

亞太商業管理研究

**GLOBALIZATION  
AND  
LABOUR  
IN THE  
ASIA PACIFIC  
REGION**

Editors

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# Globalization and Labour in the Asia Pacific Region

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# Dedication

for Jean Rowley

without whose unselfish and ceaseless support  
nothing would have been possible

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## Global Labour? Issues and Themes

CHRIS ROWLEY and JOHN BENSON

The lexicon of globalization continues to be one of the most fashionable and is in common usage in a range of areas – even though globalization's exact meaning and effects remain contested. Our examination and analysis of globalization is in terms of its impacts on labour and its organization, and the possible responses, in the Asia Pacific region.

This focus suggested itself for a variety of reasons. First, there was the obvious drive of intellectual curiosity. Second, there was something of a rebalancing need. There is now a disparate barrage of work on globalization from a broad range of angles and subjects. Even within the area of business and management a variety of literature has appeared. Yet, these have twin drawbacks. On the one hand many accounts are naïve and simplistic, universalistic and deterministic, while on the other the focus is generally on managerial issues and so neglects the impacts on workers and their organizations. This bias is being rectified to some extent (see Bauman, 1998). For instance, the adverse effects of globalization on unskilled workers and the need for governments to provide social insurance has been examined (Rodrik, 1997), while a recent *Financial Times* report was titled 'Globalization "is bad for health"' (Williams, 1999). Even more crucially, labour's role in the processes, and tactics and strategies for responding, has been relatively ignored, although there is some useful recent work in this area (see Leisink, 1999; Mehmet *et al.*, 1999). Third, the particular regional focus provided a range of 'types' of economy and labour organization in various contexts and stages of development. It was the unevenness and contrasts in the way globalization impacts on labour and its organization, and how in turn it might be mediated, which were critical. These

points forged the main contours of the template for our call for contributions to this volume.

This introduction begins by attempting to locate and define globalization. The emphasis in this section is on its meaning for labour and the key questions it raises in relation to its impacts on the state, labour markets and labour organization. A typology and grouping of the contributions is followed by a broad overview of each chapter. A short conclusion ends this piece.

#### GOING GLOBAL? LOCATIONS AND VIEWS

A number of key points concerning globalization need to be emphasized at the outset. Globalization needs to be grounded and located as part of several wider debates, and these are common to much of the work in this collection. First, there are the perennial 'universalism' and 'convergence' issues. These views are not new (see Rowley, 1997), although they may take on fresh (dis)guises, such as post-Fordism, flexible specialization, lean production, Japanization, and so on. For instance, Cox (1994) suggests globalization accelerated the emergence of a new model of production (from Fordism to post-Fordism). Some of the more universalistic and deterministic nostrums on globalization can be seen within such perspectives. Second, globalization can be seen as part of the ongoing debates revolving around foreign direct investment (FDI) and its impacts and locations, and competition for it. This is often linked to a view that globalization encourages 'regime shopping', 'social dumping' and a 'race to the base', with a global subordination of labour (including poor pay and standards) seen to flow from such trends. These areas are integral to our interest and that of several of the authors in this collection. Third, common threads are the roles of government in deregulation, privatization and enticement of capital through pursuing flexible labour policies, along with the demise of the nation state and the accompanying inability of national governments to regulate/control multinational corporations (MNCs). This last point is evident in the following statistics. Some 70 per cent of world trade is managed by 500 corporations (Korten, 1995), while 70 of the largest MNCs have revenues bigger than the gross national product of Cuba (Handy, 1998). Korea's then second largest *chaebol* Daewoo, following its relentless expansion abroad (and before its recent



dismantling), had assets greater than the gross domestic product of the Philippines (Burton, 1999). A fourth area concerns trade union strategies, such as level of organization and the difficulties of international coordination and cooperation in response to such changes.

### *Getting a grip on globalization?*

There are a variety of ways of viewing globalization. It can be taken as involving both macro and micro aspects. On one hand there is a process of integration of national economies, while on the other there is significant change in markets (product and financial), assisted by their common liberalization and deregulation. As with many concepts, trying to more tightly pin down globalization's 'meaning' is problematic (Amin and Thrift, 1996). For some it is a 'process of extending interdependent cross-border linkages in production and exchange' (Kozul-Wright, 1995: 139). For Harcourt,<sup>1</sup> it is the integration of national economies in terms of trade and investment, with erosion of barriers (including to FDI and 'outsourcing') increasing capital mobility. It is the global pressure on these barriers that, according to Benson and Debroux, represents the key challenge to policymakers. Burgess states that globalization indicates the internationalization of production, trade and markets and the integration of domestic economies into global economies. For Zhu and Fahey, globalization reflects the three integration processes of: (1) financial and currency markets; (2) production, trade and capital formation across national boundaries; (3) functions of global governance partially regulating national economic, social and environmental policies. Also, as Hadiz points out, globalization is associated with growing internationalization of the processes of production and finance with the decline of states and the importance of 'national politico-economic entities'. Importantly, Bhopal and Todd remind us of the need to distinguish between financial and manufacturing globalization because of the latter's lower mobility, longer term focus and more direct impacts on employment.

As a simple, broad, encompassing working definition we would suggest globalization be seen as the erosion of the political, social and economic boundaries of nation states and markets. This does not attach reasons for globalization but does point to a number of key issues addressed by this volume. These are the: influence of

MNCs (via FDI, etc); limitations of national laws to protect labour; a power shift towards capital; difficulties for unions in attempting to influence the process; and the level at which action needs to be taken.

*What does globalization mean for labour?*

If globalization means the reduction in influence of the nation state, then this will have a number of implications for trade unions that generally have been able to protect, at least to some degree, their members through national political means. Of course, the level of protection has been uneven across location (that is, developed versus developing economies), time (strength of unions in developed economies in the 1970s compared to the 1990s), sector (manufacturing versus services, metals versus textiles, public versus private), and membership (gender divisions, level of migrant labour).

For labour, globalization raises a number of key questions. These are:

- What are its effects on wages, job security, conditions and patterns of work?
- Has it created a 'new' set of problems for labour, such as the cheap import of workers, deskilling, and patterns of control and subordination?
- How have national economies attempted to regulate these effects, and how successful have they been? Alternatively, is the state unable to influence the direction and effect of globalization?
- What types of strategies have trade unions adopted to protect members against the impacts of globalization? Alternatively, are unions powerless in their ability to influence the globalization process and thus will be simply subordinated to global forces?
- At what level do workers need to act, and is it possible for unions to develop transnational perspectives and structures?
- How can workers be mobilized, and how can worker solidarity be achieved across firms, sectors, economies and cultures?

The answers to these questions will raise other significant questions. For example, if it is concluded that workers have to

operate at regional and global levels, then what type of structures are appropriate and is it firms or governments that require lobbying and where? One only has to look at the movement of some UK unions towards views that the European Union (EU) is the increasingly important policy arena to witness this. This has led them to open offices in Brussels and to lobby at this level.

*Newness and state power?*

Definitional difficulties are only one problematic area. Even the newness of globalization is debated, as is its impact on the power and position of the state. For one group, globalization is new, at least in terms of ending national economies and capitalism (Petrella, 1996). There is an 'end of the nation state' in a 'borderless world', with a belief in market mechanisms reigning over state intervention (Ohmae, 1990, 1995). Globalization increasingly subordinates national institutions and policies to international ones (Thurow, 1996). In short, the dramatic decline of states in the national economy and society has been promulgated (Strange, 1996).

In contrast to this camp, a variety of commentators have argued that globalization is not new and does not necessarily weaken states. Thus, international economic integration was important in the late nineteenth and early twentieth centuries (Kozul-Wright, 1995). For some commentators, states, especially in Asia, even have the capacity to exploit opportunities presented by globalization (Weiss, 1997). Hirst and Thompson (1996) robustly refute some naïve nostrums – arguing globalization is a myth and that one of its key elements – the impotence of national governments over the seemingly universal and omnipotent global winds of change – is largely self-imposed through political choice. Others imply a similar message (see, *inter alia*, Boyer and Drache, 1996).

Hall and Harley argue that governments have not simply been rendered powerless in the face of global economic activity as states can still act decisively and strategically. For instance, in Australian labour-capital relations the state has exercised a critical degree of autonomy from the forces of international capital. Yet, this is less the case for other economies in the region. This suggests that while globalization has significant disruptive potential, 'What is also clear is that some types of institution – and national system – are more vulnerable than others' (Ferner and Hyman, 1998: xv).

Therefore, determinism is less applicable, and a more nuanced and contingent perspective is needed in this area. This type of grounded and historical perspective is unfashionable, and unpalatable in some of the more myopic and anaemic subject areas. Part of the problem is that there is an all too common concern and fetish to focus on changes rather than possible continuities.

### *Labour markets*

Another key element of globalization concerns its impacts on labour markets. There is a fear of eroding regulatory capacities of states, the victims of 'regime shopping' by MNCs and the stern criteria of fiscal rectitude within financial markets (Ferner and Hyman, 1998: xviii). For Abbott, developing countries often seek to underpin economic growth via FDI attracted by cheap and compliant labour. As Bhopal and Todd put it, belief in free markets produces 'regime shopping' by MNCs and 'regime competition' amongst states, and the driving down of regulatory frameworks to lower levels. They also note that dependency theorists see MNC investment in dependent states resulting in the suppression of trade unionism as MNCs seek lower labour costs and weaker labour markets. For Hadiz, globalization in Indonesia has produced a fear that there is some form of zero-sum competition for investment in which easily mobile capital ceaselessly searches for sources of cheap and weakly organized labour both in internal (that is, local unemployed) and external (China, Vietnam) competition. Others, such as Chan on China, make similar points of the 'threat' to investment if wage costs are not kept down.

Neither is this simply a case of developing economies competing with each other in the vortex of deregulating labour markets. It also has an impact on 'developed' economies. For example, Harcourt notes that globalization can be seen in relation to, on the one hand wage depression, and on the other, consequent job security erosion in industrialized countries. Without adequate rules and regulations, unfair labour practices centred on the exploitation of the weak and vulnerable are globalized. It is argued that globalization is producing increasingly dysfunctional labour markets as capital mobility expands exploitation, discrimination and unfair employment practices (Mehmet *et al.*, 1999). This is via a 'race to the bottom', in which mobile capital seeks cheap labour in regimes willing to erode social codes and labour standards due to

'capital-labour asymmetry' – capital freely moves across national boundaries taking jobs and incomes with it, and leaving adjustment and welfare costs in its wake as labour is less mobile (*ibid.*). Such processes can be seen, for instance, in Australia where forces include differences in regional industrial relations (IR) systems (see Lambert, 1999). For Burgess, globalization in Australia has resulted in: (1) pressure on employment conditions via threats of relocation, import substitution, and so on; (2) policy responses exalting labour flexibility and boosting non-standard employment while attacking traditional working conditions; (3) a union reply embracing globalization and legitimizing the neoliberal response.

The determinism debate again resonates. Burgess argues that in Australia globalization is regarded as inevitable, with a 'globalization imperative' dominating the policy agenda and the neoliberal response (of downward pressure on employment conditions and union presence) presented as the only one. Similarly, Hall and Harley argue that the Australian policy response to globalization was neoliberal, of labour market reform and IR decentralization. Yet, they believe that this was not an inevitable agenda, but rather reflected a particular interpretation of challenges. In short, it was the commensurate policy shifts rather than globalization *per se* that attacked the IR environment. Thus, trade liberalization and deregulation have been justified in terms of global economic forces and assuring international competitiveness, but those policies resulted from conscious choices by governments keen to appeal to financial capital and sustained by neoliberal ideology.

### *Labour and its organization*

Another key area is the impact of globalization on labour and its organization. Some commentators believed globalization could benefit labour by increased internationalism (Levison, 1974; Labour Research Association, 1984). However, in reality globalization has often raised rivalry between labour movements at both national and industrial levels, so reinforcing a global division of labour (Jenkins, 1984; Southall, 1988; Olle and Schoeller, 1987). This conflict can also occur between industrial sectors and groups of workers within the one economy. Benson and Debroux highlight this problem where, in Japan, deregulation resulting from global pressures has resulted in a divided union movement. Moreover, as Ng and Rowley found, the deregulation of immigrant

labour in Hong Kong resulted in a 'split consciousness' within the labour movement.

Various contributors note the erosion of labour power under the impacts of globalization. For Burgess, the globalization agenda in Australia produced trade union decline, attacks on standard employment and increased non-standard work as such arrangements are less regulated and generally outside the union domain. Hall and Harley also note the problem for unions from globalization for a relatively small and vulnerable economy with a trading profile dominated by exports of commodities and high levels of protection for domestic manufacturers.

Again, universalism and deterministic perspectives need to be added to. Winters (1996) noted that the bargaining position of labour was impacted on by variations in capital mobility. This is borne out by our contributors. Harcourt argues that there is not just one model of the global economy that all have to follow, and that the unions should try to shape more worker-friendly international economic institutions.

In short, globalization is neither universal nor deterministic, either in its impacts or across locations and sectors. It can be that "economic imperatives" may be contradictory in their implications, and are likely to be mediated – or indeed obstructed – by political contingencies at national level' (Ferner and Hyman, 1998: xix). We would support the position of commentators who argue that 'the pressures of internationalization are real and substantial, but neither unilinear nor overwhelming in their industrial relations consequences' (ibid.: xv), and that the idea of globalization 'can be both a rhetorical device and a self-fulfilling prophecy in its logic of fatalism' (ibid.)

These issues run through this volume, and are categorized in Table 1. This typology also allows for a quick reference of each of the contributions. The chapters can also be put into a fourfold classification, as outlined below.

#### CONTRIBUTIONS

This volume is composed of contributions by internationally diverse authors on a range (in terms of industrial and economic development, suppliers and receivers of FDI and labour organization) of economies. The chapters can be roughly grouped

TABLE 1  
GLOBALIZATION AND UNION STRATEGY

<i>Impacts</i>	<i>Focus</i>		
	<i>Individual unions</i>	<i>Peak union bodies</i>	<i>Regional associations</i>
Work organization	Burgess Kim <i>et al.</i> Chan	Bhopal and Todd	Price Hadiz
Labour markets	Harcourt Ng and Rowley	Yuen and Lim	
Labour organization	Hall and Harley Zhu and Fahey Lawler and Suttawet	Benson and Debroux	Abbott

into four: regional perspectives; work on Australia, in some ways the most 'Western-like' economy; more 'developed' countries/economies, such as Japan, Korea, Singapore and Hong Kong; and 'developing' countries/economies, such as Thailand, Malaysia, Indonesia, China and Vietnam.

### *Regional perspectives*

For Abbott, the sub-global regional 'context' in which trade unions operate presupposes the types of 'imperatives' that dominate their existence and activities. These are taken to operate along one of three dimensions – industrial, political and ideological – and evolve in accordance with the 'logic of spill-over' in regional integration processes. Using this interpretation, the contrasting experiences of regional trade unions operating within the Asia Pacific and EU are utilized to account for why they are primarily confined to promoting a particular view of trade unions in society.

Notwithstanding this pessimistic outlook, Price suggests that unions can confront globalization at the regional level by participating in regional bodies such as the Asia Pacific Economic Cooperation (APEC) forum. This body has established a Human Resource Development Working Group that now allows a new regional union body to meet with management and government representatives, and so to have some influence in the development of regional policy. Nevertheless, Price concludes the prospect for the promotion of labour's agenda within the wider APEC group is at present extremely tenuous.

*Australia*

For Hall and Harley, Australian governments responded to global markets by expanding international trade with policies of deregulation, labour market reform and IR decentralization. This produced major challenges for all trade unions, but the differential impact of policy on sectors and the labour market meant these varied significantly by union. The degree to which particular types of unions favour specific strategic orientations show systematic differences between blue-collar and production industry unions, and white-collar and service sector unions.

Harcourt concentrates on the response of the Australian trade union movement to globalization. The effects of globalization on labour markets, wage inequality, employment security and collective bargaining are outlined. The strategic response to this is analysed in terms of trade policy, international labour cooperation and traditional industrial campaigns on globalization issues. It is suggested that unions can employ a combination of international and domestic strategies to deal with globalization.

In the context of neoliberal policy responses to globalization in Australia, Burgess explores the impact of the growing non-standard workforce on trade union membership and policy. It is no coincidence that Australian union density fell as the share of non-standard employment rose. The characteristics of these jobs and their workers are largely outside the unions' traditional domain. One challenge unions face is to make themselves more relevant for such employees and to increase their recruitment among them.

*Developed countries/economies*

For Benson and Debroux, globalization generated substantial pressure on the Japanese employment regime and, in turn, upon the industrial union system. While not all changes can be directly attributed to globalization, the success of Japanese firms in exports and overseas production made the economy reliant on a strong world economy. The economic downturn in a number of countries in the 1990s, and in particular Asia, weakened the demand for Japanese exports. This, in combination with the Japanese banking and financial crises, created pressure for an overhaul of the employment system.



Kim *et al.* review the background of Korean IR and analyse more recent changes with a focus on the 'two faces' of globalization's effects. There was a positive impact in terms of enhanced basic worker rights to meet global standards, but also a negative impact on working conditions and employment practices. The latter brought substantial setbacks for unions and workers and rapidly eroded the power basis of organized labour. This negativity clearly appeared after the recent Asian economic crisis and its virulent Korean variant.

Yuen and Lim examine globalization and the effects on the labour market in Singapore. They discuss the responses of the government and the trade union movement to globalization. Citing government policies in dealing with the recent economic crisis, the concept of 'managed flexibility' is highlighted. They also examine the changing role of unions.

Ng and Rowley analyse globalization in Hong Kong in terms of labour market deregulation and the paradoxical outcomes for policies and trade unions. They locate this within globalization via two-way migration flows: Hong Kong capital to mainland China, and a countercurrent of Chinese labour to Hong Kong. This movement had critical impacts on workers and labour organization in terms of the dilemma of protecting simultaneously both 'local' and 'guest' workers. Such parochialism is more widely applicable for other labour movements and may not help pan-national union responses to global capitalism.

#### *Developing countries/economies*

Bhopal and Todd examine MNCs (American, Japanese and Australian) and organized labour in Malaysia. They conclude that despite the predictions of globalization theorists, the legacy of MNCs' 'home' context is carried into the 'host' country. Country of origin characteristics interact with local contexts to inform management strategies towards unions. Nevertheless, while there are substantial differences between MNCs in their approaches to unions, there is also a degree of conformity as they all embrace the restrictive intent of the state's union regulatory environment, thereby curtailing labour's power.

Similarly, Lawler and Suttawet argue that globalization, with its accompanying privatization and deregulation, has severely eroded the viability of the labour movement in Thailand. Part of the reason