>3% of June group wage bill for to ‘above average’ performers</td>
</tr>
<tr>
<td>1981</td>
<td>$32 + 6-10%</td>
<td></td>
<td>20.5% employer, capped at $615; 22% employee, capped at $660.</td>
<td>2% of group monthly wage bill to ‘meritorious’ workers</td>
</tr>
<tr>
<td>1982</td>
<td>$18.50 + 2.5-6.5%</td>
<td></td>
<td>22% employer; 23% employee</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>$10 + 2-6%</td>
<td>Full offsetting</td>
<td>23% employer; 23% employee</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>$27 + 4-8%</td>
<td>Full offsetting</td>
<td>25% employer; 25% employee</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>3-7%</td>
<td>Full offsetting</td>
<td>25% employer; 25% employee</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>Exercise of wage restraint</td>
<td></td>
<td>10% employer; 25% employee.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Labour (Annual).
Strategic Choice and Singapore’s Industrial Relations

It would seem that the high wage policy and tax incentives had the intended effect on productivity as there was a reported increase over the 1970s of an annual growth rate of from two-to-three per cent, to 4.5 and 5.3 per cent over the previous year in 1980 and 1981 (Ministry of Trade and Industry, 1982, p. 58). The possible inflationary effect of the wage increases was offset partly by increases in the employers' and employees' compulsory contributions to the CPF, which was becoming a more complex instrument of economic and social policy under the corporatist paternalism of the 1980s, partly by the strength of the Singapore dollar and partly by external trade factors (Ministry of Trade and Industry, 1982, pp. 64-65).

By 1985 the CPF contributions were 25 per cent each of total employees’ wages from employers and employees (Table 7.1). Between 1972 and 1979 earnings had averaged a 9.5 per cent increase, and between 1979 and 1981 the increase was over 14 per cent. Earnings growth trailed productivity growth until the recession of 1985, but a quick recovery saw productivity growth overtake earnings growth between 1986 and 1987 (Ministry of Trade and Industry, Annual).

In hindsight the policy may have been premature, for in 1986, when the Singapore economy was in recession (see below), it had itself to be corrected with the Economic Committee set up to review wages policy (Ministry of Trade and Industry, 1986) recommending wage restraint (Cheah, 1988, pp. 277-279); Mauzy and Milne, 2002, p. 10). Although the NWC’s wage increase recommendations had been more modest from 1982, actual wage increases were higher. This was due to an increased demand for workers, efforts to reduce the number of foreign workers, and the continuing expectations of Singapore workers for regular wage increases (Cheah, 1988, p. 275).

The restructuring of Singapore’s NTUC affiliate trade unions accompanied the induction of political cadres and technocrats into the leadership of the NTUC and occurred while the wage correction policy was being applied.

**Trade Union Restructuring**

Although it had been an object of the NTUC ‘[t]o encourage the regrouping and amalgamation of unions with the ultimate view of establishing one union for one

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12 The CPF was established under the British colonial government, but had, under the PAP, become an important instrument of economic management. Apart from the provision of superannuation and medical benefits, for example, it was a source of capital for infrastructure development. By the 1980s individual CPF accounts could be used as collateral to purchase housing, stocks and shares, and to pay for education.
industry (NTUC, undated, Article 3), Singapore had no planned, rational union structure as, for example, had the Federal Republic of Germany. Thus a then NTUC official, Ong Yen Her,\(^{13}\) mooted the restructuring of NTUC omnibus unions into industry-wide ones in a seminar paper in 1978. Ong, later to transfer to the Ministry of Labour,\(^{14}\) expressed his concern with the structural criteria of general, occupational and house unions in favour of industry-wide unions:

> General unions will also [that is, in addition to monitoring the development of each industry] have great difficulty in meeting the demands of their members from different industries as the conditions and prospects vary from industries to industries. The industrial problems that are important for one industry may be of no consequence to another. On the other hand, the continuation of house unions which tend to emphasize parochialism will deter the National Centre from giving effective service to the members at large.\(^{15}\) It is therefore important for the leaders and the rank and file of the trade unions to realise that structural change is necessary and that a new union structure must be evolved to meet the new challenges. (Ong, 1980, p. 137).

‘Modernisation,’ the establishment of the NWC and leadership organising abilities had enabled the NTUC trade unions to overcome the effect on their memberships of the restrictions on collective bargaining contained in the Industrial Relations (Amendment) Act 1968 and the Employment Act 1968. Phey Yew Kok, who had been at one and the same time a PAP Member of Parliament, President of the NTUC, General Secretary of both the Singapore Industrial Labour Organisation (SILO) and the Pioneer Industries Employees’ Union (PIEU) and President of the Singapore Air Transport Union (SATU) had been a prodigious trade union organiser (Deyo, 1981, p. 44), and it was partly due to his efforts that NTUC membership had risen from a low of 85,423 in 1970 to 228,433 in 1979 (Tables 6.1 and 7.2). Therefore, it must have been a serious blow to the NTUC when, in 1979, after having been investigated for financial improprieties concerning SILO’s supermarket business, he absconded from Singapore. It may have been to avoid

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\(^{13}\)Ong Yen Her’s career is an example of the PAP-NTUC symbiosis. In 1985 he became Director of the Labour Relations Division of the Ministry of Labour, a position he still holds in the Ministry of Manpower. He succeeded Michael Chua, a former NTUC official, who became an MNC’s personnel manager.

\(^{14}\)Ministry of Manpower officials are listed at http://app.sgdi.gov.sg/listing.

\(^{15}\)Within a year the industry-wide union promotion had given way to house union promotion.
such a concentration of power in a single person that the NTUC began to restructure SILO and PIEU into industry-wide unions (Interview with Lim Chong Yah, 16 February 2004).

Four NTUC-affiliated omnibus trade unions dominated the membership in 1979: PIEU, SILO, AUPE and SMMWU. The NTUC’s affiliates organised 95 per cent of all unionists, and total trade union membership had peaked at 249,710 (Ministry of Labour, 1979). By 1982 two of them, SILO and PIEU, had been restructured into nine industry-wide unions. The nine were:

- Building Construction and Timber Industries Employee’s Union (BATU);
- Chemical Industries Employees’ Union (CIEU);
- Food and Beverage Industrial Workers’ Union (FDAWU);
- Metal Industries Workers’ Union (MIWU);
- National Transport Workers’ Union (NTWU);
- Shipbuilding and Marine Engineering Employees’ Union (SMEEU);
- Singapore Industrial and Services Employees’ Union (SISEU);
- Textile Industries Workers’ Union (TIWU);
- United Workers of Electronic and Electrical Industries (UWEEI).

To ensure the administrative efficiency and financial propriety of the new industry-wide unions the NTUC supplied each one with an Executive Officer from its cadres and an NTUC Negotiating Officer. The Executive Councils of these unions were ‘monitored by a 24-member advisory council, each of which contained at least one Government MP, highly loyal cadre members and “founder members” who are either PAP members or closely associated with the Party’ (Rodan, 1988, pp. 157-158).

This development was immediately overtaken by an NTUC policy of promoting the formation of house unions. The rationale for the shift was that, in the Japanese experience, house unions were more responsive to company conditions than were craft, industry, occupational or general/omnibus unions, and were therefore ‘better able to promote the bond and cooperation between the employee and the company’ (Straits Times, 27 July 1984). Following the recommendations of the Committee on Productivity (National Productivity Board, 1981) and a follow-up report of a Study Mission to Japan organised by the SNEF, the latter recommended the following:

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16 Elsewhere known as enterprise unions.
The formation of enterprise unions under certain conditions of management, union leadership and workforce size;

One union to each enterprise, including each conglomerate, but not for each company in a conglomerate;

In certain circumstances (of trust and non-managerial function) that consideration be given to allowing supervisors to belong to the enterprise union;

The maintenance of an ‘open shop’ policy, with management help in recruitment;

Affiliation with the NTUC to prevent the development of insularity;

The rewarding of ‘good’ union leadership with recognition and status, including promotion;

At least one full-time leader for each enterprise union;

Financial independence and self-sufficiency for each enterprise union;

No third party involvement in collective bargaining;

Informal discussions to precede collective bargaining;

Exchange of information between the management and the enterprise union to facilitate negotiations;

The introduction of joint-consultation, that should (13) be information sharing; (14) include non-negotiable issues; (15) involve top management; (16) be voluntary. (Singapore National Employers’ Federation, 1983).

In his memoirs Lee Kuan Yew reports that, ‘Devan [Nair] had been struck by the achievements of Japanese unions’ and had got SILO and PIEU to restructure but that it was ‘[Lim] Chee Onn who had ‘initiated the change from industrial to house unions’ (Lee, 2000, p. 113). In 1984 the NTUC officially committed itself to the formation of house unions but a dissenting delegate was challenged by the Secretary-General (by then Ong Teng Cheong) at the 1985 Triennial Delegates’ Conference for making out that the ‘NTUC will be forcing 12 branch unions to form house unions.’ The Secretary-General went on, ‘it should be clear to him that house unions would be formed if members desire it. No one can force them to form house unions’ (NTUC, 1985). This
contradicted the experience of SATU, the membership of which was not asked to vote on the NTUC taskforce’s dismemberment of its union in 1982 (see below).

By 1986, 13 house unions had been formed, most from the branches of industry-wide and general unions. They were:

- Changi International Airport Services Workers’ Union (CIASWU) — from SATU;
- Far East Levingstone Labour Organisation (FELLO) — from SMEEU;
- Jurong Shipyard Employees’ Union (JSEU) — from SMEEU;
- Metal Box Employees’ Union (MBEU);
- National Iron and Steel Mills Employees’ Union (NISMEU) — from MIWU;
- Post Office Savings Bank Employees’ Union (POSBEU);
- Resources Development Corporation Employees’ Union (RDCEU) — after the employer had tried unilaterally to form a house union;
- Singapore Airlines Staff Union (SIA–SU) — from SATU;
- Singapore Airport Terminal Service Workers’ Union (SATSWU) — from SATU;
- Singapore Broadcasting Corporation Staff Union (SBCSU);
- Singapore Shell Employees’ Union (SSEU) — from United Workers in Petroleum Industry (UWPI);
- Singapore Petrochemical Complex Employees’ Union (SPCEU);
- Union of Telecoms Employees of Singapore (UTES).

The NTUC guided the newly created unions through their early years by the appointment to them of senior cadres as Executive Secretaries. Junior cadres had been put in charge of the taskforces that oversaw the creation of house unions from existing unions. In the case of the Singapore Air Transport Union (SATU) referred to above the taskforce charged with breaking up the union was for a time resisted by SATU’s President. His resistance collapsed when his employer, Singapore Airlines (SIA) recalled him to the workplace, the Ministry of Labour cancelled the union’s check-off arrangement with SIA on a technicality, and seven members from each of the taskforce’s proposed divisions of SIA registered a separate house union (Blum and Patarapanich, 1987, pp 394-396; Leggett, 1988a, p. 249). In another case, the United

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17 It had become a convention in some organisations that senior officials of NTUC affiliates were free to work on union business during working hours.
Workers in Petroleum Industry (UWPI) tried to pre-empt its British Petroleum branch from becoming a house union by making a rule forbidding breakaways. This led to an amendment in 1982 to the Trade Unions Act 1940 to make such rules ‘oppressive and unreasonable’ and a cause for a refusal by the Registrar to register (S.10 and S.14) or withdraw the registration of (S. 15) a trade union (Act 28 of 1982).

Although membership densities in the new house unions tended to be higher than those in the former branches of the unions from which they had been formed, the increase was not sufficient to offset an overall decline in union membership that had begun in 1979.\(^{18}\)

In 1979, 51 of Singapore’s 85 trade unions were affiliated to the NTUC and organised 95 per cent of 250,000 unionised workers (NTUC, 1979, p. 31 and 1984, p. 79). In 1985, 70 of the 85 registered unions were NTUC affiliates and organised less than 186,000 workers (NTUC, 1985b, p. 70). Figures for mid-1984 supplied to the researcher by the Ministry of Labour showed that 28 house unions organised 20 per cent of the NTUC affiliates’ membership, 18 industry-wide unions organised 52 per cent, 20 craft/occupational unions 10 per cent, and 4 omnibus unions (two of which were of the residual members of PIEU and SILO) 18 per cent. Some unions, for example, the Singapore Bank Employees' Union (SBEU) and the Singapore Bank Officers' Association (SBOA) were distinguished by the occupational status of those they organised in the same industry. Others, for example, the Keppel Employees' Union (KEU) and the Keppel Service Staff Union (KSSU), by the occupational status of those they organised in the same company.

There can be little doubt that in the 1980s trade unionism in Singapore had been transformed as far as leadership and structure were concerned. In 1986 the two omnibus unions, which by then only organised the residual members from the dismembering begun in 1979, were finally dissolved. Another house union was registered in that year and this was the only type of union registered for a few years after 1986: there was one in 1987, two in 1988 and three in 1989, all NTUC affiliates (Ministry of Labour, Annual).

\(^{18}\) Absolute membership changes only present part of the picture. For comparative evaluation it is necessary to record trade union density, i.e., the percentage of the workforce that is unionised. However, what constitutes the workforce is debated: for example, should the ‘unemployed’ be included, and should the eligibility to join a union be a criterion? Chew and Chew (2001) use NTUC membership divided into employed persons to record union density, rising from 21.02 per cent in 1973 to 23.6 per cent in 1978. By 1984 this had fallen to 14.66 per cent. Since then there have been small ups and downs with NTUC.
Non-NTUC unions had only represented 5 per cent of unionised employees in 1980 (Ministry of Labour, 1980, p. 10). However, it was one of them — one that organised an members of an occupation whose points of reference for pay and working conditions of are likely to have been beyond the national framework of Singapore that engaged in the most important labour-management dispute in Singapore since the Metal Box strike of 1977. This was the airline pilots union. Its dispute with Singapore Airlines (SIA), which involved the pilots working-to-rule, is recorded here because it played a part, albeit symbolically, in what this thesis claims to be a third transformation of Singapore’s industrial relations.

**The Singapore Airlines Work-to-Rule**

The 1980s had been ushered in as ‘a new beginning’ in industrial relations in Singapore (Chua, 1992), but the SIA work-to-rule that commanded the headlines in Singapore in late 1980 did not offer an auspicious one. What might be concluded from the SIA affair is that it is not possible for a paternalist elite to anticipate all the consequences of its application of controls and there can be breakdowns that may threaten the progress of corporatist paternalism.

The senior management of SIA comprised interlocking portfolios. Its Chairman had been seconded from the Ministry of Finance and was also Chairman of the subsidiary Singapore Air Transport Services (SATS). SIA’s Director of personnel was also a director of SATS. Several of SIA’s group directors were seconded from the Civil Service and were represented in the subsidiaries, on statutory boards and in the NTUC. ‘It would not be wrong to say that SIA’s senior management constituted a representative cross-section of the political technostructure\(^{19}\) of public sector Singapore’ (Leggett, 1984, p. 32).

The trade unions organising Singapore employees were not typical. The non-NTUC Singapore Airlines Pilots’ Association (SIAPA) organised pilots but not flight engineers. SIAPA had applied to organise flight engineers in 1980 but the ruling by the Registrar of Trade Unions was that flight engineers were only eligible to join Singapore Air Transport Union (SATU). SIAPA sought to reapply to the Registrar of Trade Unions in September 1980 after 186 flight engineers had left SATU and 135 of them had applied to join SIAPA. To complicate matters but in compliance with the Industrial Relations Act 1960 and Trade Unions Act 1940 airline executives were organised by

\(^{19}\) A term used by John Kenneth Galbraith in *The New Industrial State* (Galbraith, 1967).
another NTUC affiliate, the Airline Executive Staff Union (AESU). SIAPA was an exception to the generally small and residual non-NTUC unions. Meanwhile SATU was beset with internal conflicts and its industrial relations with SATS did not reflect the harmonistic ideal sought by the NTUC and the PAP (Leggett, 1984, p. 33). As has been related above SATU was eventually broken up into house unions.

The dispute between SIAPA and SIA in late 1980 was the result of the frustration of SIAPA’s Executive Council’s at the procrastination of SIA’s management in responding to a log of claims. Consequently it organised a work-to-rule. As with all registered unions, NTUC-affiliated or not, it was subject to legal regulation. Its work-to-rule broke the regulations by its Executive not having balloted all of its members, and was therefore unlawful. The law requires that ‘[a] registered trade union shall not commence, promote, organise or finance any strike or any form of industrial action affecting the whole or any section of its members without obtaining the consent, by secret ballot, of the majority of the members so affected’ (Trade Unions Act, 1940, S. 28).

Delayed intervention by the Ministry of Labour enabled some flight crews to disrupt the flight schedules of the airline by their refusing to fly their aircraft into a sector that would take their flight hours beyond an instituted but not mandated maximum. The subsequent furore, prompted by condemnation of the flight crews and of the Ministry of Labour by the NTUC, and the publicity given to the affair in the media led to the personal intervention of Prime Minister Lee Kuan Yew. As one observer reported:

> The matter is more than a simple industrial dispute. SIAPA is the union of a showpiece company, and its argument with SIA threatens the foundations of Singapore’s so far successful industrial relations system, which depends on willing cooperation between unions, management and government. (*Far Eastern Economic Review*, December 5-11, 1980).

For a few days in November 1980, when SIA management was blaming SIAPA, the NTUC was blaming SIAPA, and the Ministry of Labour was publicly exchanging unseemly allegations with the NTUC (*Sunday Times* 1 November 1980), the tripartite system of control of industrial relations appeared to have broken down. The public reassertion of control took place in 1981 with the prosecution and shaming of the pilots, with the dissolution of their union, and with the appointment of the NTUC’s President,

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20 The balloting requirement had been strengthened by the Trade Unions (Amendment) Act, 1977.
C. V. Devan Nair, to oversee the restoration of order in industrial relations and personnel management at SIA. At the completion of his oversight Nair gave the pilots a public dressing down (*Straits Times*, 8 March, 1981). The intervention of the Prime Minister and the role of Nair in the Singapore Airlines dispute complemented the corporatism of Singapore’s industrial relations with a heavy input of paternalism. This was a stronger message to unionists than the delayed prosecution and eventual absolute discharge of SIAPA officials — on the grounds that their public chastisement had been sufficient punishment — and the dissolution and fining of SIAPA, whose members in any case were permitted to register another union, Airline Pilots’ Association — Singapore (ALPA-S) (Leggett, 1984, pp. 38-40).

Not all workers in Singapore therefore had internalised the values of a corporatist industrial relations system and were willing to forego a sectional advantage for the sake of some other interest’s definition of the national interest. Although most workers were subject to a web of regulations, some, like the airline pilots, had an occupational susceptibility to cues from an international perspective.\(^{21}\) Flouting the requirements of the transformation of Singapore’s industrial relations to corporatist paternalism, whether by taking unauthorised industrial action or by resisting union restructuring, it was made clear would not be tolerated. As if to reinforce this message, legislation was drafted to change the legal definition of trade unions, to one more consistent with the requirements of corporatism and its paternalist exercise.

**The Redefinition of Trade Unions**

The strongest commitment to corporatist industrial relations in Singapore came from the leadership of the NTUC. Its endorsement of the amendments to the Trade Unions Act 1982 (Ong, T. C., 1985, p. 128; Ong, Y. H., 1984, p. 49),\(^{22}\) although muted, was recognition of a furtherance of the transition of Singapore's trade unions from their adversarial to their cooperative and productivity roles. Consistent with corporatist paternalism the ‘purposes’ of the promotion of ‘good’ industrial relations, the improvement of working conditions and the achievement of productivity were substituted for the confrontational ‘objects’ of the original British legislation.

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\(^{21}\) When addressing the miscreants the Prime Minister pressed the point that Singapore could not afford to pay salaries as high as more developed countries such as Australia.

\(^{22}\) Not in time for the NTUC Triennial Delegates’ Conference of 1982 the Delegates had to wait for an NTUC’s report on the amendments to the Trade Union’s Act until after they had been passed.
The amended legal definition of a ‘trade union,’ which in Singapore includes employers’ organisations, reads as:

[A]ny association or combination of workmen or employers, whether temporary or permanent, whose principal object is to regulate relations between workmen and employers for any or all of the following purposes:

(a) to promote good industrial relations between workmen and employers;

(b) to improve the working conditions of workmen or enhance their economic and social status; or

(c) to achieve the raising of productivity for the benefit of workmen, employers and the economy of Singapore,

and includes any federation of two or more trade unions. (S. 2, Act 28 of 1982).

The definition of ‘workman’ was made more inclusive and was:

[A]ny person who has entered into or works under contract of service or apprenticeship with an employer, whether the contract is for manual labour, clerical work or otherwise, is express or implied, oral or in writing. (S.2, Act 28 of 1982).

The Registrar was further empowered to refuse registration or to deregister a trade union if he was of the opinion that its constitution or any of its rules were ‘oppressive or unreasonable’ (S.10, S.14 and S.15, Act 28 of 1982). This latter amendment, as reported above, was a consequence of the UWPI having attempted to make a rule to prevent branches from seceding and registering as house unions (Straits Times 18 August 1982).

Trade unions were allowed a year to bring their definitions of object and purposes and rules into line with the requirements of the Trade Unions (Amendment) Act, 1982.

The subsequent decline in trade union membership to 192,394 in 1984 (Table 7.2) was followed by a small but perceptible increase each year to reach 212,874 in 1989 (Ministry of Labour, 1989). Of the academics who have tried to explain the declining or static membership of Singapore’s trade union membership after 1979 Chew and Chew (2001) attribute a calculative orientation by Singapore workers to trade union membership and suggest it requires material incentives — their provision or their withholding — to induce them to join a union.
Table 7.2  Singapore trade unions, memberships and densities, including NTUC affiliation, 1979-1986

<table>
<thead>
<tr>
<th>Year</th>
<th>Unions</th>
<th>Membership</th>
<th>% of Employed Persons</th>
<th>% NTUC Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>86</td>
<td>249,710</td>
<td>24.5</td>
<td>94.7</td>
</tr>
<tr>
<td>1980</td>
<td>83</td>
<td>243,841</td>
<td>22.8</td>
<td>94.9</td>
</tr>
<tr>
<td>1981</td>
<td>86</td>
<td>224,362</td>
<td>20.2</td>
<td>95.7</td>
</tr>
<tr>
<td>1982</td>
<td>89</td>
<td>214,337</td>
<td>18.8</td>
<td>95.7</td>
</tr>
<tr>
<td>1983</td>
<td>90</td>
<td>205,155</td>
<td>17.6</td>
<td>96.4</td>
</tr>
<tr>
<td>1984</td>
<td>86</td>
<td>192,394</td>
<td>16.4</td>
<td>96.8</td>
</tr>
<tr>
<td>1985</td>
<td>84</td>
<td>201,133</td>
<td>17.4</td>
<td>97.4</td>
</tr>
<tr>
<td>1986</td>
<td>83</td>
<td>200,613</td>
<td>17.5</td>
<td>97.0</td>
</tr>
</tbody>
</table>

*Source: Ministry of Labour (Annual).*

On the other hand, Deyo (1981, p. 107) hypothesised that worker demoralisation was a product of the ‘bureaucratic authoritarian corporatism,’ i.e., legal regulation and constraint, of the 1970s, and that the restoration of commitment to trade unionism required a more ‘popular’ mode of industrial leadership. Such were the changes in the structure of economic activities in this period that changes to the industrial and occupational structures too would have contributed to the membership decline. It’s halt in 1986 was possibly due to the NTUC insisting that employers discriminate in favour of union members when retrenching workers during the recession, i.e., a calculative orientation rather than a normative one, as would befit a utilitarian organisation (cf. Etzioni, 1961), and one in contrast to the orientation of the members of the STU when it was under threat in 1981 (see above).

Of the trade unions registered between 1979 and 1986, 15 remain active as NTUC affiliates today (Exhibit 7.1), some having reabsorbed the house unions that were carved out of them as part of the third transformation of Singapore’s industrial relations (see Chapter 8).
**Corporatism to Corporatist Paternalism**

**Exhibit 7.1  NTUC-affiliated unions as at 2004 registered between 1979 and 1986**

<table>
<thead>
<tr>
<th>Union Name</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>UITS Union of ITE Training Staff</td>
<td>1979</td>
</tr>
<tr>
<td>NPASU Ngee Ann Polytechnic Academic Staff Union</td>
<td>1980</td>
</tr>
<tr>
<td>CIEU Chemical Industries Employees’ Union</td>
<td>1981</td>
</tr>
<tr>
<td>UWEEI United Workers of Electronic and Electrical Industries</td>
<td>1981</td>
</tr>
<tr>
<td>SUBE Singapore Union of Broadcasting Employees</td>
<td>1981</td>
</tr>
<tr>
<td>SISEU Singapore Industrial and Services Employees’ Union</td>
<td>1981</td>
</tr>
<tr>
<td>BATU Building, Construction and Timber Industries Employees’ Union</td>
<td>1982</td>
</tr>
<tr>
<td>UTES Union of Telcos Employees of Singapore</td>
<td>1982</td>
</tr>
<tr>
<td>TTWU Textiles Industries Workers’ Union</td>
<td>1982</td>
</tr>
<tr>
<td>SIASU Singapore Airlines Staff Union</td>
<td>1984</td>
</tr>
<tr>
<td>Singapore Airport Terminal Services Workers’ Union</td>
<td>1984</td>
</tr>
<tr>
<td>CIASEU Changi International Airport Services Employees’ Union</td>
<td>1984</td>
</tr>
<tr>
<td>NEU NatSteel Employees’ Union</td>
<td>1984</td>
</tr>
<tr>
<td>SRCEU Singapore Refining Company Employees’ Union</td>
<td>1984</td>
</tr>
<tr>
<td>SSEU Singapore Shell Employees’ Union</td>
<td>1984</td>
</tr>
</tbody>
</table>


**Workforce Qualities and Flexible Working**

In his inaugural speech to the NTUC Seminar and Delegates’ Conference, *Progress into the Eighties*, Prime Minister Lee reported on the qualities of the Singapore worker, he having made inquiries of the Japanese ambassador and the EDB (Lee, 1980). Their responses were consistent with the analysis by Durkheim (1984) that attributed the condition of *anomie*, or demoralisation, to the growth of the division of labour (in Singapore, rapid industrialisation) that the organisation of workers into corporatist associations might overcome. Lee’s benchmark for Singapore was the ‘working ethics and life philosophy’ of the then ideal-typical Japanese worker, for whom ‘job hopping is a disgrace,’ who aims for zero defects, who does not clock watch, and is determined to excel; unlike the Singaporean worker for whom the award of a training certificate is a chance to move on, who expects overtime to be paid, and for whom ‘better than’ is good enough. Lee was confident that the Japanese workers’ attitudes could be instilled in the minds of Singapore workers. The EDB’s response to Lee’s inquiries was, in Lee’s words, ‘considered and detailed’ (Lee, 1980, p. 10). It added the occasional actions of trade unions that had condoned bad work habits. This was attributed to inexperienced leadership and the restricted functions of trade unions since the NWC had become the agency for wage determination.

Following Lee’s inquiries and the responses to them a determined effort was made by the Government’s agencies, the Employers’ Associations, which in 1980 had formed the Singapore National Employers’ Federation (SNEF) from a merger of the SEF and the NEC upon a suggestion from the then Minister of Labour, Ong Pang Boon, and the NTUC to ‘inculcate right work habits’ into the Singapore worker.
As has been noted, inculcation was to give way to persuasive communication but also to some deregulation of employee protection. An amendment to the Employment Act in 1984 increased the discretion management could exercise in determining work schedules. For example, they were enabled to roster work to synchronize with fluctuating production and avoid overtime rates for short periods of long hours by offsetting them against longer periods of short hours. Consultation was required before instituting 12-hour shifts for non-shift workers, but the employer could assign rest days unilaterally (Act 21, of 1984, S. 37-38).

Although subject to the same labour laws as Singaporeans, foreign workers were largely excluded from the corporatist part of the paternalism of the industrial relations system transformation in the early 1980s.

**Foreign Workers**

By the early 1980s Singapore was heavily dependent on foreign workers — illegal and those holding work permits — especially in the construction industry (Wilkinson et al., 1986). During the 1985 recession Prime Minister Lee said of the legal foreign workers:

> Amidst the gloom of poor business and declining profits, let us count our blessings. We have over 150,000 work permit holders. During a depression, they can cushion us against severe retrenchments. Singaporeans need not face serious unemployment provided they are willing to do the heavier jobs work-permit holders do as construction workers, grass-cutters and ship-repairers. (Quoted in Ee, 2000, p. 10).

Government statements on foreign workers had been somewhat ambivalent before this as both economic and social justifications were put forward for phasing out foreign workers. The economic justifications included the dependence on cheap labour holding back technological upgrading and its possible drain on social services, and the social justifications included fear of intermarriage (Singapore Institute of Personnel Management, 1984, p. 3) and disruption of Singapore’s orderliness (*Straits Times*, 9 July 1985; Wilkinson et al., 1986, p. 70).

From 1965 foreign workers had been regulated under the Regulation of Employment Act 1965 that empowered the Ministry of Labour to issue and revoke work permits and excluded foreign contract workers from collective representation (Act 12 of 1965, S. 7). In 1984 it was estimated that as much as 12.5 per cent of Singapore's workforce comprised foreigners on short-term permits (*Straits Times*, 9 March 1984), in addition...
to an unknown number of illegal migrants. The numbers had been growing at such a rate that the Regulation of Employment Act, 1965 was amended in 1982 (Act 25 of 1982) to introduce a levy on employers in lieu of CPF contributions. Of the legal migrants approximately 40 per cent were employed in construction (Straits Times, 9 July 1984). In spite of assertions to the contrary (Woodiwiss, 1998, p. 140) there was no legal constraint on foreign workers joining (as opposed to forming) trade unions, there just did not appear to be any inclination by them to do so (Interview with Ong Yen Her, 6 July 2000). Such grievances as foreign workers had were mostly dealt with through their respective embassies and the Ministry of Labour, which attempted to ensure the provision of minimum employment standards and to resolve occasional communal strife (Patarapanich et al., 1987, p. 15).

Until 1978 foreign workers were largely from the ‘traditional source,’ i.e. Malaysia, but as the labour market tightened, Singapore began to issue work permits more freely to workers from the ‘non-traditional sources’ of Thailand, the Philippines and the Indian sub-continent for low status jobs in textiles, electronics, ship-repairing, construction and domestic service. During this third transformation it was intended to phase out foreign workers from non-traditional sources and encourage employers to recruit the ethnically and culturally more assimilable workers from the ‘new traditional sources’ of Hong Kong, Taiwan and South Korea, who might be attracted by the prospects of permanent residency and citizenship (Wilkinson and Leggett, 1985, p. 11). Singapore had only limited success with this aim, so that currently efforts are again being made to attract foreign talent to Singapore.

The events narrated above had effects both intended and not intended on Singapore’s industrial relations climate in the 1980s.

**Industrial Relations Climate**

After the SIA affair in 1980 the ‘Old Guard’ Ong Pang Boon was replaced as Minister of Labour by Ong Teng Cheong. As the NTUC’s Secretary-General in 1984, Ong Teng Cheong made clear his views about the institutional resolution of industrial conflict that had been an outcome of Singapore’s first transformation of its industrial relations:

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23 In 1989, the Government amended the Immigration Act ‘to provide stiffer fines and sentences, including corporal punishment, for illegal immigrants and overstayers, and for their procurers and harbourers’ (Leggett, 1993b, p.100).
Although conciliation and arbitration is [sic] less disruptive [than a strike], it is already a sad state of affairs when workers and their employers have to iron out their differences by arguing it out before a third party. Even though the conciliation and arbitration machinery is intended for settling disputes in a non-disruptive manner, a need to make use of this [conciliation and arbitration] machinery indicates an unhealthy relation between the workers and the employers’ (NTUC, 1984, p. 1).

Here was the official and paternalistic view that corporatism was preferable to regulated pluralism. Therefore it is ironic that Ong Teng Cheong sanctioned a two-day strike by an NTUC affiliate, the Singapore and Marine Engineering Employees’ Union, in 1986 against an American engineering company, Hydril Pte Ltd, for alleged victimization of union officers — apparently without consulting his Cabinet colleagues — which ended Singapore’s then continuous strike-free record of almost nine years (AsiaWeek, 10 March 2000). In spite of there having been a genuine grievance, the strike appeared stage-managed according to the researcher’s observation. It may have been allowed in order to counter the observation, publicly criticised by the then NTUC’s Assistant Secretary-General, Lim Boon Heng (Straits Times, 1 December 1985) and referred to above, that a legal strike in Singapore is virtually impossible without the tacit consent of the Government (Wilkinson and Leggett, 1985, p. 12). Lim (1986, p. 37) reported to NTUC Delegates: ‘A lesson had to be administered to the management that they could not take workers and unions for granted.’ This was at a time of a sudden recession with sharp retrenchments — 11,735 in 1985 (Lim, 1986, p. 37) — when the NTUC and PAP leaders were anxious about losing worker confidence in their economic policies.

Except for the one in 1986, there were no strikes during this, third, transformation of Singapore’s industrial relations (Table 7.3). There was a sustained decline in the Ministry of Labour’s conciliation caseload, although, as reported above, the authorities were not happy with the incidence of disputes, in spite of the Ministry’s high success rate in resolving them — 77 per cent from 1975 to 1983 (Krislov and Leggett, 1985a, p. 179). The ‘calm and peaceful’ industrial relations reported each year by the Ministry of Labour between 1980 and 1986 referred to the incorporated and exclusive industrial

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24 ‘Tacit consent’ is phrase that originated with Pang (1981, p. 486) and has since been echoed by Woodiwiss (1998, p. 237), except that Woodiwiss has substituted ‘connivance’ for ‘tacit consent.’
Corporatism to Corporatist Paternalism

relations system. However, each year the Ministry of Labour (Annual) also reported ‘brief work stoppages’ involving small groups of foreign workers.

Table 7.3 Strikes, worker days lost, conciliation referrals and causes, 1979-1986

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Strikes</th>
<th>Worker Days Lost</th>
<th>Unionised Disputes Referred for Conciliation*</th>
<th>Non-Non-Unionised Complaints Filed for Settlement</th>
<th>Main Causes of Main Unionised Disputes</th>
<th>Main Causes of Main Non-Unionised Disputes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>0</td>
<td>0</td>
<td>577</td>
<td>990</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>0</td>
<td>0</td>
<td>484</td>
<td>778</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>0</td>
<td>0</td>
<td>392</td>
<td>795</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
<tr>
<td>1982</td>
<td>0</td>
<td>0</td>
<td>311</td>
<td>926</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>0</td>
<td>0</td>
<td>353</td>
<td>892</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>0</td>
<td>0</td>
<td>338</td>
<td>na</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>0</td>
<td>0</td>
<td>340</td>
<td>na</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>1</td>
<td>122</td>
<td>317</td>
<td>na</td>
<td>Wage increases and conditions of service</td>
<td></td>
</tr>
</tbody>
</table>

Note: Does not include union recognition and refusal to negotiate complaints, which were as high as 145 and 181 respectively in 1979; union recognition complaints had fallen to 89 in 1986. Nor does it include unfair dismissal appeals, which were 33 in 1979 and 20 in 1986.

Source: Ministry of Labour (Annual).

Foreign workers were mainly employed in the construction industry, i.e., workers excluded from Singapore corporatism, but not its paternalism. These incidents were reported as having been ‘quickly’ and, sometimes, ‘amicably’ resolved ‘without any significant loss in manhours’ by the Ministry’s Labour Relations Division. Nevertheless
there were some serious disputes such as the one on a Daewoo construction site in 1985 where five hundred or more Thai workers had walked off the job in protest at the more favourable terms and conditions received by Korean workers. On other Daewoo sites in 1985 paramilitary forces had to be used to break up inter-ethnic brawling (Patarapanich et al., 1987, p. 11). Thus national and foreign worker experienced differences in the quality of the industrial relations climate between 1979 and the recession of 1985-1986.

The 1985-1986 Recession

The economic recession in 1985, when GDP growth fell from 8.2 per cent in 1984 to minus 1.8 per cent, proved a strong test of the corporatist paternalism that by then characterised Singapore’s industrial relations. The then Deputy Prime Minister, Goh Chok Tong,\(^\text{25}\) made it clear that the CPF cut and wage restraint that were undertaken would test Singapore’s ‘national resolve’ (Ee, 2001, p. 36). The recession hit all the NIC’s but Singapore the hardest (Ong, 1986, p. 9): Sixty thousand foreign workers were repatriated and Singaporean workers’ unemployment reached five per cent. In 1985 an Economic Committee, headed by Lee Hsien Loong the then Minister of State for Defence and for Trade and Industry, had been set up to look at Singapore’s longer term economic outlook, but the recession in that year made it the agency for recommending the short term remedies: cuts to the CPF and severe wage restraint (Ministry of Trade and Industry, 1986). From 1986 onwards NWC recommendations were variously related to company performance (National Wages Council Secretariat, 1986).

Labour cost-cutting was part of the Government's strategy to turn the economy around and this was achieved by, among other things, reducing employer contributions to the CPF and by the NTUC persuading its affiliates to forego the NWC’s recommended wage increases (Ong, 1986, pp. 10-11). Initially, trade union leaders rejected employers’ calls for a cut in their contribution to the CPF (The Singaporean, 1 September 1985), but as the depth of the recession became more apparent they were persuaded by the NTUC Secretary-General (who was also a Deputy Prime Minister) that it would be necessary to do so if Singapore were to get out of the recession quickly. In the event the Government cut the employers’ contribution to the CPF by the 15 percentage points recommended by the Economic Committee (Table 7.1).

\(^{25}\) Goh Chok Tong became Singapore’s second Prime Minister in 1990. He was succeeded by agreement by Lee Hsien Loong, Lee Kuan Yew’s older son, in 2004.
The stability of the tripartite structure of corporatist paternalism appeared to be threatened as some employers’ seemed not to appreciate the obligations on them arising from the institutional agreement of the NTUC, the NWC and the Economic Committee on how to get out of the recession. In response to employer intransigence the NTUC Secretary-General listed 10 do’s and don’ts for managers:

- Do not take unilateral action in implementing wage restraint or wage freeze.
- Do share information concerning the company’s financial position.
- Do not tell workers: ‘I do not mind paying some increments, but the NWC and the government say no.’
- Do not pass the buck to the union.
- Do not attempt to undermine the position and strength of the union.
- Do apply the principle of equal sacrifice.
- Do not take hasty decisions to retrench workers.
- Do make good use of the savings from the CPF cut and wage restraint.
- Do not let up in the training of workers.
- Do share the fruits of success with the workers when good times return.

(The Singaporean, 1 June 1986).

As has already been noted, a positive effect for the NTUC of the 1985-1986 recession was that it halted the decline in absolute trade union membership. Overall, and in spite of the recession, the transformation of Singapore’s industrial relations had a positive outcome. On reflection in 1988 it was concluded that:

Not only did poverty diminish, but the proportion of the population receiving incomes which are in line with their normal need had increased. This resulted from the rising wage levels in the economy, the rise in the employment rate, as well as the increase in the labour force participation rate. More families had multiple income earners, labour scarcity intensified the upward pressures on wages, rising productivity made employers willing to provide higher wage increases, and the National Wages Council’s recommendations helped to increase wages more rapidly for the lower-paid groups in comparison to the higher paid occupations. (Cheah, 1988, p. 271).
Discussion

Can the concentration of initiatives taken and the directions pursued by the PAP Government for Singapore’s industrial relations in the late 1970s and the first half of the 1980s be explained by addressing the first of the secondary research questions:

*How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the [third] transformation of industrial relations in Singapore?*

A response to this question may be made by reference to an article by Blum (1993) based on his observations made in the 1980s that takes Singapore as a reference point for achieving ‘sound labour-management relations,’ in the sense of developing work rules that satisfy the tripartite actors of Dunlop’s *Industrial Relations System* (Dunlop, 1958). Blum points out that there are other factors than the ‘actors’ and society’s ideology that have to be taken into account if work rules are to be be ‘constructive.’ These other forces are technology, international forces, the community, the labour market and the state of the economy. His concern appears to be that in spite of tripartite cooperation surveys (none of which he cites) show that Singapore workers attribute productivity problems to poor labour-management relations; therefore labour organisations must change their image. ‘But if workers and managers are to contribute meaningfully to industrial relations in Singapore, one has to take into account the paternalism which permeates the political, economic and social systems of Singapore’ (Blum, 1993, p. 234). This last he claims may inhibit management’s and unions’ independence in the future.

Apart from the brevity of its analysis of the character of industrial relations in Singapore and its normative prescription this article has merit in that it inadvertently reveals the limits of applying Dunlop’s *Industrial Relations System* as an organising framework for Singapore’s industrial relations during their third transformation. Its emphasis on tripartite rule-making at the workplace, the implication of ‘a unity, an independence and an internal balance which is likely to be restored if the system is displaced, *provided there is no fundamental change* (researcher’s emphasis) in the actors, contexts, or ideology’ (Dunlop, 1958, p. 27) does not fully allow for the extent to which the transformation of Singapore’s industrial relations between 1979 and 1986 was a fundamental one.
It is not directly to Kerr et al. (1960) that the thesis turns to determine the usefulness of its organising framework, but rather to the “Postscript” to the 1972 edition when industrialisation in developing countries like Singapore was well under way. The ‘Postscript’ in the 1972 edition is partly revisionary and partly predictive. It reconsiders the industrialising elites and their association with the state, i.e., in the case of Singapore this would be on the face of it ‘Nationalist Leaders and the Guidance of the State.’ Chan (1975) classified Singapore in the 1970s as an ‘Administrative State,’ but this would appear to be less appropriate than the ‘Centralized State,’ which Kerr et al. associated with Revolutionary Intellectuals, or the ‘Guidance of the State,’ which understates the corporatist paternalism of the PAP described in this Chapter. A stronger statement was made at the PAP’s Biennial Conference in 1982 when the PAP was elevated to a ‘national movement…dedicated to the service of our nation and to the advancement and well-being of our people’ and in an explanation in *Petir*, the Party organ, that ‘Only a party which can move entire people can govern Singapore.' Thus an association of ‘Nationalist Leaders’ with the ‘Centralised State’ would have better served as an analytical term for Singapore’s corporatist paternalism in the 1980s.

The predictive dimension of the ‘Postscript’ is that of convergence of industrialising societies towards ‘pluralistic industrialism.’ Although Kerr et al. (1973, pp. 296-298) modify their original thesis to suggest a number of generalised models of industrial pluralism, only one approximates at all to Singapore in the 1980s. That model is:

Where the state, under a single doctrine and leadership, permits and encourages substantial independence to enterprises to determine products and set prices and wages in response to consumer demand and labour-market conditions. The state has a general capital investment plan and determines the general directions of economic growth. (Kerr et al., 1973, pp. 296-297).

For Singapore the ‘single doctrine’ is pragmatism and the leadership the cadre members of the PAP. While the NWC was mindful of labour-market conditions, its role in the 1980s was to pre-empt them in order to stimulate economic change. The state, i.e., the Government, did have a capital investment plan (Lee, 1973; Chia, 1998) and sought to determine the direction of economic growth until the recession of 1985-1986.

Other predictors of Kerr et al. that appear to have validity in Singapore in the late 1970s and early 1980s are the emergence of technocrats within the industrialising elite and the

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26 Quoted in Rodan (1989, p. 170).
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requirement of a motivational ethic for workers (Kerr et al., 1973, pp. 300-301). The infusion of technocrats into the NTUC from 1979 began a deliberate and continuous change in the character of trade union leadership in Singapore, and the PAP’s and NTUC’s concern to ‘inculcate’ and then to encourage ‘right’ work habits, which began at the same time, support Kerr et al’s predictions. Emulation of Japanese employment relations was a part response by the Singapore leadership to the concern with its workforce’s demoralisation.

Japanese employment relations in the 1970s had been explained as a phenomenon of ‘late’ development (Dore, 1973) and employment relations in the NICs as ‘late, late’ development (Dore, 1979). The Japanese employment system was posited as a point of convergence for industrialising countries that might leapfrog Kerr et al’s pluralistic industrialism. Thus, one cannot rule out Kerr et al’s convergence thesis as an analytical framework for the third transformation of Singapore’s industrial relations, but there are reservations about its adequacy as a model because of its authors’ faith in the ultimate triumph of pluralism. This then begs the second of the secondary research questions:

*If the usefulness of alternative — current or precursor — organising frameworks are wanting, what are the aspects of the strategic choice model that might correct this deficiency in the case of Singapore’s industrial relations?*

The broad answer to this question is that there are aspects of the strategic choice model that enable the identification and attribution of choices that initiated and carried through the transformation of Singapore’s industrial relations system. The analysis of the events that marked the transformation from the corporatist regulation of the previous decade to the corporatist paternalism of the 1980s requires a framework developed to account for changed realities, i.e., one that is not tied to the realities of the pre-transformation circumstances — as Dunlop’s *Industrial Relations System* was to the New Deal model of American industrial relations. For the third transformation of Singapore’s industrial relations the initiative came from the PAP Government and its execution relied upon the collaboration of the NTUC leaders. The PAP Government’s pragmatic justification for the transformation was made at the NTUC seminar; *Progress into the 80’s* held in 1979 (NTUC, 1980) — effectively a what-is-to-be-done seminar — and reiterated in the preamble to the NWC wage increase recommendations that year (Lim, 1979). Its execution was made possible by the infusion of new, technocratic blood into the NTUC and involved trade union restructuring, the redefinition of trade unionism and the re-
engineering of worker attitudes. By the middle of the 1980s Singapore’s industrial relations had been strategically changed — irrevocably, institutionally, organisationally and dogmatically — to accommodate the PAP Government’s plans for the city-state’s ‘Second Industrial Revolution.’

The third of the secondary research questions asks:

*Are there particular features of Singapore’s industrial relations that require modification of the strategic choice model to strengthen its usefulness?*

This question is more appropriately addressed in Chapter 9 because it reviews all three transformations of Singapore’s industrial relations and the more recent changes of the 21st century. However, the fourth of the secondary research questions does have particular relevance for the third transformation of Singapore’s industrial relations because of the elevation of the PAP to a ‘national movement’ in 1982.

The question asks:

*How does the strategic choice analysis of Singapore’s industrial relations contribute to the questions of ‘national’ as a distinguishing criterion, the drivers of change, the interaction of the actors, and the scope for strategic choices?*

The strategic choice model was developed to explain the transformation of a national industrial relations system, i.e., that of USA. Its applicability to the phenomena of a country other than the USA is the theme of this thesis and forms the main research question. The use of ‘national’ here however refers to the specific political concept of nationalism rather than the broader concept of ‘country.’ According to the *Oxford Dictionary of Politics*:

> Nationalism turns devotion to the nation into principles or programmes. It thus contains a different dimension to mere patriotism, which can be a devotion to one’s country or nation devoid of any project for political action. (McLean, 1996, p. 324).

So far in this thesis the reference has been to the industrialising ‘Nationalist Leaders’ of Kerr et al. (1960, 1973), but their concept of ‘Nationalist Leaders and the State’ has been found to require modification if it is to be applied to the third transformation of Singapore’s industrial relations. It has been pointed out in an essay on the emergence of nationalism in Singapore that when it was made clear the short-run costs of the 1985-
1986 recession in Singapore were to be borne by the wage-earners, the PAP Government and NTUC leaders appealed to their national sentiment to obtain their compliance (Willmott, 1989, p. 594) and, as reported above, consented to a symbolic strike against a foreign employer. However, it was not until 1989 — several years after the completion of the third transformation of Singapore’s industrial relations — that the PAP Government began ‘the process of formulating an explicit ‘national ideology’ (Kuo, 1995, p. 121).

Although national sentiment has been invoked as a means of obtaining workforce compliance, ‘national as a distinguishing criterion’ requires a comparative approach to industrial relations transformation in several nations. This will also be addressed in Chapter 9: here it is sufficient to conclude that the parts played by nationalist leaders and nationalist sentiment in Singapore’s industrial relations transformations, especially the third, are explainable within the strategic choice framework.

In its construction the strategic choice model is designed to accommodate the ‘drivers of change’ (see Table 3.1). Its three tier structure incorporates industrial relations activity, including strategic initiatives, of the conventional three parties of Dunlop’s *Industrial Relations System*. By the third transformation of Singapore’s industrial relations strategy and policy making are clearly Government prerogatives exercised in close association with NTUC leaders and after consultation with employers — the policy and strategies for changing worker attitudes, for example, PAP Government amendments to the labour laws are in line with employer expectations and are not challenged by the unions. The employers are free to exercise their own HRM practices at the workplace but the terms and conditions of employment are largely determined by the Employment and Industrial Relations Acts for the industrial workforce and wages by the NWC in the form of an ostensibly tripartite ‘consensus.’

To the extent that any unfettered collective bargaining had taken place it would have occurred under the anonymity of the ‘consensus’ at the national level that intentionally cloaks any conflicting interests in the interaction of the actors. The corporatist paternalism of the 1980s ensured tripartite representation on statutory boards and other

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27 On reflection in 1991, after referring to the 1986 strike, the NTUC Secretary-General reiterated his concern that employers had taken the Singapore union leaders’ level-headedness for granted in their dealings with them and warned that they could, if need be, take tougher stands against employer recalcitrance (NTUC, 1991, p. 9).
organisations. In 1985, for example, the NTUC was represented on 29 such organisations on the executives of most of which would also be Government and employer representatives (NTUC, 1985b, pp. 122-123).

The overall scope of the actors’ strategic choices however are broadly constrained by the substantial commitment of the Singapore economy to export oriented manufacturing and thereby global market and investment trends over which its Government has little control. Within the national industrial relations system however, by the mid-1980s the scope of strategic choices for trade unions was determined by the corporatist paternalism of the state.

The main research question asks:

*How useful is the strategic choice model for explaining the transformation of Singapore’s industrial relations?*

For the first two transformations of Singapore’s industrial relations Dunlop’s *Industrial Relations System* and Kerr et al’s *Industrialism and Industrial Man* have provided useful organizing frameworks. The emphases on rule making and plurality of the former and on industrializing elites of the latter’s enable the explanation of the particular characteristics of an industrial relations system that might otherwise be presented as an historical stereotype. For the third transformation some limitations of these frameworks have become apparent and have been discussed in answer to some of the secondary research questions. The discussion has already indicated the usefulness of the strategic choice model for explaining the third transformation of Singapore’s industrial relations. However, this does not preclude its retrospective application to the first two transformations and this will be attempted in Chapter 9. With regard to the third transformation, notwithstanding tripartite consensus, it is useful to apply the strategic choice model, as the following summary indicates.

The PAP Government made strategic choices to restructure the economy through wage reform, the promotion of technocrats into union leadership, the restructure and redefinition of trade unions, and the facilitation of flexible HRM. These were basically long term strategies and have endured, but the PAPs pragmatism allows for sudden reversals where changes to the external environment require it, such as the effect of the 1997 Asian economic crisis (see Chapter 8). With some prompting from the Government the NTUC made strategic choices to strengthen its leadership with technocrats and restructure trade unions along industry and enterprise lines. Both of
these strategies were subject to revision over the longer term. The employers, including Government as an employer, made the strategic choice to adopt some Japanese employment relations practices. This strategy broadened into the promotion of what Kochan et al. (1994, pp. xvi-xix) label the ‘Sophisticated Human Resource Management System.’ While the strategic choices of the PAP Government and the NTUC are made at the ‘Long Term Strategy and Policy-Making’ level of the strategic choice model, the NTUC ensures their propagation at the ‘Workplace and Individual/Organization Relationships’ level. The employers, by virtue of their role in tripartism as well as their corporate management exercise their choices at the ‘Long Term,’ ‘Collective Bargaining and Personnel Policy’ and at Workplace and Individual/Organization Relationships’ levels (Figure 3.1).

Summary
By 1979 the PAP Government had acquired substantial corporatist controls with which to restructure Singapore’s economy and upgrade its management of human resources, including the transformation of its industrial relations system. Economic success had led to a tight labour market, the danger of being caught in the low wage trap, and a workforce with high expectations of continuously increasing rewards. As has been demonstrated industrial relations were restructured to achieve a cooperative and production-oriented workforce, but this was only one of many developments in a wider program of social engineering.

To ensure the provision of appropriate human resources for an advanced industrial society, the PAP Government adopted strategies for education (Straits Times, 3 March 1984) and training (Lim and Pang, 1984), attitude formation, immigration, and procreation (Wilkinson and Leggett, 1985), accountability for which included the media, unions, academe and employers. To ensure compliance, labour laws were amended and trade unions restructured and redefined. Exemplary worker behaviour was rewarded with accolades and emulation, while dissenting workers or their leaders were subject to ignominy and chastisement.28

In spite of the economic crisis of 1985-1986 the Government’s strategic initiative for economic restructuring had brought about many of the transformational changes it had intended. The corporatist controls developed in the 1970s were subject to an intensely

28 In his dealings with Singapore Airlines’ pilots the Straits Times depicted Nair as a schoolmaster wielding a cane!
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Paternalist application in the 1980s. The occupational structure changed to one with a higher proportion of technically and professionally skilled workers and the standard of living of Singaporeans improved significantly.

Several strategic initiatives were taken with regard to institutional tripartism in this period. The initiatives came from the Government, although not necessarily officially in the case of the trade unions and the employers’ associations.

When, in 1981, Singapore’s Deputy Prime Minister threatened the STU with deregistration his reasoning was that, as the Government would never allow teachers to go on strike, they had no need of a union. The transformation of trade unionism in structure and purpose from its regulation in the 1960s to its increased incorporation in the 1970s was all but transformed again; it seemed. But, unlike in the 1970s, when old style unionists like C. V. Devan Nair took the initiatives, the restructuring in the early 1980s was under the leadership of recently inducted technocrats with no background in the labour movement. Perhaps as a result, confidence by the Government and NTUC leaders in the completeness of the transformation was insufficient to prevent them permitting an official strike to take place in 1986. As we have seen, the authority for the strike was delegated by the Labour Minister and Deputy Prime Minister who had replaced the younger technocrat as NTUC Secretary-General while the transformation was completed.

The previous Minister of Labour had effected the merger of the main employers’ association in 1980 so as to achieve a simplified representation on tripartite industrial relations bodies and a more effective consensus among employers in the ‘new industrial order’ (Wong. 1983, p. 269). In the Labour Ministry itself there was a transition at the end of the period in the headship of the Labour Relations Department with a transferee from the NTUC (who was a London School of Economics postgraduate) replacing an earlier transferee from the NTUC. Thus the working tripartism the Government intended to achieve was as much a matter of judicious appointments across the parties as it was institutional adjustments.

How does this third transformation match the predictive capacities of the Kerr et al., the Dunlop and the Kochan et al. explanatory frameworks? The phenomena of Singapore’s third industrial relations transformation lend themselves towards answering more of the secondary research questions than did the phenomena of the other two transformations. For the third transformation the alternative or pre-cursor frameworks of Kerr et al.
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(1973) and Dunlop (1958) were found to be wanting and the strategic choice model of Kerr et al. (1986) able to deal with the questions of ‘national as a distinguishing criterion, the drivers of change, the interaction of the actors, and the scope for strategic choices?’ It was also found to facilitate the analysis of strategic choices of the actors through its allocation of them to structural levels of initiative. Thus the criteria stated in Chapter 1 for the fitness of the strategic choice model’s precursor frameworks were found to match the defining events of the third transformation of Singapore’s industrial relations to a lesser extent than they did for the first two.

Following the third transformation of Singapore’s industrial relations and the recession of 1985-1986 there was a decade of reflection and anticipation before another economic crisis triggered further changes to Singapore’s industrial relations. The interregnum and the post-1997 progression comprise the subject of Chapter 8.
CHAPTER 8

THE PROGRESSION OF SINGAPORE’S INDUSTRIAL RELATIONS: FROM INDUSTRIAL RELATIONS TO MANPOWER PLANNING, POST-1997

The changes to Singapore’s industrial relations for the 21st Century, although foreshadowed, did not begin until after the 1997 Asian economic crisis. During the decade from 1987 to 1997\(^1\) the industrial relations issues that presented themselves although important were not, as it is defined in this thesis, ‘transformational,’ but either consequences of the third transformation or raised in anticipation of the effects on Singapore of increasing globalisation. The basic characteristics of the system that emerged from the transformation of 1979 to 1986 examined in Chapter 7 did not change fundamentally. However, there were issues in Singapore’s industrial relations between 1987 and 1997, the main ones being the recognition of the need for a more flexible wage system, the state of Singapore’s trade unionism — its membership, leadership and representation — and the quality of the institutions of industrial relations.

Following the Asian economic crisis of late 1997 Singapore’s annual economic growth slumped from 10.4 per cent to 0.2 per cent (Ministry of Trade and Industry, 1999, p. viii). In spite of a recovery to 6.9 per cent in 1999 and to 9.7 per cent in 2000 (Department of Statistics, 2004, p. 3), between 2001 and 2004 growth was minimal as Singapore’s economy had been affected by a slowing in the growth of the economies of its major trading partners (Ministry of Trade and Industry, 2005, p. 1). In particular, there was a fall in the demand for electronics, and a transfer of some production to lower wage countries, such as China, but also to Malaysia, Indonesia and Thailand (Ministry of Trade and Industry, 2003, p. 41). It is in this context of weakened economic prospects that Singapore’s PAP Government aimed to progress the country’s system of employment relations\(^2\) to one more accurately served by ‘Manpower Planning’ than ‘Industrial Relations.’

The first section of this chapter covers the decade of 1987-1997 and the issues of the need for a flexible wage system, the state of trade unionism, and the quality of industrial relations. This is followed by a section on the post-1997 progression to ‘Manpower Planning’.

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\(^1\) 1987-1997 has been represented as between crises and labeled the ‘decade of growth’ (Ee, 2001, p. 87).

\(^2\) ‘Employment relations’ is used here as in *International and Comparative Employment Relations* (Bamber, et al., 2004) to connote both the institutional and collective regulation of work and the interactions between employers and employees that include HRM.
Planning’ including the strategic roles of the PAP Government (Ministry of Manpower, 1999b), the NTUC (NTUC, 1997) and the SNEF (Singapore National Employers’ Federation, 1997) in the progression. It also considers the NWC’s competitive base wage system and the recommendations of the Report, *New Challenges, Fresh Goals*, of the Economic Review Committee (Ministry of Trade and Industry, 2003). The discussion in this Chapter again addresses the relevant research questions and explains the definition of the post-1997 changes as a ‘progression’ rather than a ‘transformation.’ Singapore’s industrial relations and their progression to ‘Manpower Planning’ are represented in Figure 8.1 below.

**Figure 8.1 Directions and changes in Singapore’s industrial relations, 1987-1997 and post-1997**

Economic recession, 1986


Corporatist paternalism

Industrial relations interregnum, 1987-1997

Tripartite strategic initiatives from 1997

Manpower planning

MNC and Singaporean company entrepreneurial efforts towards a dynamic global city and knowledge economy.

Source: the author.

**A Decade of Growth, 1987-1997**

During the decade of growth Singapore’s annual Gross Domestic Product did not fall below six per cent (1992), and one year exceeded 11 per cent (1988), averaging almost nine per cent (Ministry of Trade and Industry, Annual). Nevertheless, the Government and NTUC leaders engaged in the rhetoric of facing new challenges, among them the achievement of a flexible wage system (Ee, 2001, pp. 87-106).

**A Flexible Wage System**

Following the 1985-1986 recession an Economic Committee was established to identify its causes and make recommendations for the future. Among its recommendations were ones on wages (Ministry of Trade and Industry, 1986). Wage rigidities were to be removed; wage levels were to reflect job worth and employee productivity, and
companies were to use the variable components in pay as incentives (Tan, 2004, p. 223).

The shortcomings of the pre-1987 wages policy were identified as follow:

First, there was too much focus on annual increments. With a fixed AWS [Annual Wage Supplement], wage negotiations invariably became centred on annual increments and the NWC guidelines.

Second, it was not possible for a single NWC guideline to suit all companies and all jobs.

Third, wage levels under a seniority based wage system were governed more by the length of service than by value of the job or the performance of the individual or of the company (Ministry of Trade and Industry, 1986).

Consistent with NWC recommendations (Table 8.1) the NTUC continued in 1987 to urge wage restraint. The Economic Committee recommended that wages should lag productivity growth and that as much as possible of total wage increases should be in an annual variable component (AVC), but retain a measure of stability in the worker’s income (Ministry of Labour, 1992, p. xxvi). However, in 1987, although the economy grew at 9.4 per cent, average monthly earnings only went up by 3.2 per cent (Ministry of Labour, 1992, p. xiii).

The employers’ contribution to the CPF, cut back to 10 per cent of total wages in 1986, was increased over the decade to 20 per cent, and the employees’ contribution was reduced from 25 per cent to make a combined contribution of 40 per cent by 1991, a goal of the NTUC and the PAP Government (Ee, 2001, p. 90), and an achievement maintained until the decade’s end (Table 8.1).

A study in 1993 conducted by the Singapore Institute of Labour Studies (SILS) and the NPB found that employers placed more importance on the provision of benefits for increasing productivity, morale, and commitment of employees, attracting good employees and promoting teamwork than on helping employees as working parents or in their social lives. It therefore recommended worker participation in designing benefit schemes, greater emphasis on the social purposes of benefits, a clearer linkage between purposes and benefits, and flexibility in the choice of benefits (Tan, 2004, pp. 205-206).
Table 8.1 National Wages Council recommendations and Central Provident Fund contributions, 1987-1997

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Wage Increase</th>
<th>Provisions</th>
<th>CPF Contributions (% Ordinary Wages)</th>
<th>Aims and Prospects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>AVC of 20%; one-off lump sum</td>
<td>In line with productivity</td>
<td>10% employer 25% employee</td>
<td>Long term aim 40% total</td>
</tr>
<tr>
<td>1988</td>
<td>Moderate basic wage increases plus a variable component</td>
<td>Variable based on company performance</td>
<td>12% employer 24% employee</td>
<td>Long term aim 40% total</td>
</tr>
<tr>
<td>1989</td>
<td>Basic wage increase plus a variable component</td>
<td>As much as possible in the variable component</td>
<td>15% employer 23% employee</td>
<td>Long term aim 40% total</td>
</tr>
<tr>
<td>1990</td>
<td>Built-in wage increases to lag productivity</td>
<td>Increase the variable component</td>
<td>16.5% employer 23% employee</td>
<td>Long term aim 40% total</td>
</tr>
<tr>
<td>1991</td>
<td>Total wage still not lagging productivity</td>
<td>Increase the variable component</td>
<td>17.5% employer 22.5% employee</td>
<td>40% aim attained</td>
</tr>
<tr>
<td>1992</td>
<td>Built-in wage increases to lag productivity</td>
<td>Increase the variable component</td>
<td>18% employer 22% employee</td>
<td>40% aim maintained</td>
</tr>
<tr>
<td>1993</td>
<td>Built-in wage increases to lag productivity</td>
<td>Increase the variable component</td>
<td>18.5% employer 21.5% employee</td>
<td>40% aim maintained</td>
</tr>
<tr>
<td>1994</td>
<td>Built-in wage increases to lag productivity</td>
<td>Special bonus for successful companies</td>
<td>20% employer 20% employee</td>
<td>40% aim maintained</td>
</tr>
<tr>
<td>1995</td>
<td>Built-in wage increases to lag productivity</td>
<td>Increase the variable component</td>
<td>20% employer 20% employee</td>
<td>40% aim maintained</td>
</tr>
<tr>
<td>1996</td>
<td>Built-in wage increases to lag productivity</td>
<td>Increase the variable component</td>
<td>20% employer 20% employee</td>
<td>40% aim maintained</td>
</tr>
<tr>
<td>1997</td>
<td>Built-in wage increases to lag productivity</td>
<td>Increase the variable component</td>
<td>20% employer 20% employee</td>
<td>40% aim maintained</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour (Annual).
**Trade Unionism 1987-1997**

In order to improve the qualifications of the leaders of its affiliates, the NTUC in 1991 opened SILS, more recently renamed the Ong Teng Cheong Institute of Labour Studies after the late NTUC Secretary-General and Labour Minister. Among its purposes is to conduct research and training in union leadership. Initially its courses were moderated by its UK mentor, Ruskin College, Oxford. Among the leadership concerns was the under-representation of women in the senior echelons: in 1993, although women comprised half the NTUC’s membership, only 13 per cent of them were on the Executive Committee (Tan, 1995, pp. 78-79).

Trade unions registered in the decade 1987 to 1997 reflect the continuity of the NTUC’s house unions policy of the early 1980s and the opportunities it gave for the creation of white-collar ‘staff’ (as opposed to blue-collar ‘workers’) unions (Exhibit 8.1).

### Exhibit 8.1   NTUC affiliated unions as at 2004 registered between 1987 and 1997

<table>
<thead>
<tr>
<th>Union Name</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUHEU National University Hospital Employees’ Union</td>
<td>1987</td>
</tr>
<tr>
<td>EMSEU ExxonMobil Singapore Employees’ Union</td>
<td>1988</td>
</tr>
<tr>
<td>HCSSU Health Corporation of Singapore Staff Union</td>
<td>1989</td>
</tr>
<tr>
<td>TPGEU Times Publishing Group Employees’ Union</td>
<td>1989</td>
</tr>
<tr>
<td>AUPDRW Amalgamated Union of Public Daily Rated Workers</td>
<td>1992</td>
</tr>
<tr>
<td>KCCSU Kindergarten and Children Centres’ Staff Union</td>
<td>1992</td>
</tr>
<tr>
<td>SUN Staff Union of NTUC-ARU</td>
<td>1992</td>
</tr>
<tr>
<td>IRASSU Inland Revenue Authority of Singapore Staff Union</td>
<td>1992</td>
</tr>
<tr>
<td>SEEU SIA Engineering Company Engineers and Executives Union</td>
<td>1993</td>
</tr>
<tr>
<td>NSCU NTUC Staff Club Union</td>
<td>1994</td>
</tr>
<tr>
<td>UPAGE Union of Power and Gas Employees</td>
<td>1995</td>
</tr>
<tr>
<td>AUSBE Amalgamated Union of Statutory Board Employees</td>
<td>1997</td>
</tr>
<tr>
<td>DBSSU Development Bank of Singapore Staff Union</td>
<td>1997</td>
</tr>
</tbody>
</table>

*Source: www.ntuc.org.sg/myunion/aboutus/listunion.html, 2 July 2004*

Increases in trade union membership as a whole from 1987 to 1997 did not keep pace with the growth in employment (Table 8.2). In spite of the efforts of the NTUC to recruit members its net gain remained small. The reasons put forward for this were that retrenchment and job change reduced the size of the pool of workers and the propensity or eligibility to join (Chew and Chew, 2001, p.104). In 1992 the NTUC introduced General Branch Unions which could recruit members in non-unionised firms and enable them to enjoy non-collectively bargained benefits. Although General Branch membership was beginning to increase after 1995, it did little more than keep pace with employment increases, so that NTUC union density in 1997 was actually lower than in 1987 (Table 8.3). In 1994, in response to, and to be consistent with, changing

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*Here represented and calculated as membership as a percentage of employed persons.*
employment patterns, the NTUC Secretary-General, Lim Boon Heng, introduced the concept of ‘seamlessness’ to enable lifelong and portable union membership. Since then a consensus has been developed and a pilot scheme has been adopted to ensure the standardisation of membership rates and that membership benefits are transferable between NTUC affiliates and/or their general branches (Tan, 2004, p. 85).

Table 8.2  Singapore trade unions, memberships and densities, including NTUC affiliation, 1987-1997

<table>
<thead>
<tr>
<th>Year</th>
<th>Unions</th>
<th>Membership</th>
<th>% of Employed Persons</th>
<th>% NTUC Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>83</td>
<td>205,717</td>
<td>16.24</td>
<td>97.7</td>
</tr>
<tr>
<td>1988</td>
<td>83</td>
<td>210,918</td>
<td>15.84</td>
<td>97.8</td>
</tr>
<tr>
<td>1989</td>
<td>86</td>
<td>212,874</td>
<td>15.27</td>
<td>98.2</td>
</tr>
<tr>
<td>1990</td>
<td>83</td>
<td>212,204</td>
<td>14.44</td>
<td>98.4</td>
</tr>
<tr>
<td>1991</td>
<td>83</td>
<td>217,086</td>
<td>14.24</td>
<td>98.5</td>
</tr>
<tr>
<td>1992</td>
<td>81</td>
<td>228,686</td>
<td>14.51</td>
<td>98.5</td>
</tr>
<tr>
<td>1993</td>
<td>82</td>
<td>235,723</td>
<td>14.81</td>
<td>98.5</td>
</tr>
<tr>
<td>1994</td>
<td>82</td>
<td>232,927</td>
<td>14.12</td>
<td>&gt;98.5</td>
</tr>
<tr>
<td>1995</td>
<td>81</td>
<td>235,157</td>
<td>13.81</td>
<td>&gt;98.5</td>
</tr>
<tr>
<td>1996</td>
<td>83</td>
<td>255,020</td>
<td>14.59</td>
<td>&gt;98.5</td>
</tr>
<tr>
<td>1997</td>
<td>82</td>
<td>260,130</td>
<td>14.21</td>
<td>&gt;98.5</td>
</tr>
</tbody>
</table>


In 1987 the NTUC had organised 97.7 per cent of unionised workers. Its 203,568 members had amounted to 16.07 per cent of employed persons; by 1997 a membership of 230,121 represented 12.57 per cent (Table 8.3). However, this statistic was equivalent to around 25 per cent of the workforce eligible for collective bargaining at the time, and membership density within the unionised sector was around 70 per cent (Tan, 1999, p. 93).
Table 8.3  NTUC membership 1987-1997

<table>
<thead>
<tr>
<th>Year</th>
<th>NTUC Ordinary Membership</th>
<th>NTUC Ordinary plus General Membership</th>
<th>% Employed Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>203,569</td>
<td></td>
<td>16.07</td>
</tr>
<tr>
<td>1988</td>
<td>209,051</td>
<td></td>
<td>15.70</td>
</tr>
<tr>
<td>1989</td>
<td>209,193</td>
<td></td>
<td>15.01</td>
</tr>
<tr>
<td>1990</td>
<td>211,575</td>
<td></td>
<td>14.24</td>
</tr>
<tr>
<td>1991</td>
<td>216,291</td>
<td></td>
<td>14.19</td>
</tr>
<tr>
<td>1992*</td>
<td>222,976</td>
<td>222,976</td>
<td>14.62</td>
</tr>
<tr>
<td>1993</td>
<td>226,993</td>
<td>226,993</td>
<td>14.83</td>
</tr>
<tr>
<td>1994</td>
<td>225,902</td>
<td>225,902</td>
<td>14.21</td>
</tr>
<tr>
<td>1995</td>
<td>226,195</td>
<td>226,195</td>
<td>13.95</td>
</tr>
<tr>
<td>1996</td>
<td>226,258</td>
<td>226,258</td>
<td>14.75</td>
</tr>
<tr>
<td>1997</td>
<td>230,121</td>
<td>230,121</td>
<td>14.54</td>
</tr>
</tbody>
</table>


*General Branch Unions established

Quality of Industrial Relations

Singapore continued to be free of strikes, but the Ministry’s conciliation caseload (Table 8.4) varied little from the 1980s when the then NTUC Secretary-General had opined that the need to resort to conciliation was ‘an unhealthy state of affairs’ in industrial relations (NTUC, 1984, p. 1). This view was supported by the 1985 Report of an NPB Steering Committee on Labour-Management Relations that rejected ‘antagonistic,’ ‘adversarial,’ and ‘mutually tolerant’ relationships in favour of ‘cooperative’ and ‘creative ones’ (National Productivity Board, 1985; Tan, 1995, pp. 5-6).

4 The researcher was a member of a tripartite sub-committee of the Steering Committee.
<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Strikes</th>
<th>Worker Days Lost</th>
<th>Unionised Disputes Referred for Conciliation</th>
<th>Union Recognition Claims</th>
<th>Unfair Dismissal Appeals</th>
<th>Main Causes of Unionised Disputes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>0</td>
<td>0</td>
<td>275</td>
<td>64</td>
<td>21</td>
<td>**Wage and conditions</td>
</tr>
<tr>
<td>1988</td>
<td>0</td>
<td>0</td>
<td>366</td>
<td>72</td>
<td>21</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1989</td>
<td>0</td>
<td>0</td>
<td>353</td>
<td>49</td>
<td>20</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1990</td>
<td>0</td>
<td>0</td>
<td>303</td>
<td>60</td>
<td>8</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1991</td>
<td>0</td>
<td>0</td>
<td>323</td>
<td>63</td>
<td>19</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1992</td>
<td>0</td>
<td>0</td>
<td>353</td>
<td>97</td>
<td>8</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1993</td>
<td>0</td>
<td>0</td>
<td>370</td>
<td>96</td>
<td>28</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1994</td>
<td>0</td>
<td>0</td>
<td>333</td>
<td>NA*</td>
<td>*NA</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1995</td>
<td>0</td>
<td>0</td>
<td>305</td>
<td>NA*</td>
<td>*NA</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1996</td>
<td>0</td>
<td>0</td>
<td>309</td>
<td>NA*</td>
<td>*NA</td>
<td>**Wages and conditions</td>
</tr>
<tr>
<td>1997</td>
<td>0</td>
<td>0</td>
<td>253</td>
<td>NA*</td>
<td>*NA</td>
<td>**Wages and conditions</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour (Annual).

NA = Not available

*The Ministry of Labour Annual Report ceased to supply these statistics after 1993 and a direct request for them by the researcher in September 2004 had not been met at the time of submission of this thesis.

** Includes a small number of cases of retrenchment benefits, bonus or gratuity and ‘other’ matters.
‘Manpower Planning,’ Post-1997

An account of the post-1997 changes in Singapore’s industrial relations system may be seen as relevant to the ‘major debate in industrial relations research over the past decade…over whether or not some fundamental transformation is occurring in the industrial relations systems of different countries in response to the internationalisation of markets, technological innovations, and increased workforce diversity’ (Locke et al., 1995, p.139).

In 1998, in a partly symbolic move, the Government converted Singapore’s Ministry of Labour into the Ministry of Manpower (MOM). MOM’s mission was ‘[t]o develop a globally competitive workforce and foster a highly favourable workplace to achieve sustainable economic growth for the well-being of Singaporeans’ (Ministry of Manpower, 2001, p. 2). The language and escutcheon of administrative bureaucracy were replaced by the vision and corporate logo of strategic management, reflecting in Singapore the developments of industrialised economies around the world adjusting in the contexts of globalisation and technological advances.

This Chapter began with a review of the decade 1987-1997. The concerns and developments in that decade were a prelude to the examination of the post-1997 changes, officially designated ‘Manpower Planning.’ It proceeds to examine the ‘Manpower Planning’ strategies of each of the three parties — the PAP Government, the NTUC and the SNEF — that have each documented their roles in the future of ‘Manpower Planning’ into the 21st Century. The Chapter then returns to the perennial question in Singapore, that of wages policy and the role of the NWC, and to the most recent strategy Report, New Challenges, Fresh Goals, of the Economic Review Committee (Ministry of Trade and Industry, 2003). The discussion in this Chapter concerns both periods, those of the 1987-1997 and of the subsequent ‘Manpower Planning’ period and assesses the utility of the explanatory frameworks of the relevant research questions. It represents the change of from ‘Industrial Relations’ to ‘Manpower Planning’ as a ‘progression’ rather than a ‘transformation’ in the sense of the Kochan et al. (1986) strategic choice application to the industrial relations of the USA.

Before beginning the examination of the tripartite roles in ‘Manpower Planning’ it would be helpful to represent diagrammatically the essentials of Singapore’s industrial relations system in 1997 (Figure 8.2).
The Singapore Government’s immediate response to the 1997 Asian financial crisis was similar to the one triggered by the 1985-1986 financial crisis: a raft of cost-cutting measures to sustain the competitiveness of locally invested MNCs. Singapore economists reported the immediate measures as ones ‘that could be taken to reduce costs in order to save jobs, as well as on skills upgrading to ensure life-long employability’ (Chew and Chew, 2000b, p. 11). On the labour front the tripartite NWC had decided it was sufficient to reduce the variable components of wages that had been introduced in the third industrial relations transformation, but this proved not to be so and it also cut the employers’ contributions to the CPF. A broader and longer term strategy involving the institutions of industrial relations was undertaken under the rubric of ‘Manpower Planning.’

The term ‘Manpower Planning’ evokes a systematic approach to the start of a sequence of personnel management functions followed in staffing an organisation, a term that has been dropped elsewhere, partly because of its perceived sexist connotations, in favour of
Human Resource Planning, but more importantly symbolising the conceptual and concrete shift from Personnel Management and Industrial Relations to HRM that has occurred conceptually and in practice since the 1970s (Storey, 1992, p 35). Thus, in 1998 the recommendations of the Committee on Singapore’s Competitiveness (CSC)—formed in May 1997 before the Asian financial crisis broke—to the Ministry of Trade and Industry led to renaming the Ministry of Labour the Ministry of Manpower (Tan, 2002, pp. 318-345). In spite of the earlier corporate personnel management usage, since the late 1990s in Singapore, ‘Manpower Planning’ has been adopted as the tripartite label for a national approach to HRM. The decision to adopt the new approach symbolised by ‘Manpower Planning’ was made after consultation with eminent international management and industrial relations academics (Ministry of Manpower, 1999b, Submission Letter to the Minister). In particular in Singapore ‘Manpower Planning’ is represented as an investment in people in order to transit to a knowledge economy (Ministry of Manpower, 1999b, p. 7). The Ministry of Manpower, the NTUC and the SNEF each developed and publicised strategies for ‘Manpower Planning’ into the 21st Century. A consideration of each follows.

**The PAP Government’s Manpower Planning Strategy**

The Economic Committee set up as a result of the 1985-1986 economic crisis had among its sub-committees one on manpower (Tan and Torrington, 1998, pp.119-121). Although its recommendations included increasing workforce flexibility and creativity, their scope was nowhere near as wide as that of the recommendations of the Manpower 21 Steering Committee. In his letter thanking the Manpower 21 Steering Committee for its report in 1999 the Minister for Manpower wrote:

> In the face of new global and internal challenges, the development of our manpower capabilities will be increasingly important. The ability of our workforce to create, absorb, process and apply knowledge in order to maintain and generate new value will be a primary source of our competitive advantage. The Manpower 21 blueprint is therefore a significant contribution to the country’s efforts to achieve continued economic growth for the well being of Singaporeans. (Ministry of Manpower, 1999b, unpaginated).

The blueprint identified six strategies with accompanying recommendations on how to pursue them and named the leading partners. The six strategies were: (1) the integration of manpower planning; (2) the development of lifelong learning for lifelong
employability; (3) the augmentation of the talent pool; (4) the transformation of the work environment; (5) the development of a vibrant manpower industry; (6) the redefinition of partnerships.

Of the 41 recommendations in Manpower 21, 33 require MOM to take the lead, and one each the Ministries of Trade and Industry, Finance, Education and Environment, but involving the Ministry of Manpower. The lead partners with MOM specifically include the NTUC and the SNEF for strategies (2), (4) and (6) above.

For lifelong learning and employability the lead partners are required to: ‘Continue to provide support for workforce development programmes targeted at older and less educated workers, and for developing manpower for strategic industries.’ Their responsibilities within the transformation of the work environment are to: ‘Promote best HR [Human Resource] practices by developing national recognition awards for companies with exemplary HR practices and organising HR conferences.’ The roles of the SNEF and NTUC together with that of MOM in redefining partnerships is to organise an annual Manpower Summit and ‘Introduce a Labour Management Partnership Programme to support joint labour-management initiatives’ (Ministry of Manpower, 1999b, pp. 52-58). Apart from the involvement of these industrial relations institutions in ‘Manpower Planning,’ there is little in the recommendations that relates to the industrial relations of the past except for MOM’s responsibilities for occupational health and safety, workmen’s compensation, and amendments to the Employment Act for greater flexibility.

MOM took on the task of producing The National Human Resources Handbook (Ministry of Manpower, 2000), which ‘aims to provide employers, human resource and industrial relations practitioners, and trade unions with a practical reference to the wide range of national policies, programmes, and resources to support efforts in optimising the contributions of people in …organisations.’ The ‘practical reference’ is based on the premise that ‘[t]he ability of people in organisations to manage information and apply knowledge to create new and innovative ideas, products and services, is increasingly the key to an organisation’s success in global and knowledge and innovation driven

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5 The National Manpower Summit 2001: Managing Human Capital for Change at which the researcher was an observer, was mainly attended by HR practitioners and was addressed by Government Ministers, the Chairman of the NWC, MNC Managing Directors, the Secretary-General of the NTUC and an eminent American HRM academic.
Industrial Relations to Manpower Planning

economy (Ministry of Manpower, 2000, p. iii). Equipped with the above terms of reference and the strategic HRM credo MOM is clearly the lead partner in the progression from Industrial Relations to ‘Manpower Planning.’

The NTUC’s Strategy for ‘Manpower Planning’

The NTUC’s blueprint, NTUC 21 was produced two years before MOM’s Manpower 21, so that it was one of several precursors to Manpower 21. It identified five pillars for the labour movement in the 21st Century: ‘Enhance Employability for Life;’ ‘Strengthen Competitiveness;’ ‘Build Healthy Body, Healthy Mind;’ ‘CareMore;’ ‘Develop a Stronger Labour Movement’ (NTUC, 1997). A concern here, however, expressed as an imperative in the Government’s Manpower 21, was with the shrinking union membership base (Table 8.7) affecting the NTUC’s strength as a ‘social partner’ in the progression to ‘Manpower Planning.’ Thus Manpower 21 exhorted the ‘tripartite partners’ to:

[J]ointly review these issues and study how union membership and leadership could be strengthened so that unions can continue to be an effective partner in Singapore’s tripartite framework (Ministry of Manpower, 1999b, p. 48).

Table 8.5  Singapore trade unions, memberships and densities, including NTUC affiliation, 1998-2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Unions</th>
<th>Membership</th>
<th>% of Employed Persons</th>
<th>% NTUC Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>80</td>
<td>272,769</td>
<td>17.0</td>
<td>99+</td>
</tr>
<tr>
<td>1999</td>
<td>76</td>
<td>289,707</td>
<td>15.58</td>
<td>99+</td>
</tr>
<tr>
<td>2000</td>
<td>72</td>
<td>314,478</td>
<td>NA</td>
<td>99+</td>
</tr>
<tr>
<td>2001</td>
<td>71</td>
<td>338,311</td>
<td>16.53</td>
<td>99+</td>
</tr>
<tr>
<td>2002</td>
<td>70</td>
<td>389,676</td>
<td>19.32</td>
<td>99+</td>
</tr>
<tr>
<td>2003</td>
<td>NA</td>
<td>417,166</td>
<td>20.51</td>
<td>99+</td>
</tr>
</tbody>
</table>

Source: Calculated from statistics supplied to the researcher by the Ministry of Manpower on request in September 2004 and from (Ministry of Manpower 2003, pp. 5 and 139-141).

NA = Not available

Membership growth was the fourth of eight NTUC key programmes for adapting to the new work environment (see below) and there has been a continuous growth in absolute trade union membership since 1997. In the last few years this has begun to outstrip employment growth, with density in 2003 passing 20 per cent (Table 8.5).

Since 1997 there have been some changes in the structure of the NTUC — mainly by amalgamation and merger — towards industry-wide unions and away from the once preferred house unions. As reported by former Prime Minister (now Minister Mentor), Lee Kuan Yew, in the 1990s the current Secretary-General of the NTUC felt that house unions in Singapore did not function as well as they did in Japan, partly because Singapore companies were too small and, unlike in Japan, Singapore’s house unions could not organise executives and other professionals who might have strengthened their leadership. Instead they were inclined to rely on the NTUC to assist them in negotiations with employers (Lee, 2000, p. 113). In 2003 of the 68 registered trade unions 27 had less than a thousand members, 41 had more than a thousand, and 13 had more than ten thousand, compared with five with more than ten thousand in 1993 (Ministry of Manpower, 2004, p. 131).

Examples of the restructuring include the consolidation in the Amalgamated Union of Statutory Board Employees (AUSBE) of the statutory board unions in 1997 and the formation of a Public Utilities Board Employees’ Union (PUBEU) in 1999. The Foods Drinks and Allied Workers’ Union (FDAWU) merged with the Food and Beverages Industry Workers’ Union (FBIWU) in 2000. The only new house union has been the Development Bank of Singapore Staff Union (DBSSU). The Singapore Petrochemical Complex Employees’ Union (SPCEU), the Resources Development Corporation Employees’ Union (RDCEU) and Singapore MRT Employees’ Union (SMRTEU) were absorbed by the Building Construction and Timber Industries Employees’ Union (BATU), the National Transport Workers’ Union (NTWU) and the United Workers of Petroleum Industry (UWPI), respectively.

Exhibit 8.2 lists the NTUC’s affiliated unions and their year of registration as of 2004 when the NTUC headed 62 affiliates whose structure comprised 4 public sector (other than house unions), 1 general, 15 industry, 9 occupational and 33 house unions. There were four associate affiliates representing taxi operators, and tailors. Only a few unions chose not to affiliate with the NTUC and they included those representing airline pilots, some catering workers, motor workshops employees and print and media employees.
Exhibit 8.2  NTUC affiliates in 2004

TRADE UNIONS: Air Transport Executive Staff Union (AESU) 1965; Amalgamated Union of Public Employees (AUPE) 1959; Amalgamated Union of Statutory Board Employees (AUSBE) 1997; Amalgamated Union of Public Daily Rated Workers (AUPDRW) 1992; Building Construction & Timber Industries Employees’ Union (BATU) 1982; Changi International Airport Services Employees’ Union (CIASEU) 1984; Chemical Industries Employees’ Union (CIEU) 1981; The Development Bank of Singapore Staff Union (DBSSU) 1997; ExxonMobil Singapore Employees Union (EMSEU) 1998; Food Drinks & Allied Workers’ Union (FDAUW) 1964; Health Corporation of Singapore Staff Union (HCSSU) 1989; Housing and Development Board Staff Union (HDBSU) 1967; Inland Revenue Authority of Singapore Staff Union (IRASSU) 1993; Keppel FELS Employees’ Union (KFEU) 1971; Keppel Employees’ Union (KEU) 1969; Kindergarten and Childcare Centres’ Staff Union (KCCSU) 1992; Keppel Service Staff Union (KSSU) 1955; Metal Industries Workers’ Union (MIWU) 1981; NatSteel Employees’ Union (NEU) 1984; National Transport Workers’ Union (NTWU) 1981; National University Hospital Employees’ Union (NUHEU) 1987; Ngee Ann Polytechnic Academic Staff Union (NPASU) 1980; NTUC Club Staff Union (NCU) 1994; Port Officers’ Union (POU) 1967; Public Utilities Board Employees’ Union (PUBEU) 1999; Reuters Local Employees’ Union (RLEU) 1956; Singapore Airlines Staff Union (SIASU) 1984; Singapore Airport Terminal Services Workers’ Union (SATSWU) 1984; Singapore Air Transport Workers’ Union (SATU) 1959; Singapore Bank Employees’ Union (SBEU) 1954; Singapore Bank Officers’ Association (SBOA) 1953; Singapore Chinese Teachers’ Union (SCTU) 1954; SIA Engineering Company Engineers and Executives Union (SEEU) 1993; Singapore Government Shorthand Writers’ Association (SGSWA) 1953; Singapore Industrial & Services Employees’ Union (SISEU) 1981; Singapore Insurance Employees’ Union (SIEU) 1955; Singapore Interpreters’ and Translators’ Union (SITU) 1947; Singapore Malay Teachers’ Union (SMTU) 1947; Singapore Manual and Merchantile Workers’ Union (SMMWU) 1959; Shipbuilding & Marine Engineering Employees’ Union (SMEEU) 1981; Singapore Maritime Officers’ Union (SMOU) 1951; Singapore National Union of Journalists (SNUJ) 1961; Singapore Organisation of Seamen (SOS) 1971; Singapore Port Workers’ Union (SPWU) 1946; Singapore Press Holdings Employees’ Union (SPHEU) 1961; Singapore Refining Company Employees’ Union (SRCEU) 1984; Singapore-Shell Employees’ Union (SSEU-Shell) 1984; Sembawang Shipyards Employees’ Union (SSEU-SEM) 1969; Singapore Stevedores’ Union (SSU) 1937; Singapore Technologies Electronic and Employees’ Union (STEU) 1969; Singapore Tamil Teacher’s Union (STTU) 1951; Singapore Teachers’ Union (STU) 1947; Singapore Union of Broadcasting Employees (SUBE) 1981; Staff Union of NTUC-ARU (SUN) 1992; Singapore Urban Redevelopment Authority Workers’ Union (SURAWU) 1975; Times Publishing Group Employees’ Union (TPGEU) 1989; Union of ITE Training Staff (UIT) 1979; Union of Power and Gas Employees (UPAGE) 1995; Union of Security Employees (USE) 1975; Union of Telecoms Employees’ of Singapore (UTES) 1982; United Workers of Electronic & Electrical Industries (UWEEI) 1981; United Workers of Petroleum Industry (UWPI) 1961. TRADE UNIONS — ASSOCIATES: CityCab Operators’ Association (CCOA); Comfort Taxi Operators’ Association (CTOA); Tailors Association (Singapore) (TAS); SMRT Taxi Operators’ Association (STOA).

Outlining what was required of the NTUC as a strategic partner in ‘Manpower Planning’ its Secretary-General, Lim Boon Heng\(^6\) explained:

Workers face a difficult environment. Technology and globalisation are bringing change to the workplace. Advances in technology and communications let companies do much more with fewer workers, bypass middlemen, and shorten the time to get information and make decisions. Globalization allows more business to be done across national boundaries. Investors can produce in one part of the world and sell to other parts with far fewer restrictions.

To take full advantage of these changes, companies re-engineer, downsize, outsource, merge and restructure. In all these, workers are directly affected. Some have to switch from old processes to new techniques. Others must change their working pattern, from 9-5 jobs with Sundays off to 24/7 service for global customers. Retrenchments used to be carried out only by companies seeking to stay competitive and improve profitability. Workers can no longer expect to work in the same job or for the same company until retirement. (NTUC, 2001, p. 3).

The Secretary-General went on to quote Thomas Kochan, the lead author of *The Transformation of American Industrial Relations*, who, in delivering the NTUC Lecture in 2001, observed:

The social contract between worker and employer is breaking down due to the rapid changes. People need the support, tools and opportunity to adapt to the changes. At the same time, we cannot make it too restrictive for companies to do business. They, too, have to meet the pressures of a competitive market place. (NTUC, 2001, p. 3).

\(^6\) A product of Singapore’s third industrial relations transformation, Lim Boon Heng personifies the PAP-NTUC symbiosis. A graduate of Newcastle-upon-Tyne University in naval architecture, Lim joined Neptune Orient Lines before being elected Member of Parliament (MP). He joined the NTUC as Deputy Director, Research Unit in 1983 becoming Assistant Secretary-General in 1984, Deputy Secretary-General in 1989 and Secretary-General in 1993. He was Deputy Speaker of Parliament up to 1991, when he became Senior Minister of State for Trade and Industry and Chairman of the National Productivity Board and National Productivity Council. In 1993 he was promoted to Minister, Prime Minister’s Office and Second Minister for Trade and Industry. He has continued to be re-elected NTUC Secretary-General while remaining an MP and member of the Cabinet and holding several other public portfolios.
Anticipating a state of what its Secretary-General refers to as ‘constant job churn,’ as well as aiming to equip them with medical benefits, union memberships and individual training accounts that are portable between employers, the NTUC has put in place eight key programs to help workers in ‘an ever shifting work environment’ (NTUC, 2001, pp. 3-6). The key programs are:

1. **Community Development**, the thrust of which is to build a compassionate labour movement and thereby strengthen social cohesion in Singapore;

2. **Industrial Relations for Competitiveness**, the aim being to minimise unemployment and strengthen unions through interchange within ‘clusters,’ e.g. financial, and engineering clusters;

3. **Leadership Development**, through identification, training and education;

4. **Membership growth**, through recruitment, retention through services and membership for life, and expansion through merger and acquisition;

5. **Employment and Training Services**, an enhancement of previous provisions to ensure employability;

6. **Productivity Push**, through work redesign and flexi-work projects;

7. **Skills Upgrading and Certification**, through training for employability;

8. **Workplace Health**, including company participation with the NTUC in health and safety.

The above NTUC programs may be seen first as multi functional: the functions of social development, employment management, union agency maintenance and development, and human resource development. Second, they may be seen as operating at different levels: society, work community and workplace. Third, the programs integrate the functions of maintenance, management and development and the different levels with and within the labour movement. When configured in this way they constitute a progression towards ‘Manpower Planning’ of the functions of the labour movement envisaged during the third transformation of Singapore’s industrial relations system.

**The Employers’ Role in ‘Manpower Planning’**

While the Chambers of Commerce and the Singapore Manufacturers’ Federation (SMF) have representation on the NWC, the SNEF is the key industrial relations body
representing employers in national ‘Manpower Planning’ strategies. The policy-making body of SNEF is its 17 member Council, the officers and members of which are senior executives of member companies and reflect the multi-national corporate structure of much employment in Singapore. Policies on industrial relations and labour-management issues are formulated by an Industrial Relations Panel made up of human resource practitioners and the chairpersons of each industry group.

Complementing MANPOWER 21 and NTUC 21, SNEF 21 (Singapore National Employers’ Federation, 1997), the employers’ blueprint, listed the following as its strategies for the new millennium:

- Pursue productivity to build strong companies for growth;
- Stay competitive by improving the cost structure of businesses;
- Win workers through corporate bonding programmes, and equip them with skills to keep pace with changes;
- Create more high value-added jobs;
- Cultivate corporate citizenship (as summarised by Tan, 2004, p.119).

The issues considered by the SNEF in 2000-2001 were the NWC recommendations, the representation of executives by rank-and-file unions, portable medical benefits, the monthly variable component in wages, and retrenchment benefit guidelines. Its Secretariat comprises salaried appointees and in 2001 included two secondments from MOM. Its industrial relations role is largely determined by its commitment to Singapore’s tripartism. Thus, the issues that are the concern to MOM and the NTUC are much the same as those that are the concern of the SNEF, but with the SNEF’s greater concentration on labour costs, especially the NWC’s annual wage guidelines, the level of employers’ CPF contributions and the retirement age, which was increased to 62 years in 1999 (Singapore National Employers’ Federation, 1991, 2001).

The SNEF’s activities that reflect and complement the NTUC’s and MOM’s manpower planning strategies include labour and salary surveys and the provision of a range of courses in management, administration and human relations skills. Its Diploma in Management specialises in Industrial Relations and Human Resource Management. As well as its representation on the NWC the CPF and other statutory boards, the SNEF is represented on a range of community agencies.
Globalisation, increased competition and the increasing acceptance of the doctrine of economic rationalism, have created a whole new set of contingencies for management in Singapore, in particular for those managers that were once safely within the public sector. Increased exposure to the private sector business environment has required them to hone their management skills, set strategic directions and be more responsive to markets. The ‘Manpower Planning’ strategy imperative includes the profession of management, represented in Singapore by the Singapore Human Resource Institute (SHRI) and to some extent by the Singapore Institute of Management (SIM), especially by its extensive management education programmes. Employers and managers are highly institutionalised in professional and developmental organisations in Singapore and where not officially represented are regularly consulted.

There never has been a time since 1972 when employers have not been concerned with the wages system, but especially so with the third transformation of Singapore’s industrial relations system when wage policy was used to kick start economic restructuring. With the progression to ‘Manpower Planning’ this concern has taken the form of recommendations for a ‘Competitive Base Wage System.’

**The NWC and a Competitive Base Wage System**

The NWC had already been urging an increase in the proportion of wage increases being paid as a variable component (Table 8.6) when, in 2003, the Government-commissioned yet another report, this time from a ‘Tripartite Task Force,’ on wage restructuring (Ministry of Manpower, 2004). Before the Tripartite Task Force’s Report was published, MOM had defined a ‘Base-Up Wage System’ in *The National Human Resources Handbook* and provided a sample salary structure for employers (Ministry of Manpower, 2000). The features of a base-up wage system were summarised as:

- A salary scale or range that reflects the value of the job and the job’s learning curve.
- A service increment to reward workers for loyalty and experience. This is given to workers who have not reached the maximum pay of the salary scales/ranges.
- A base-up wage increase to reward workers for productivity gains. This is given to all workers, including those at the maximum of the salary scales/ranges. (Ministry of Manpower, 2000, p. 57).
The Tripartite Task Force’s recommendations for a Competitive Base Wage System (CBWS) were published too late for analysis in this thesis, but an abridgement of the summary of its 14 key recommendations for achieving a CBWS that follow Table 8.6 below are indicative of the progression of Singapore’s industrial relations since the inception of ‘Manpower Planning.’

Table 8.6 National Wages Council recommendations and Central Provident Fund contributions, 1998-2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Wages and Provisions</th>
<th>Central Provident Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>5-8% wage cut</td>
<td>10% employer 20% employee</td>
</tr>
<tr>
<td>1999</td>
<td>10% of wages in a MVC account</td>
<td>10% employer 20% employee</td>
</tr>
<tr>
<td>2000</td>
<td>Wage increases in line with economic recovery, company performance, and transition to the New Economy, implementation of MVC.</td>
<td>12% employer 20% employee</td>
</tr>
<tr>
<td>2001</td>
<td>Severe wage restraint</td>
<td>16% employer 20% employee</td>
</tr>
<tr>
<td>2002</td>
<td>Extension of 2001; Increase MVC and BUWS</td>
<td>16% employer 16% employee</td>
</tr>
<tr>
<td>2003</td>
<td>Wage cuts for SARS-affected firms; wage freeze for others; 2% plus from basic wage into MVC; Bonuses for workers in firms doing well.</td>
<td>13% employer 20% employee</td>
</tr>
</tbody>
</table>

Source: Ministry of Manpower (Annual)

The Tripartite Task Force, which reported in 2004 made the following 14 recommendations for increasing wage flexibility and competitiveness:

1. For rank-and-file employees a 70% basic wage with a 20% Annual Variable Component (AVC) and a 10% Monthly Variable Component (MVC); 40% and 50% variable components for middle and top managements, respectively.
2. Key Performance Indicators (KPIs) to link variable components with performance.
3. (4. and 7.) Build up AVC from Annual Wage Supplements (AWSs). Convert excess of AWS to AVC and convert allowances into variable components.
5. Build up MVC from future wage increases and from basic wages.
6. Draw up guidelines for cuts in, or restoration of MVC possibly by union and employer agreement.
8. Share relevant information with unions.
10. Consider shorter workweeks, temporary layoff, taking paid or no-pay leave and flexible work schedules.
11. Move away from the seniority-based wage system.
12. Conduct annual wage reviews to avoid locking in to annual increments in collective agreements.
13. Give wage increases only if they are sustainable.
14. Companies facing wage pressures from global competition may want to review their wage levels, in consultation with unions. (Ministry of Manpower, 2004, pp. 8-10).

As has been shown the implementation of the revisions and changes in NWC guidelines ensured that there has been no dramatic diminution of MOM’s conciliation caseload (Table 8.7). As The National Human Resources Handbook acknowledges:

The impact of fluctuations in the economy, intense competition and workplace changes will inevitably create strains and problems. However, the legal framework, mechanisms and industrial relations system in Singapore, as well as a commitment to meeting shared objectives, facilitates a constructive problem-solving approach and effective resolution of disputes that may arise. (Ministry of Manpower, 2000, p. 101).

Thus an annual average of 259 disputes between 1998 and 2002 were referred to MOM for conciliation but there were no strikes or lockouts. Table 8.7 lists the numbers of unionised disputes each year between 1998 and 2002.
### Table 8.7

**Strikes, worker days lost, conciliation referrals and causes, 1998-2002**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Strikes</th>
<th>Worker Days Lost</th>
<th>Unionised Disputes Referred for Conciliation</th>
<th>Main Causes of Unionised Disputes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>0</td>
<td>0</td>
<td>291</td>
<td>*Wages and conditions</td>
</tr>
<tr>
<td>1999</td>
<td>0</td>
<td>0</td>
<td>246</td>
<td>*Wages and conditions</td>
</tr>
<tr>
<td>2000</td>
<td>0</td>
<td>0</td>
<td>231</td>
<td>*Wages and conditions</td>
</tr>
<tr>
<td>2001</td>
<td>0</td>
<td>0</td>
<td>266</td>
<td>*Wages and conditions</td>
</tr>
<tr>
<td>2002</td>
<td>0</td>
<td>0</td>
<td>260</td>
<td>*Wages and conditions</td>
</tr>
</tbody>
</table>

*Source: Ministry of Manpower (2003, p. 143)*

*Includes a small number of cases of retrenchment benefits, bonus or gratuity and ‘other’ matters.

### ‘New Challenges, Fresh Goals’

In their letter to the then Prime Minister, Goh Chok Tong,\(^7\) accompanying their Report the Economic Review Committee (ERC) suggested that the economic transition that Singapore was going through was ‘possibly far more reaching [than any] since Independence in 1965’ (Ministry of Trade and Industry, 2003, unpaginated). As expressed in the body of the Report:

> Singapore has reached a turning point in its economic development. For more than two decades until the Asian Financial Crisis in 1997, Singapore enjoyed consistently high growth. Southeast Asia was doing well, foreign investment grew year by year, and our exports expanded. We upgraded our economy, and transformed the lives of Singaporeans in less than a generation.

> The last five years, however, have shown clearly that this phase is over. The Asian Financial Crisis plunged Southeast Asia into political and economic uncertainties. The US recession marked the end of a long boom, and the beginning of a new period of slower growth. (Ministry of Trade and Industry, 2003, p. 31).

\(^7\) Since succeeded by Lee Hsien Loong.
Among the measures to realise the strategies for achieving the key recommendations of the Report — to remake Singapore into a globalised and diversified economy and a creative and entrepreneurial nation — were those of ‘human capital.’ These measures, or rather emphases, were as follow:

Developing the Full Potential in Every Individual — education and skills upgrading with greater curricula flexibility and university admissions policy;

Manpower Planning — national manpower planning with a broader approach to allow greater flexibility and diversity;

Fostering a Global Mindset — developing a global outlook and re-integrating overseas Singaporean students;

Tapping Overseas Network — setting up the Majulah Connection to build on overseas circles of Singaporeans;

Attracting Foreign Talent — to supplement the local talent pool;

Enhancing Human Capital Management — raising the proficiency of human resource practitioners, setting up a human resource Centre of Excellence, attending to HRM in small to medium enterprises;


The Report also dealt with the needs to develop the institutional means to deal with structural unemployment, continuing education and training and retrenchment: in the Report’s argot ‘Helping Singaporeans Cope.’ Its key recommendations were:

Enhance skills training through the establishment of continuing and adult learning centres and by providing workers with portable training accounts;

Help the unemployed find jobs quickly by adjusting their mindsets, adopting different strategies for different groups of job-seekers, by consolidating job vacancy data and re-engineering industries to create jobs for locals, by providing counselling and assistance in job search, and by building up a pool of professional job counsellors.

Provide assistance for the needy and unemployed by building incentives into financial assistance, by simplifying the assessment system and reviewing
Strategic Choice and Singapore’s Industrial Relations


On the other hand the continuation of wage restraint was recommended along with a continuation of a combined employer-employee CPF contribution of 36 per cent. The management of the inflow of foreign workers was to be flexible — not to deprive Singaporeans of jobs but to supply employers who were short of labour (Ministry of Trade and Industry, 2003, pp. 16-19).

For the analytical purposes of this thesis the chronicle of Singapore’s industrial relations from 1987 to today has been divided into the decade of 1987 to 1997 (between the economic crises of 1985-1986 and 1997) and the post-1997 development of ‘Manpower Planning.’ The analysis has supported the claim that such changes as were made to industrial relations in these two periods did not amount to a transformation, but rather of consolidation and a progression, respectively. No fundamental institutional changes took place that transformed Singapore’s industrial relations into something that bore only residual resemblance to that which had emerged from the third transformation. This claim and its implications for the research questions are discussed below.

Discussion

Singapore’s three industrial relations transformations have been partly in response to the changing demands of the world economy and partly precipitated by immediate local and regional crises. The first transformation was a necessary result of commitment to industrialisation by a Government released from the constraints of colonial administration and intent on generating employment for its citizens by attracting MNC investment (Lee, 1998, 345-346). The second was the result of the necessity of preempting the employment effect of the anticipated withdrawal of the British military base from Singapore by increasing the island state’s attractiveness to MNC investors (Lee, 2000, 109). The third was due to a realisation that, notwithstanding the oil-price hikes of the 1970s, if the standard of living of Singaporeans were to continue to rise, MNC investment had to shift from low value-added to high technology, high value-added production (Lim. C. Y., 1979). Because it was an integral part of economic restructuring, the third transformation was more proactively induced than its predecessors. These three transformations of Singapore’s industrial relations involved institutional changes, especially of trade unions and collective bargaining, which have
determined the infrastructural arrangements within which the progression to ‘Manpower Planning’ is taking place.

Operationally, tripartism was organised in a range of public sector institutions, from statutory boards to industrial arbitration. While these arrangements remain, the progression to a ‘corporate’ (as opposed to ‘corporatist’) emphasis on ‘Manpower Planning’ and manpower management adds another dimension to tripartism. This corporate emphasis is particularly apparent in *Manpower 21* with its different combinations of participants for achieving each of its government-supported 40 recommendations and in the National Manpower Summit with its corporate HRM practitioner attendance.

Of the three parties, the strategic initiative remains with the Government, especially through MOM. Although the NTUC and SNEF blueprints for the 21st Century predated that of MOM, because of the strength and seniority of the PAP-NTUC symbiosis, it can be assumed the NTUC’s program had the *de facto* endorsement of the Government. Further, although the NWC is tripartite in structure and deliberation, it makes its recommendations as guidelines to the Government, which has the prerogative to accept or reject them.

The progression from industrial relations to ‘Manpower Planning’ as examined in this Chapter does not constitute a transformation of Singapore’s industrial relations system; the transformation had already taken place between 1978 and 1986. The shift to ‘Manpower Planning,’ appears to be the Singapore equivalent of the rise of an ‘alternative human resource management system’ in the USA (Kochan et al. 1986, p. 226). However, unlike in the USA, Singapore did not experience an ‘emergence of a non-union industrial relations system’ (Kochan et al. 1986, pp. 47-80). This was not through any strategic management by employers, but because the non-communist Singapore trade union movement became the protégé of the PAP Government in the 1960s within an industrial relations system of regulated pluralism. The strategic choice of the NTUC to foster business and consumer cooperatives and the provision of welfare facilities, and the PAP Government’s strategic choice to develop the NTUC through a symbiotic relationship into a transmission belt for conveying imperatives to the workforce, facilitated the transformation of Singapore’s industrial relations into a corporatist system. With the subsequent transformation into a corporatist paternalistic system of industrial relations the PAP Government was able to refine what was already
‘an alternative human resource management system’ into the more dynamic ‘Manpower Planning’ to meet the increasing demands of global competition following the 1997 Asian financial crisis.

Since there was a relative stability of Singapore’s industrial relations over the decade 1987 to 1997, Dunlop’s *Industrial Relations System* (Dunlop, 1958) can be used reasonably satisfactorily as an explanatory framework for that period. Tan (2004, pp. 2-3), for example, relies substantially on the Dunlop model to focus on the interactions of the three actors — participants he calls them — to structure his account of employment relations in Singapore. However, his emphasis on Singapore’s tripartism is uncritical and makes no attempt to assess the relative influence on events of each of the participants, this in spite of his extension of the Dunlop model with elements from Barbash (1984), Kochan et al. (1986) and Craig (1990).

Because the changes in Singapore’s industrial relations system since 1997 from Industrial Relations to ‘Manpower Planning’ are a progression of the third transformation from corporatism to corporatist paternalism, theoretically their application to the research questions should be the same as for the third transformation.

For the first of the secondary research questions:

*How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the [progression of the third] transformation of industrial relations in Singapore?*

the response with regard to *Industrialism and Industrial Man* must be constrained by the technological determinism of the thesis. For example, Kerr et al.’s proposition that: ‘[T]he larger truth is that the iron hand of technology tends to create relative uniformity in job structure, compensation differentials and technical training’ (Kerr et al., 1973, p. 292) is attractive for explaining the current progress of Singapore’s industrial relations, except for the clear exercise of choice by Singapore’s political elite in determining the direction of their character, albeit in response to technological and economic developments in the country’s international trading environment. The progression from Industrial Relations to ‘Manpower Planning’ began symbolically with the PAP Government’s decision to establish a Ministry of Manpower in 1998 and proceeded with the Minister of Manpower’s appointment of a Manpower 21 Steering Committee to ‘address Singapore’s national manpower challenges in an integrated and holistic manner’ (Ministry of Manpower, 1999b). It continues with a preoccupation with further
wage reform, the objective being to construct a system with greater sensitivity to variable performance in order to maintain international competitiveness.

The next secondary research question asks:

If the usefulness of alternative — current or precursor — organising frameworks are wanting, what are the aspects of the strategic choice model that might correct this deficiency in the case of Singapore’s industrial relations?

As has been pointed out above, the post-1997 changes in Singapore’s industrial relations may be seen as relevant to the debate over whether or not a fundamental change, constituting a transformation, is occurring in the industrial relations systems of different countries in response to the globalisation, technological developments, and changing workforces (Locke et al., 1995, p.139). In this Chapter it has been conjectured that the post-1997 changes do not constitute a transformation because that transformation had already taken place between 1979 and 1986, when the institutional framework for coping with market internationalisation, technological advances and a flexible workforce were put in place as a strategic choice of the PAP-Government and legitimated by tripartism. Rather than lead to a further transformation, the effect of the 1997 Asian financial crisis was to speed up, refine and readjust the programs begun in 1979 and consolidated between 1987 and 1997. Thus, as with the third transformation there are aspects of the strategic choice model that enable an understanding of the change from Industrial Relations to ‘Manpower Planning’ in Singapore that the Dunlop (1958) and Kerr et al.(1960) models do not.

However, writing during the third transformation on technological change and industrialisation in Singapore and before the publication of Kochan et al. (1986), some observers were inclined both to acknowledge both the usefulness and the limitations of the Kerr et al. model for explaining Singapore’s industrial relations. As they put it:

We hesitate to place Singapore on one of the converging paths to industrial pluralism as posited in the Kerr et al. (1973) thesis. Nevertheless, once modernisation is begun, there are discernible requirements which Singapore’s political elite has been quick to recognise and accommodate (Leggett et al., 1983, p. 57).

And, on the utility of Dunlop’s Industrial Relations System (Dunlop, 1958), they opined:
No doubt Dunlop’s systems model (Dunlop, 1958) could be stretched in the way that Craig (1973) has done, to encompass all the observable features of the industrial relations of a particular country. However, for Singapore, the authors...are uneasy with the delineation of environmental inputs, the system and the outputs. If a structural-functional analogy as a heuristic utility for understanding Singapore’s industrial relations, it would be preferable to represent compliance with political directives as the output, and non-compliance as symptomatic of a malfunctioning of the systemic network of controls. Thus procedural and substantive rules become internal mechanisms of a system interacting with an environment, a fundamental feature of which is the condition of dependent development. Such a model locates technology as exogenous and technological change as endogenous. In this case, technology is defined by government as an imperative and technological change as an opportunity to be grasped by the other actors, especially the workers. Seemingly there is choice in how technology is accommodated to in the form of change, but this perception overlooks Singapore’s dependence on the multinationals as vehicles of technology transfer. Thus, the model by itself has limited value for explaining causal relationships between technology and industrial relations. (Leggett, et al., 1983, p. 71).

These observers concluded:


The third of the secondary research questions:

Are there particular features of Singapore’s industrial relations that require modification of the strategic choice model to strengthen its usefulness?

is addressed in Chapter 9.

The fourth secondary research question asks:

How does the strategic choice analysis of Singapore’s industrial relations contribute to the questions of ‘national’ as a distinguishing criterion, the drivers of change, the interaction of the actors, and the scope for strategic choices?
To answer this question in relation to the progression from Industrial Relations to ‘Manpower Planning’ in Singapore since 1997, it is necessary to understand how the nation’s political elite and Singaporean citizens see the future. Former Singapore Prime Minister, Goh Chok Tong, echoed the perennial worries of the political elite when he said: ‘We are living in a very dangerous period and I don’t think Singaporeans understand that.’ As Mauzy and Milne (2002, p. 187) observed: ‘To succeed in the new global economy, Singapore leaders believe, the government must solve the problems of adequate manpower and sufficient talent for the future.’ The 1997 Asian financial crisis devastated the economies of several countries in the region but Singapore’s economy in comparison suffered little damage. This was attributed to the PAP-Government being ‘very well managed, very far-sighted and willing to embrace change,’ by the then US Ambassador to Singapore (quoted in Mauzy and Milne, 2002, p. 194). The capacity of the PAP Government to have weathered the Asian financial crisis may have reinforced the tendency of Singaporeans to rank social stability as more important than personal liberty (Mauzy and Milne, 2002, p. 197), and thereby their tolerance of the Government’s prerogative to determine the direction of, among other national developments, employment relations, to remain the driver of change and to make the strategic choices in ‘a very dangerous period.’

Finally:

*How useful is the strategic choice model for explaining the transformation of Singapore’s industrial relations?*

It is possible to make some comparison between the transformation of American industrial relations that the strategic choice model was devised to explain and the third transformation and its progression of Singapore’s industrial relations. With the former the transformation was an emergence attributable to the strategic choices of corporate management. With the latter, the time scale is shorter and the strategic choices of the PAP Government immediate and responsive to the global economic environment. The PAP Government’s macro and socio-economic policies involve consultation and participation of corporate management in Singapore and reach down, primarily through MOM and the NTUC to the workplace. Expressed as a ‘vision’ MOM transmits the progression from Industrial Relations to ‘Manpower Planning’ as:

> The ability of people in organisations to manage information and apply knowledge to create new and innovative ideas, products and services, is
increasingly the key to an organisation’s success in a global and knowledge and innovation driven economy. People have truly become an organisation’s most important asset. As a result, companies are integrating human resource management into their overall corporate strategies in order to tap the full potential of their workforce to meet their business objectives. (Ministry of Manpower, 2002, p. iii).

Unlike the three transformations of Singapore’s industrial relations the progression to ‘Manpower Planning’ has not required major labour legislation — that was already in place — but the PAP Government’s exercise of authority and persuasion through its corporatist institutions, including the NTUC and the tripartite NWC to achieve the desired HRM policies and practices at national, corporate and workplace levels. It is unequivocally asserted in The National Human Resources Handbook that ‘MOM will provide overall planning and coordination of M21 [Manpower 21], in partnership with all stakeholders and partners (Ministry of Manpower, 2002, p. iii). While it may be arguable that workers are mostly employed by foreign-owned firms, except for the Japanese corporations their chief executive officers (CEOs) are Singaporean, as are their human resource managers, i.e., those who receive and implement national strategies at the company and workplace levels. In detailing these relationships and strategies the three tier model of Kochan et al., 1986, p. 17) with the concept of strategic choice is a more relevant framework than the conventional systems model.

Summary
Following the quick recovery from its 1985-1986 economic crisis and during the long decade 1987-1997 of economic growth, the industrial relations system of Singapore that emerged from the third transformation — from corporatism to corporatist paternalism — was consolidated and refined rather than transformed. Further developments, this time triggered by the Asian financial crisis of late 1997, continued to date. They appear to be, in a concentrated form, what many of the older industrialised countries have been experiencing since the 1970, or longer in the USA according to the transformation thesis of Kochan et al. (1986), a comparison with which could be justified by the concertina effect of ‘late, late’ industrialisation (Dore, 1979). Heralded as ‘Manpower Planning’ the current progression from the third transformation aims at achieving workforce flexibility and mobility rather than the discipline and diligence of the first and second transformations and the company loyalty and stable employment of the third, to ensure employability as global competition intensifies and technology
advances. The strategic initiative remains with the PAP Government, reinforced through the programs led by MOM and shared with the NTUC and, to a lesser extent, the SNEF. The strategic choice of the PAP Government to progress from Industrial Relations to ‘Manpower Planning’ includes all the functions of contemporary strategic HRM but with special emphasis on the wages system — aiming to achieve a balance between flexibility and stability that is an incentive to productivity and performance at the company and workplace levels. The NTUC membership remains a matter of concern, but is not treated as critical and some arrangements have prevented a decline in absolute numbers. The presence of foreign workers is regarded as a cushion against recession, while the attraction of foreign talent is seen as necessary for the transition of Singapore as a talent capital and a knowledge economy.

The phenomena of Singapore’s progression from the third industrial relations transformation to ‘Manpower Planning’ cannot be satisfactorily explained by the Dunlop systems model because of their dynamics, and the usefulness of the Kerr et al. (1960) convergence thesis is constrained by its technological determinism. However, as with the third transformation, for the subsequent progression the strategic choice model of Kochan et al. (1986) is able to accommodate the questions of ‘national as a distinguishing criterion, the drivers of change, the interaction of the actors, and the scope for strategic choices?’ Again the strategic choice model was found to facilitate the analysis of strategic choices of the actors, primarily the PAP Government, through its transmission of them to the three tiers of analysis.

The next and concluding chapter, Chapter 9, will re-examine the usefulness of the strategic choice model for explaining the transformations of Singapore’s industrial relations.
CHAPTER 9

THE USEFULNESS OF THE STRATEGIC CHOICE MODEL FOR EXPLAINING THE TRANSFORMATIONS OF SINGAPORE’S INDUSTRIAL RELATIONS

This Chapter reviews the strategic choices and initiatives associated with the three transformations of Singapore’s industrial relations and the progression of the third to ‘Manpower Planning.’ It proceeds to address the main research question by applying the data assembled in Chapters 5 to 8. To illustrate the usefulness of the strategic choice model, the summarised data are reconstructed within the framework for analysis of industrial relations issues and the three tier framework of industrial relations activity of Kochan et al. (1986, pp. 11 and 17). The secondary research questions are then similarly addressed. The contribution and limitations of the thesis and the directions of further research are then discussed and followed by a summary and conclusions.

Transformations, Progression and Strategic Choices

The thesis set out to test the usefulness of the strategic choice model for explaining industrial relations in a country other than the USA. The country selected was Singapore. Apart from the convenience of the researcher’s familiarity with Singapore’s industrial relations, Singapore was chosen because it had experienced planned industrial relations changes as its PAP Government propelled the country through the different phases of rapid industrialisation (Pang, 1981b). The thesis identified three analytically and temporally distinct transformations and a progression of Singapore’s industrial relations involving the three ‘actors’ of Dunlop Industrial Relations System (Dunlop, 1958, pp. 7-8).

The three distinct transformations have been from ‘colonial administration’ to ‘regulated pluralism,’ from ‘regulated pluralism’ to ‘corporatism’ and from ‘corporatism’ to ‘corporatist paternalism,’ the last progressing to ‘Manpower Planning.’ They are distinguished by clusters of strategic industrial relations activities within the contexts of political and economic change in Singapore. The first concentration was associated with the attainment of internal self-government in late 1959, the second with the withdrawal of the British military bases in 1967, the third with economic restructuring in 1979, and its progression following the 1997 Asian financial crisis. Table 9.1 illustrates the three observed transformations and the progression of the third
to ‘Manpower Planning’ within a framework of the strategic initiatives of the PAP Government and the strategic choices of employers and unions in Singapore.

These events prompted the strategic initiatives of the PAP Government and such strategic choices as might be made by the other two ‘actors.’ The strategic choices for workers and their organisations were increasingly limited by the growing symbiosis of the PAP and the NTUC, and which the NTUC’s rank-and-file had little choice but to endorse. For employers, the scope of choice might be said to have been narrowed by the strategies of the NTUC and the PAP Government being to make Singapore an attractive place in which to invest, although more selectively after than before 1979. Nevertheless, by choosing to invest in production in Singapore, employers were also choosing to comply with and participate in Singapore’s industrial relations system. Nudged by the EDB, the NTUC might hold back an affiliate from organising the workforce of an anti-union MNC employer, but this was exceptional and explained, as a temporary but necessary expedient (National Trades Union Congress, 1985b).

With each of the transformations of Singapore’s industrial relations there has been a distinct change in the rhetoric of those leading the transformations: from the colonial administrators to the regulating pluralists, and from them to the corporatist leaders and their increasingly paternalistic hue, to the current ‘Manpower Planners.’ Colonial administrators in Singapore were often at odds with the independent Trade Union Advisor over the development of trade unionism (Gamba, 1962, pp. 100-130). Although the Governor had declared the strike to be a legitimate weapon in 1947 claiming that ‘our policy is to make trade unions really responsible organisations, so that they can negotiate with employers for any demand they might like to have met’ (Straits Times, 6 January 1947, quoted in Gamba, 1962, p. 199), when a Trades Union Congress was established in 1951 in Singapore by non-communist unions the Government decreed against public sector unions affiliating to it (Roberts, 1964, p. 75). Such official sentiments resonate throughout the 1940s and 1950s.

The colonial administrators’ rhetoric of ‘responsible organisations’ meant trade unionism free from the Communists and intended to counter such calls as that of the SFTU on workers ‘to unite more closely with Communist circles in Malaya to strengthen the labour front and to prepare to face the British imperialist anti-Communist campaign’ (Singapore Free Press, 27 April 1948, quoted in Gamba, (1962, p. 329).
Table 9.1  Strategic initiative, strategic choice and the transformations of Singapore’s industrial relations

<table>
<thead>
<tr>
<th>Period</th>
<th>Strategic Initiatives Taken by Government</th>
<th>Strategic Choices Made by Trade Union Leaders</th>
<th>Strategic Choices Made by Employers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Colonial Authority to 1960</strong></td>
<td>PAP Government From the unsuccessful suppression of politicised to the promotion of economistic trade unionism regulated by union registration.</td>
<td>SATU and NTUC From the challenge to authority through labour unrest. From confrontational bargaining.</td>
<td>Government as Employer and Employers From grudging compliance with the promotion of trade unionism.</td>
</tr>
<tr>
<td><strong>Regulated Pluralism to 1968</strong></td>
<td>PAP Government To the regulation of industrial relations and employment terms and conditions by law. To the cultivation of politically loyal trade unionism through the NTUC. To the decline of rival unions through suppression of Leftists.</td>
<td>NTUC To identification with Barisan Socialis (SATU) or with the PAP (NTUC).</td>
<td>Government as Employer, NEC and SEF To compliance with the legal regulation of industrial relations and dispute settlement.</td>
</tr>
<tr>
<td><strong>Corporatism to 1979</strong></td>
<td>PAP Government To the legal constraint of collective bargaining. To the incorporation of trade unions into the PAP-NTUC symbiosis. To the involvement of employers with the PAP-NTUC through NWC wage fixing.</td>
<td>NTUC To the abandonment of confrontational bargaining in favour of cooperatives and social welfare provision.</td>
<td>Government as Employer, NEC and SEF To participation in centralised wage-fixing through the NWC.</td>
</tr>
<tr>
<td><strong>Corporatist Paternalism to 1998</strong></td>
<td>PAP Government To restructuring the economy through inter alia wage reform. To the promotion of technocrats as union leaders. To the restructuring and redefinition of trade unions. To the facilitation of flexible HRM.</td>
<td>NTUC To the strengthening the NTUC leadership with technocrats. To the restructure of unions along industry and enterprise lines.</td>
<td>Government as Employer, and SNEF To the adoption of some Japanese employment relations practices.</td>
</tr>
<tr>
<td><strong>‘Manpower Planning’ after 1997</strong></td>
<td>PAP Government To the response to globalisation by transforming industrial relations into strategic HRM, called ‘Manpower Planning.’</td>
<td>NTUC To the engagement with MOM and SNEF To the increase in workforce mobility and promote lifelong learning.</td>
<td>Government as Employer and SNEF To engage with MOM and NTUC to increase workforce flexibility and mobility.</td>
</tr>
</tbody>
</table>
Trade union militancy was not confined to Communist front unions. In 1948 Lee Kuan Yew, then a labour lawyer, used a strike of postal workers, to secure an agreement for them with an administration that had declared strike action illegitimate. The next day Sinnathamby Rajaratnam, who, as reported in Chapter 5, played a prominent role in the subsequent PAP Government, wrote in the *Singapore Standard*:

> For the first time in the history of the trade union movement in this country, the foremost official in the colony has publicly questioned the validity of the strike weapon. Put most bluntly, Mr Nicoll (the governor) says that the government considers pressure through strikes, whether justified or not, whether illegal or not, as something which the government cannot tolerate (Quoted in Lee, K. Y., 1998, p. 50).

Nearly 20 years later, after the Singapore Government had regularised and regulated industrial relations, Prime Minister Lee Kuan Yew, in anticipation of a second transformation was saying: ‘The same unions that I egged on to industrial protest action I now have to face, to explain why a repetition of the habits learned in the pre-independence era must mean the disintegration of the whole of society as the economy ceases to keep pace with the growing demands of an educated population’ (quoted in Josey, 1968, p.355 from a speech by Lee Kuan Yew to the International Labour Organisation’s *Asian Region Conference*, Singapore, 28 November 1967).

Indicative of the required corporatist role for Singapore’s unions were Lee’s remarks while speaking on the Employment Bill in 1968:

> When some Russian trade unionists were in Singapore several months ago they told our union leaders that Russian trade unionists report to and require of management the dismissal of inefficient workers and thereby increase productivity. I am not asking our union leaders, in an open society, to take on the role of management. But I do urge them, with the help of these new laws, to stop giving cover to those who do not pull their weight (quoted in Josey, 1968, p. 454).

Between 1978 and 1986 the Government’s and the NTUC leaders’ rhetoric reflected the increasing paternalism of the corporatist system, nowhere more so in the speeches of its President, C. V. Devan Nair, to the NTUC. Addressing NTUC delegates in 1979, Nair unequivocally affirmed:
History and current precedents in other countries show us that our success in raising our workers from the quagmire they were in would certainly have not been possible had there not been an enlightened trade union movement which puts the survival of the nation before everything else….This is the fundamental thinking of the NTUC and its affiliates (National Trades Union Congress, 1979, p. 4).

Again addressing the NTUC, this time at a seminar on the development of a work ethic for Singapore, Nair told his audience:

[T]here are societies in which both leaders and followers fail to see that general social and economic progress does not come about by waving magic wands, or mindlessly repeating cant words and braggart dogmas. General and individual progress is only possible on the basis of careful and intelligent planning, hard work all round and an achievement-oriented way of life and attitude of mind.

The societies of the Third World which show promise of survival in the modern world of science and technology are precisely those which place a high value on pragmatic achievement-oriented economic and social programmes as the necessary basis of general progress. Singapore is one of them.

But it would be dangerous to rest on our laurels. (Nair, 1982, pp. 191-192).

Since the advent of ‘Manpower Planning’ the NTUC Secretary-General’s rhetoric is less feisty and more normative, detailing the effects of market changes, and explaining such things as the need for competitive wages (National Trades Union Congress, 2000, pp. 3-9). Addressing NTUC Delegates in 2001 he explained:

Workers face a difficult environment. Technology and globalization are bringing fundamental changes to the workplace. Advances in technology and communication let companies do much more with fewer workers, bypass middlemen, and shorten the time to get information and make decisions. Globalization allows more business to be done across national boundaries. Investors can produce in one part of the world and sell to other parts with far fewer restrictions….
These changes occur with an increasing pace, but the labour movement’s key objectives remain constant. We provide protection and welfare for workers. Our challenge is to continue looking after the workers’ needs in an environment of change (National Trades Union Congress, 2001, p. 3).

The Primary Research Question
In Chapter 2, the primary research question was formulated as:

*How useful is the strategic choice model for explaining the transformation of Singapore’s industrial relations?*

Conventionally, but not exclusively, since the 1960s national industrial relations systems have been explained by academics drawing on or working within the framework devised by Dunlop (1958), especially as the tripartite interactions of ‘actors’ to regulate their relations. These explanations are represented as ‘tripartism’ in public policy at both national and international levels. From their observations of American industrial relations since they were regulated under the New Deal legislation, Kochan et al (1986) claimed that the systems model was inadequate for explaining the transformation that had taken place in that country’s industrial relations and posited that their strategic choice model was a more appropriate heuristic device.

Notwithstanding the debates about its explanatory status for American industrial relations, referred to in Chapter 3, it can be asked whether the strategic choice model might be applied to countries other than the USA. As in the USA the systems model has ‘been very influential in industrial relations teaching and research’ (Yerbury and Karlsson, 1992, p. 340) and, until recently, as an explanatory device for organising the industrial relations phenomena of other nation states, for example, Clegg (1970) and comparatively, for example, Bean (1985) and Poole (1986). For an NIC, such as Singapore, where industrialisation has been a rapid post-colonial phenomenon requiring industrial relations system transformations over a relatively short period of time — a generation — a more sophisticated explanatory framework might be needed (Leggett et al., 1983, p. 57).

Even allowing for region-wide directives (Rojot, 1990, p. 161), as with the European Union (EU) member countries, cross-border trade union membership, as with Canada and the USA, and ILO conventions, each nation’s industrial relations system is unique. Therefore universal explanatory models have to be sufficiently flexible to accommodate
Usefulness of the Strategic Choice Model

each nation’s uniqueness. Kerr et al. (1960) used the stage of industrialisation and the political character of the nation’s industrialising elites to account for the obvious diversity in national industrial relations systems, although their theory was one of convergence — towards pluralistic industrialism, which was less a notional state of the future than a national one, i.e., the perceived characteristics of the industrial relations of the technologically most advanced industrial country at the time, viz the USA.

Figure 9.1 Analytical framework for Singapore’s industrial relations

Source: Modified from Kochan et al. (1986, p.11).

Kochan et al. broadened the scope of Dunlop’s systems model with their ‘analytical framework’ for their purpose at the time of explaining the transformation of American industrial relations. Their model, however, is concerned with ‘changes in the external environment that induce employers to make adjustments in their competitive business strategies’ (Kochan et al. 1986, p. 12). This thesis has attempted to apply that analytical framework to the industrial relations of Singapore (as illustrated in Figure 9.1) where the specific characteristics of Singapore’s industrial relations, as identified in the three transformations of this thesis, are substituted for the universals in Kochan et al’s general framework for analysing industrial relations issues, represented by Figure 3.1. In this substitution the changes in the external environment are acknowledged but, in this case, as they affect the adjustment of national strategies for maintaining Singapore’s competitiveness in the global market place.
External Environment
The PAP Government depoliticised labour during the first industrial relations transformation in a first step towards the development of a national workforce that would become recognised for its discipline and diligence. With the achievement of full employment during the second transformation there began a dependence on foreign workers who to all intents and purposes were excluded from the corporatism that characterised the second and third transformations. The PAP Government has regularly sought to attract skilled, culturally assimilable foreign workers willing to accept incorporation and promote a high-technology production system. This selective openness has culminated in the search for foreign talent to consolidate the current industrial relations progression, ‘Manpower Planning,’ and requiring a conceptual change by workers of the nature and time spans of their employment and working lives.

Pragmatism, Legitimacy and Change
The characteristics of the external environment of Singapore’s industrial relations are mediated by the prevailing political philosophy of the state and the values deriving from its dependence on the export-oriented production of goods and services by multinational corporations. The latter has produced a heightened sensitivity to perceptions of Singapore by outsiders and sophisticated social and organisation structures to maintain the perceptions as favourable. These characteristics might be labelled pragmatism, legitimacy and acceptance of change.

Pragmatism and institutional tripartism have been the bases for the PAP Government’s legitimacy for transforming Singapore’s industrial relations system in response to economic and technology change. According to one analysis: ‘The set of concepts that can be collected under the auspices of pragmatism can...be said to have a popular legitimacy and be constitutive of the ideological consensus between the PAP and the population’ (Chua, 1995, p. 68). The inclusion of the NTUC in the operation of the PAP Government’s pragmatism is the basis of its credibility with the labour force and contrasts with the experience of other labour movements in industrialising Asia. In Hong Kong, labour’s strength was dissipated by the Colonial Government’s policy of the (tautological!) ‘positive non-intervention’ (England, 1989); in Korea (Kwon, S. H. and O’Donnell, M., 1999) and Taiwan (Lee, 1995), until after 1987, by suppression and sidelining. Institutional tripartism, it should be said, is propagated by the ILO (Triannual), and its practice and institutionalization confer an international legitimacy.
Continuity and Transformation

The influence of the external environment of Singapore’s industrial relations on their institutional structure is also mediated by their history. That history is presented as three distinct transformations and a progression, and their effects have been explained in each of Chapters 5 to 8. However, although three transformations of Singapore’s industrial relations have been discerned since the PAP came into office in 1959, there has been a continuity between and through them; metaphorically, the electricity and water were not cut off during each refurbishment. The survey by Erickson and Kuruvilla (1998) alluded to in Chapter 3, concluded that there was no consensus on what constituted transformation, and for the purpose of this study transformation was defined as a metamorphosis whereby change embraces the residual in the new form.

An important dimension of the continuity has been the long service of key officers, as in the political and administration systems, in the system of industrial relations. Tan Boon Chiang was President of the IAC from 1964 to 1988; Lim Chong Yah remained President of the NWC from its commencement in 1972 until 1992; Ong Yen Her has been the Director of the Ministry of Labour’s and the Ministry of Manpower’s Division of Labour Relations since 1985 — his predecessor, Michael Chua, like Ong came from the NTUC; Lim Boon Heng has progressed from Assistant Secretary-General, to Deputy Secretary-General and Secretary-General of the NTUC since 1982, and before him C. V. Devan Nair, whose credentials go back to the ‘Leftists’ under the colonial administration, was in succession Secretary-General and President of the NTUC from 1964 to 1981. The employers’ officials characteristically keep a lower profile, but the merger in 1979 of the two main federations provided a continuity of peak body representation. This is not to say the stability their tenures might have given to the system did not mean that they were a conservative force; far from it, they were variously but directly involved with implementing and carrying through the strategic choices that initiated each of the transformations. Rather, they have been a source of stability and familiarity in a climate of change.

Firm Level Industrial Relations

In spite of collective agreements being made at the firm level (but registered as awards by the IAC) the characteristics of industrial relations in Singapore at the firm level have been substantially determined at the national level. The procedural and substantive rules, to use Dunlop’s distinction, in the Industrial Relations Act 1960 and the
Employment Act 1968 leave little room for initiatives in collective bargaining by either individual employers or by trade unions. Employers who had wanted to ignore the wage freeze in 1986 were rebuked by the NTUC leaders and its affiliates were required to conform to the requirements of centralised wage fixing (National Trades Union Congress, 1986, pp. 10-11). Confrontation and industrial action is ruled out by the national commitment to tripartism (Krislov and Leggett, 1984).

Industrial conflict is regulated by the combined requirements of the Industrial Relations Act 1960, the Trade Disputes Act 1941, the Criminal Law (Temporary Provisions) Act 1955 and the Trade Unions Act 1940 as variously and subsequently amended. Add to this the longstanding commitment to compulsory arbitration by the IAC and the provisions for preventive mediation and conciliation — compulsory if necessary — by the Ministry of Labour/Manpower and the NTUC’s watchful eye on its affiliates' industrial relations, then a legal strike in Singapore is ‘virtually impossible without the tacit consent of the Government’ (Wilkinson and Leggett, 1985, p. 12). When deviations do occasionally occur, as in the case of the non-NTUC Singapore Airlines Pilots Association's work-to-rule in 1980, the result is the deregistration of the offending union, if that it be, and the ignominy of its officers (Leggett, 1984; Wilkinson and Leggett, 1985, p. 12).

To promote productivity and enable worker participation other than through the substantially curtailed collective bargaining various joint-consultation initiatives were taken in the 1980s, during Singapore’s third industrial relations transformation. The institutional means of implementation partly derived from perceptions of Japanese practice and they were advocated by Government agencies and the NTUC. The NPB promoted Quality Control Circles (QCCs) and, in the Civil Service, Work Improvement Teams (WITs). Their uptake met with some success and these institutions have endured, but company welfare schemes were less successful as employees, it seemed, preferred cash returns to welfare benefits (Wilkinson and Leggett, 1985, p. 13).

Of greater relevance at the firm level are the recommendations for wages and CPF contributions made by the NWC and by such committees as are appointed from time to time to report on wages.1 Although the recommendations have moved cautiously

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1 When asked about key issues, unionists in 2001 listed: ‘What has gone wrong with economy? How long is the downturn likely to last? Will there be another CPF cut or will the monthly variable component be
towards increasing the performance-related components in pay, there is no official evidence that their interpretation has become a central activity of HRM practitioners at the firm level. Instead MOM’s web site exhorts HRM practitioners to develop their workforces and enhance their roles, and provides advice on how to hire local and foreign workers (http://www.mom.gov.sg/MOM/CDA, 26 October 2004). Industrial relations, it seems, does not warrant the same levels of expertise among HRM staffs as do say the functions of recruitment and selection and training and development. Singapore Human Resources Institute (SHRI) provides professional training in HRM up to masters degree level, in conjunction with an Australian university (Singapore Human Resources Institute, 1999), and undergraduate majors by distance learning with British, American and Australian universities have been popular and are often advertised in the local press.

**Performance Outcomes**

The outcome of Singapore’s industrial relations constructed according to the general framework of Kochan et al. is the tripartite regulation of industrial relations by the key organisations of SNEF, NTUC and MOM. Tripartism has been a basis of Singapore’s industrial relations since the 1960s. As a function of public policy it has assisted in the transitions necessary to meet the changing imperatives of industrialisation and economic development. Over time it too has changed in order to fulfill this function effectively. From the orderly conduct of industrial relations to the modernisation of labor in the face of the department of the labor-employing British military, a large employer of local labour, and the loss of membership of the Federation of Malaysia, tripartism has been invoked within a national scheme of things, but in which significant employment was in foreign MNCs. The concept of tripartism in Singapore has to be qualified by the closeness of the PAP and the NTUC and by the multi-national character of employers. Asked by an NTUC pamphleteer how Singapore could maintain tripartism when new people come into positions of authority in government, in management and in unions all the time, Secretary-General Lim Boon Heng replied:

_reduced? How to help retrenched older workers when employers seem to prefer younger workers? Should there be a more structured social security system, now that tenured work is getting shorter? How should we deal with foreign workers?’ (Ee, 2001, p. 186)._
Regular dialogue is important. There are always new issues to discuss. As new people surface, they should be involved in discussing new issues. Through such involvement, they get to know the players, develop relations. We cannot start to develop relations when the problems are upon us! It is also incumbent on old leaders from the tripartite partners to bring in new faces (Ee, 2001a, p.200).

Accepting that relations at company level were ‘not universally cordial,’ on the question of MNC employers, Lim, presumably referring to SNEF, responded:

We have many nationalities among the companies here. They have their own business organisations. They have different experiences from their home countries. I think it is good to have a common body through which they can share experiences and learn from one another (Ee, 2001a, p. 201).

Former NTUC Secretary-General, Ong Teng Cheong, likened the PAP-NTUC symbiosis to a ‘strategic alliance’ that had brought benefits to workers, but one that could only last as long as the NTUC continued to practice ‘responsible trade unionism,’ by which he meant a pragmatic approach to the economic imperatives set by the PAP Government (National Trades Union Congress, 1989, pp. 7-8). Politically, the PAP-NTUC symbiosis involves NTUC officials sitting as Members of Parliament and the Secretary-General occupying a post in the Cabinet. As backbenchers or Ministers, nominated or elected, they are expected to keep Government in touch with labour and labour cognisant of Government’s requirements of it.

Bearing in mind that the strategic initiative of the PAP Government in a symbiotic relationship with the NTUC constrains the strategic choices of workers and their organisations in Singapore in the name of pragmatism and enables those of MNCs by responding to their demands for workforce qualities, the analytical framework of Kochan et al. appears, from this analysis, to be a sufficiently flexible and logical construct to explain the cumulative transformations of Singapore’s industrial relations.

**Significance of the Three Tier Institutional Structure for Singapore**

The strategic choice model of Kochan et al. (1986, p. 11) has three levels of industrial relations activity for each of ‘Employers,’ ‘Unions’ and ‘Government,’ at which strategic choices might be made. These levels are ‘Long Term Strategy and Policy Making,’ ‘Collective Bargaining and Personnel Policy’ and the ‘Workplace and Individual/Organisation Relationships’ (Table 3.1). As illustrated in Table 9.2, the three
levels of strategic activity of employers, unions and government in Singapore’s industrial relations are entered into the model.

Table 9.2 Three levels of Singapore’s industrial relations activity

<table>
<thead>
<tr>
<th>Level</th>
<th>Employers</th>
<th>Unions</th>
<th>Government</th>
</tr>
</thead>
</table>

Source: Modified from Kochan et al. (1986, p. 11).

LONG TERM STRATEGY AND POLICY-MAKING

Employers
Singapore’s industrialisation and modernisation were made possible by the opportunities presented by the expansion of trade between the 1960s and 1980s, and the subsequent development of global capitalism (Cheah, 1993, p. 101). Foreign direct investment (FDI) by MNCs in Singapore was mainly due to the competitive advantage presented by relatively low labour costs, but these corporations also found infrastructure, fiscal incentives, the strategic location and the regulated, strike-free industrial relations attractive (Acharya and Ramesh, 1993, p. 193). Thus foreign investment during Singapore’s second industrial relations transformation was 72.4 per cent of total investment in 1973 and 90.6 per cent in 1977 (Singapore International Chamber of Commerce, 1978, cited in Deyo, 1981, p.77).

Unions
The triumph over its rival, SATU, in the 1960s left the NTUC as the single peak union body for Singapore, and with the potential for implementing long term strategy. However, it was not until the ‘Why Labour Must Go Modern’ seminar of 1969 that a long term strategy was formulated. The seminar represented the union’s part in the
second transformation of Singapore’s industrial relations, committing it to a national scheme in which it subordinated its pluralistic role to a unitary one in keeping with the imperatives set for it in economic development by the PAP Government. Its strategy was initially for survival after the constraints placed by the 1968 legislation on collective bargaining, and maintaining a credible level of membership, have been critical to its role through the subsequent industrial relations transformations. Paradoxically its role of maintaining workforce compliance with national manpower imperatives is as much a cause of its membership problem as membership is a means of assuring the compliance. Based on his study of Singapore’s ‘industrial order’ its author derived the following proposition:

World market oriented industrialization in the context of authoritarian corporatist state-labor relations is associated with a progressive demoralization of the industrial workforce and with continuing problems of tenuous and expediency based worker commitment to industrial institutions, norms and organizations. (Deyo, 1981, p. 112).

The problems of maintaining a credible level of trade union membership and the partial restoration by the NTUC of grassroots leaders in the mid-1980s — during Singapore’s third industrial relations transformation — were anticipated by a further proposition:

The corporatist dilemma between the needs for control on one hand and commitment on the other generates pressure on political elites to move toward increasingly popular modes of authoritarian corporatism. (Deyo, 1981, p. 113).

This has been represented here as a transformation from corporatism to corporatist paternalism. The subsequent progression from corporatist paternalism to “Manpower Planning’ is not a transformation of Singapore’s industrial relations system but rather an application of the corporatist paternalism to changing economic circumstances, through a national approach to the promotion HRM at the company and workforce levels.

Government

Singapore’s industrial planning originated with the Winsemius Report\(^2\) of 1961 which laid down a national economic growth policy based on attracting investment in manufacturing to solve Singapore’s unemployment problem (United Nations, 1961).

\(^2\) Named after its Dutch author who returned annually to Singapore until 1984 to advise the Singapore Government on economic policy. For an appreciation of his contribution see Lee (2000, pp. 74-79).
Usefulness of the Strategic Choice Model

For industrial relations it recommended: that wage increases be tied to productivity; that resistance to incentive schemes be reversed; that the Government give full support to the IAC.

Table 9.3  Strategic HRM and business objectives

<table>
<thead>
<tr>
<th>Environmental Pressure</th>
<th>Corporate Strategy</th>
<th>HR Strategy</th>
<th>Business Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalisation</td>
<td>Exit low value-added, non-care operations</td>
<td>Downsize</td>
<td>Singapore Inc.</td>
</tr>
<tr>
<td>Technological Change</td>
<td>Enter high value-added businesses, new technology driven ventures</td>
<td>Outsource</td>
<td></td>
</tr>
<tr>
<td>Deregulation</td>
<td>Enter global markets</td>
<td>Teams</td>
<td></td>
</tr>
<tr>
<td>Changing Demographics</td>
<td></td>
<td>Cross-functional</td>
<td></td>
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<td></td>
<td></td>
<td>skills</td>
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<td></td>
<td></td>
<td>Train</td>
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<td></td>
<td></td>
<td>Employee involvement</td>
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<td></td>
<td></td>
<td>Customer focus</td>
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<td></td>
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<td>Performance based</td>
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<td></td>
<td></td>
<td>recognition and reward</td>
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<tr>
<td></td>
<td></td>
<td>Outsource routine</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Hr functions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Decentralise HR functions</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Ministry of Manpower, 2000, p. v).

The Industrial Relations Act 1960 and the Winsemius recommendations were enablers of Singapore’s first industrial relations transformation and its vision was that of the PAP Government led by Prime Minister Lee Kuan Yew (Lee, 2000, p. 79).

The Singapore Government’s long term strategy for the post-1997 progression is, in its words, the ‘re-engineering [of] human resource management for the 21st century.’ Likening Singapore to a business corporation it represents the projections from external pressure through corporate strategy, through human resource strategy to business objectives as illustrated in Table 9.3.
COLLECTIVE BARGAINING AND PERSONNEL POLICY

Employers
Since the passing of the Industrial Relations (Amendment) Act 1968 and the Employment Act 1968 the scope and substance of collective bargaining for the bulk of the manual workforce in Singapore has been largely confined to the implementation of NWC recommendations for flexible wage and benefit systems (Pang, 1982, p. 204). MNCs are involved in wages and other HRM policies at the national level through the tripartite representation of their agencies. However, corporate responsibility for HRM was largely taken care of by Government, NWC and NTUC provisions, particularly for training and development, and for what, according to one theory of motivation to work, are the ‘hygiene’ or ‘around-the-job’ factors of personnel management (Herzberg, 1966). Most recently, these are the Government-led provision of HRM functions under the public policy initiative for ‘Manpower Planning’ (Ministry of Manpower, 1999, 2000).

Unions
Singapore’s NTUC trade unions made the strategic choice in 1969 to focus on the provision of business cooperatives and social welfare facilities following the constraints placed on their collective bargaining by the 1968 legislation. Over a period of 30 years the NTUC set up 14 cooperatives of which 10 were still in operation in 2005. Their businesses are life insurance, dental services, supermarkets, broadcasting, childcare, healthcare, food centres, housing, aged care and savings. From the income generated by the cooperatives contributions are made to the trade unions ($8.2 million in 2000) and to the community ($3.2 million in 2000), and during economic downturns price cuts and relief can amount to as much as $30 million (Ee, 2001b, p.245).

Government.
Since the second transformation of Singapore’s industrial relations the PAP Government would not allow unrestrained collective bargaining or challenge to management prerogatives. According to former Prime Minister Lee Kuan Yew, ‘Political leaders must triumph [over unions], if necessary by changing the ground rules to thwart the challenge [by unions], using legislative and administrative powers, and, when necessary, backed by the mandate of the electorate’ (Wong, 1983, p. 266; Chua, 1985, p. 32).
Workplace and Individual/Organisation Relationships

Employers
Unencumbered by confrontational collective bargaining and free from hostile unions, employers in Singapore are able to pursue HRM policies consistent with their organisation’s culture and in keeping with standards set by Government and tripartite agencies. The Singapore Quality Award (SQA), conferred for business excellence, emphasises HRM and development and the People Developer Award sets the national standard for human resource development (HRD) in Singapore. Employers are reminded that: ‘To thrive and grow, companies must adopt new work processes, new technologies, and transform the organisational culture to tap every employee’s capabilities for greater innovation and productivity’ (Ministry of Manpower, 2000, p. 41). Other awards for ‘good HR practice’ include the National QC Award, the National Productivity Award, the Annual Safety Performance Awards, the Family Friendly Firm Award and the May Day Labour-Management Relations Awards. It is difficult to assess to what extent publicly rewarding exemplary performance results in increasing the desired behaviours. For example, SNEF conducted a survey in May 1997 of the provision of family friendly benefits by 1,600 companies and found that of the 350 respondents only 45 were family-friendly (Ministry of Manpower, 2000, p. 96).

Unions
The decision by the NTUC to extend its restructuring of some affiliates into enterprise unions during the third transformation of Singapore’s industrial relations was based on the belief that the productivity and company loyalty of the Japanese worker was, partly at least, attributable to the enterprise structure of Japanese trade unions. The subsequent rationalisation of trade union structure in Singapore, has reflected a relaxation of the enterprise focus by NTUC leaders more in keeping with the demands on Singaporean workers for employment mobility and flexibility.

Government
During the third transformation of Singapore’s industrial relations ‘inculcating the will to productivity' was a response to the highly utilitarian workforce with strong calculative orientations. Rapid industrialisation had prevented pride in work and identity with a company as individualistic workers calculated their own best interests. They were inclined to job-hop and take courses and training enthusiastically only if there was a direct and immediate material reward ensuing. Thus the Singaporean worker's well-
advertised industriousness tended to be less appropriate for the third transformation of industrial relations than it was for the first and second (Wilkinson and Leggett, 1985, p. 15). For the progression to ‘Manpower Planning,’ with its objective of ‘transforming the workplace’ through employee involvement and innovation and of enabling employees to achieve lifelong employability, the appeal is more for the building of a national workforce culture ‘where everyone makes a difference’ (Ministry of Manpower, 2000, p. 47) than to the company loyalty of the former Japanese ideal that the Singaporean worker found difficult to emulate.

The Secondary Research Questions

Alternative Frameworks

Dunlop’s model of an industrial relations system was an alternative and precursor framework for industrial relations research and analysis to the strategic choice model. Dunlop (1958) justified the study of industrial relations as a separate discipline on the grounds that industrial relations facts had outrun ideas for explaining them. Accordingly he applied modified Parsonian systems theory to their understanding. Within the academic discipline of industrial relations there have not so much been alternatives to Dunlop’s systems model as there have been modifications of it (e.g. Craig, 1973; Wood et al., 1975) and derivations from it (e.g. Flanders (1965). Criticisms of it have included its conservatism (e.g. Bain and Clegg, 1974; Hyman, 1975) and its depersonalising participants in industrial relations by representing them as ‘actors’ (Banks, 1974), but these critics have not rejected systems analysis as a mode of investigation of industrial relations (Jackson, 1977, p. 12). A secondary research question asked:

*How useful are alternative — current or precursor — organising frameworks for describing, explaining, understanding and predicting the transformation of industrial relations in Singapore?*

In response it was noted that the definitive textbook on Singapore’s industrial relations, — that by Tan (1995, 1999, 2002, 2004) — explicitly marshals its facts to fit the systems model. This has not enabled them to be used to illuminate the dynamics of change in Singapore’s industrial relations system, which have been structured here as distinct transformations. Instead the facts are structured according to differentiated participants within a prescriptive scheme of the pursuit of ‘good industrial relations.’ An adherence to the classification of ‘actors’ fails to represent the unequal power relations
between participants, and their delineation understates the significance of the PAP-NTUC symbiosis.

*From Systems to the Strategic Choice Model*

Kochan et al. (1984) and Kochan et al. (1986) introduced the strategic choice approach to account for the transformation that had taken place in the system of American industrial relations since its establishment by the National Industrial Relations Act 1935 and related New Deal regulation. Its thesis was that a new framework was required that allowed for the strategic choices made by the participants in the system. This was designed as the strategic choice model that was outlined in Chapter 3 and the usefulness of which for explaining Singapore’s industrial relations was demonstrated above. To further that demonstration it is again asked:

*If the usefulness of the systems model is wanting, what are the aspects of the strategic choice model that might correct this deficiency in the case of Singapore’s industrial relations?*

The answer is that the strategic choice model makes it possible to fairly represent the dominant influence of the PAP Government in the determination of the character of Singapore’s industrial relations and to explain the bases for its strategic initiatives in each of the three transformations and the subsequent progression that have occurred since it came into office. It also enables the identification and assessment of the significance of the strategic choices made by the other participants in the national system. This has been demonstrated in this Chapter by application of the three-tier framework to the industrial relations activities of each of the transformations of Singapore’s industrial relations. There is no call for a ‘fourth tier’ to explain the Singapore phenomena as was suggested for French industrial relations by Verma (1990, p. 178). This is because initiatives for Singapore’s industrial relations are the prerogative of the PAP Government, and such labour matters as are discussed at a regional or international level are strictly non-interventionist, a doctrine enunciated by Devan Nair at the meeting of the Bureau of the Socialist International in 1976 (Nair, 1976b, pp. 123-147).

*Uniqueness and the Strategic Choice Model*

If a wider understanding of industrial relations is to be gained by comparison, the framework for analysis of national industrial relations systems must be narrow enough
to determine the significance of the uniqueness of a national system and broad enough to accommodate the many differences among those systems. The convergence thesis of Kerr et al. (1960) managed this by attributing the significance of the unique to the stage of industrialization of a country and to the character of the industrializing elite. However, as there is no consensus on whether or not industrial relations systems are converging it was asked:

*Are there unique features of Singapore’s industrial relations that require modification of the strategic choice model to strengthen its usefulness?*

To answer this question it is necessary to note the concern of Kochan (1993, p. 371) that there may be a cultural gap between the ways Western scholars perceive industrial relations features and the way they are perceived in countries, say, with a Confucian heritage. Confucian values are not unique to a country, but the strengths with which they are generally held and their levels of adulteration are (Chua, 1995, pp. 147-171). In the 1980s, when Asian economic successes were being attributed to Confucian values — with ‘Lessons for America’ (Vogel, 1979) — the PAP Government did attempt to promote Confucianism in Singapore but eventually abandoned it for the continuation of labour incorporation and legislative means outlined in this thesis for disciplining the workforce (Chua, 1995, p. 157).

Whittington (1993, cited in Kitay, 1997, p. 14) has suggested that the concept of strategic choice with its emphasis on rationality has been more acceptable in Anglo-Saxon societies than in Asian ones. However, there is a need for caution when stereotyping: when asked whether Lee Kuan Yew was a Confucian, Goh Keng Swee, the former Deputy Prime Minister of Singapore and architect of its economic development, is reported as having said:

> [Lee Kuan Yew is not a Confucian. He can’t be a Confucian gentleman. But he did say that societies that were under a Confucian theory have certain attributes — Japan, Korea, China and overseas Chinese — and these attributes were useful. Like saving money, working hard and education. And that’s all it amounts to. (Barr, 2000, p. 137).

Rather than explicitly allow for cultural difference the strategic choice perspective:

accepts and builds on the basic premise that a high value-added competitive strategy for individual firms and nations is necessary if workers and unions are
Usefulness of the Strategic Choice Model

to avoid the type of wage competition that leads to a deterioration of working conditions and living standards. But it goes on to argue that there is no natural set of market or technical forces that will automatically produce the high value-added, high-skill, high wage outcomes. Instead we offer the hypothesis that the strategic choices of business, government and labor influence the outcomes. (Kochan, 1993, pp. 372-373).

The decision by the PAP Government for Singapore to upgrade its economy to one of high value-added production in 1979 was a strategic initiative in response to a reading of market and technical indicators resulting in strategic choices by MNC firms to upgrade their production technologies and products or invest elsewhere. The response of the NTUC — restructuring its affiliates — was less of a choice than a joint initiative with the PAP in that the PAP-NTUC symbiosis was by then complete. Other initiatives — amending the Trade Union Act 1940 and the Employment Act 1968 — were Government initiatives and with the union restructuring and wages policy constituted Singapore’s third transformation of its industrial relations system. The announcement to restructure the economy by the NWC had tripartite legitimacy. Therefore it is concluded that there is no need to modify the strategic choice model to enable it to account for these developments in Singapore’s industrial relations.

The uniqueness of Singapore as an industrial relations model

The distinctiveness of Singapore’s industrial relations goes beyond the uniqueness attributed to the type of industrializing elite in a national industrial relations system by Kerr et al. (1960). According to Kerr et al.’s thesis Singapore’s industrializing elite has been that of ‘nationalist leaders’ and yet Singapore had nationalism thrust upon it, in spite of its emergent political leaders having preferred Singapore to have been part of a greater Malaysia. Consequently, the PAP Government was obliged to develop Singapore as a national economy, albeit one dependent on multi-national corporate investment. The PAP Government saw the quality of industrial relations and the productivity of the workforce as critical to economic development and it was (and remains) resolute in ensuring that its strategic choices serve the imperatives of economic and technological change.

A key strategy has been the maintenance of the PAP-NTUC symbiosis, a partnership that has endured for longer than other partnership arrangements in the industrializing countries of Southeast and East Asia. When in the 1980s the Japanese model was
regarded as exemplary, rapport was between its enterprise unions and the employer, at the enterprise rather than the national level. Korea’s official national union federation was more of a government tool than a partner, and since 1987, has been rivaled by an independent federation at both national and workplace levels. Similarly, Malaysia, Taiwan, Hong Kong and Thailand have experienced both pro-government and oppositional trade unions. However, these unions have not been able to play such a formative role in national labour policies as has Singapore’s NTUC.

Singapore as an industrial relations model has not been emulated elsewhere, although shared objectives are discernible and Singapore plays an active role in the ILO. The current emphasis on ‘Manpower Planning’ for example, parallels the displacement of national industrial relations by corporate HRM in other industrialised market economies, yet the institutions of judicial arbitration and mediation (by the Ministry of Manpower) remain integral to the functioning of Singapore’s industrial relations.

It has been argued in this thesis that the transition to ‘Manpower Planning’ in Singapore does not constitute a transformation in itself. Rather it is an extension of the third transformation that took place between 1979 and 1986. In spite of the 1985-1986 and the 1997 economic recessions the institutional structure of Singapore’s industrial relations was not changed. Thus change was incremental, not transformational. The indications are that further transformations are not necessary and that the present arrangements will endure for the foreseeable future.

**Contributions of the Strategic Choice Model**

Bases for the study of the industrial relations system of Singapore have included development status (Deyo, 1981), geopolitics (Cheah 1993); human rights (Woodiwhiss, 1998) and stage of industrialisation (Begin, 1995). With respect to the national status of industrial relations, the political and industrial leadership and the strategic initiative for change the following was asked:

*How does the strategic choice analysis of Singapore’s industrial relations contribute to the questions of ‘national’ as a distinguishing criterion, the drivers of change, the interaction of the actors, and the scope for strategic choices?*

Many aspects of industrial relations are national phenomena. For the most part workers are regulated as citizens of a nation state, or as migrant workers subject to the
immigration regulations of a nation state, or as illegal migrants subject to penalties, including deportation, and, if any, to minimum employee rights against labor exploitation. However, the globalisation of trade and capital rather than labour migration have given rise to an increase in international and comparative studies of industrial relations, the former implying that of world institutions and organisations, such as the ILO and the ICFTU, that federate national constituents, and the latter of countries selected on the bases of a common criterion, such as level of economic development, an example being OECD member countries (Bamber et al., 2004).

The drivers of change were first classified as part of a universal theory by Kerr et al. (1960) as ‘industrialising elites.’ In Chapter 5 it was shown how Kerr et al.’s classification could help to explain Singapore’s first industrial relations transformation. The PAP was made up of an uneasy alliance of ‘revolutionary intellectuals’ and ‘nationalist leaders’ for each of whom industrial relations, especially trade unionism, were critical for achieving their purposes. After a struggle in which the revolutionary intellectuals were defeated the nationalist leaders went on to be the drivers of two further transformations. Unlike in Japan, which was held to be exemplary in the 1970s and 1980s, company loyalty in Singapore, although urged, was difficult to attain because of Singapore’s dependence on foreign MNCs as employers. Instead the PAP Government placed emphasis on national solidarity, especially during economic crises. Symbolically, in lieu of company songs, a national productivity song was composed and distributed in the 1980s. ³ With the progression to ‘Manpower Planning’ exhortations for workforce change from the PAP Government and the NTUC have a more ‘corporate’ (as opposed to ‘corporatist’) than patriotic appeal to them, addressed as they are to HRM practitioners (Ministry of Manpower, 2000).

Contributions and Limitations of the Thesis

This thesis makes two main contributions to the study of industrial relations. First, it makes possible a representation of Singapore’s industrial relations through the application of a more flexible mode of analysis than that provided by Dunlop’s *Industrial Relations System* (Dunlop, 1958). Second, it makes a contribution to the comparative study of industrial relations by its demonstration of the concepts and the

³ The researcher received his copy as a Christmas card from the NPB in 1984.
location of strategic initiatives and choices, and by its application of the concept of
transformation.

This thesis aims to do for the study of Singapore’s industrial relations what Kochan et al.’s strategic choice model did for the study of American industrial relations. When he was trying to explain developments in Singapore’s industrial relations in the 1980s, it was apparent to the researcher that Dunlop’s Industrial Relations System did not adequately convey the constraints on strategic choices of two of the ‘actors’ by the strategic initiatives of the third, the PAP Government (Leggett et al. 1983, p. 56). The application of the strategic choice model however enabled a more flexible analysis of Singapore’s industrial relations than has been made hitherto.

The concept of transformation, as opposed to incremental change, has enabled the identification of three transformations for Singapore’s industrial relations, each one a temporal cluster of activities with its distinctive spatial boundaries. These clusters make up the substantive content of this thesis. The strictness of the application of the morphology metaphor has required the post-1997 development of Singapore’s industrial relations to ‘Manpower Planning’ to be conceptualised as a progression rather than a transformation.

Having criticised Dunlop for having emphasised the function of rule-making and for having represented industrial conflict as an ‘aberration,’ Shalev (1980, p. 26) accepted ‘that Dunlop made an important and correct choice — namely, that to acquire theoretical wisdom in industrial relations would necessitate the adoption of a comparative approach.’ Using the Dunlop model, albeit rather loosely, Singapore’s industrial relations have been presented as a model in their own right, the latest being by Tan (2004, pp. 1-23), but for comparisons to be made, say with the industrial relations of other NICs, a common explanatory framework is required. It has not been the purpose of this thesis to make a comparison of Singapore’s industrial relations transformations with that of America, but rather to demonstrate the utility of a transformational and strategic choice model developed for one national system for explaining what has historically been a quite different one.

It was observed that:

Relatively few studies begin with an explicit (ex-ante) theory which is then rigorously tested against the data. In large part this is a reflection of the
Usefulness of the Strategic Choice Model

underdeveloped state of industrial relations theory itself to whose improvement, by way of helping more general theory construction, well-designed comparative studies may be expected to contribute. It is thus a field of considerable potential. (Bean, 1985, p. 17).

The potential was echoed by the authors of *The Transformation of American Industrial Relations* (Kochan et al., 1986) in their response to papers at a conference on the theme of their text. In anticipation of future comparative research they made the point that they were ‘searching for the source of that similarity [between American and European developments] as well as for the influences national institutions exert as sources of diversity (Katz, et al., 1990, p. 196). In the case of Singapore the clearest example of such a national institution is the PAP-NTUC symbiosis, which is a major distinguishing feature of the country’s industrial relations system.

In pursuing its central purpose, i.e., the testing of a particular explanatory framework with the industrial relations phenomena of a particular country, the thesis has avoided engaging with theories of structured antagonism. This is not to deny the validity of the representation of the state in the form of Singapore’s PAP Government as an institution for managing the subordination of labour to international capital, nor does it preclude its exercise. However, the model being tested here is required to analyse and explain diverse, particular national industrial relations systems, whereas the radical or political economy paradigm, that includes structured antagonism, uses a holistic approach. The existence of alternative ideological perspectives and their omission from this thesis might be considered a limitation.

**Directions of Further Research**

Since the publication of the strategic choice model (Kochan et al., 1986), the term ‘transformation’ has been liberally applied in the industrial relations literature to changes in national systems, e.g., for Australia (Wooden, 1999). However, these studies have not generally been intended to convey the morphological transformation that has been claimed here for Singapore, and which it is believed is in keeping with the ‘transformation’ in Kochan et al’s study. A systems framework that incorporates strategic choice, it has been claimed, would be useful for analysing Australian industrial relations (Deery and Plowman, 1991, p. 24), and one having been adopted for Britain by Purcell and Ahlstrand (1994).
The strategic choice model has been the common theme underlying a series of studies initiated by its original researchers and known as the MIT project. In its first stage the project compared developments in various countries and the second stage focused on specific industries in those countries (Bamber et al. 1994, pp. 20-24). While the three-tier framework of analysis was applied to the MIT research, the core was the firm-level employment practices, whereas the strategic choice analysis for Singapore has necessarily focused on the first tier Government policies and the middle tier labour regulation.

Kochan and his colleagues have acknowledged that in their presentation of their strategic choice model they had little to say about the role of the state but that since then: ‘Much of our research…has focussed more directly on the role of government policy in diffusing and institutionalising innovations in industrial relations’ (Katz et al. 1990, p. 199). Singapore differs from developed market economies in the extent of the attention its government pays to industrial relations to ensure their character is consistent with the economic and technological imperatives it sets. In other NICs, South Korea for example, the circumstances of initiatives taken by government (from military to civil), employers (chaebol monopolies) and trade unions (rival trade unionism) might lend themselves to analyses by application of the strategic choice model and thereby facilitate comparative studies and perhaps indicate the potential for transfer.

**Summary**

This Chapter has summarised the accounts of the clustered activities of the transformations of Singapore’s industrial relations before it returned to the primary and secondary research questions. The aim of the Chapter has been to consolidate the assessments of the previous four Chapters and assess overall the extent to which the strategic choice model is useful for analysing Singapore’s industrial relations system. By applying the general framework and the three-tier model of Kochan et al. (1986) to the transformation data in Chapters 5-7 and the progression data in Chapter 8, it has been possible to deduce that the strategic choice model is as useful for analysing an industrial relations system where the government is primarily responsible for taking strategic initiatives as one where the employer has captured the strategic high ground. It is concluded that further applications of a strategic choice approach are as likely to be as applicable to systems where initiatives and choices of significance are made by employers, trade unions and governments. Although a radical paradigm provides a
possible alternative, this thesis concludes that the strategic choice model has a greater potential for comparative studies of diverse industrial relations systems.
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