Introduction: Work in Asia — Some Pertinent Issues

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Asia — especially East Asia — has emerged clearly as the most dynamic exporting region in the world in Gatt's latest international trade report. Taking Asia as a whole, the dollar value of the region's merchandise exports has risen by more than 70 percent since 1980, compared to an increase of less than 25 percent for the world as a whole. Asia now has the second biggest share of world merchandise trade (22.6 percent) after Western Europe (45.4 percent), and well ahead of North America (13.2 percent). The four East Asian newly industrialised countries (NICs), notes Gatt, have become significant buyers and sellers of manufactured goods on world markets. Together, they account for 7.3 percent of world merchandise exports — not very far short of Japan's (nowadays declining) 9.3 percent share.

Gatt's buoyant figures are confirmed by the IMF (International Monetary Fund) which reported that the strong performance of developing countries as a group, in which real GDP grew by 4.5 percent in 1988, was concentrated largely in Asian countries. It went on to say that strong expansion of exports and domestic demand boosted growth in countries such as Malaysia, Thailand and India. These countries have successfully expanded their manufacturing export base in recent years. While China's economic liberalization policy contributed to rapid growth of output and investment, economic activities in India rebounded from a drought-related slowdown in 1987.

While Asia has the world's highest potential for growth, at the same time the region is confronted with the world's most serious population and poverty problems. But the push by the World Bank and IMF to graduate Asia from soft to harder loans can only reflect optimism regarding the resilience of even the most laggardy of Asian economies and their superior ability relative to other regions, to better respond to concession financed programs. Besides major weaknesses and shortcomings of Asia's slow performers, pessimists have pointed out that the current economic success enjoyed by Asia will soon be aborted by growing protectionism in the Western markets on which the success of export-led growth had depended.

In this special issue on Work in Asia, we will address some of the questions surrounding the broader issue of industrialization and
development in Asia. While the export-led strategy initially practised by
the NICs had narrowly focused on the textile and clothing industry,
increasingly their manufacturing activities have broadened to embrace
industries such as steel, cars, ships, telecommunications equipment,
consumer electronics and more sophisticated electronic products, as well
as machine tools and machinery.

But this challenge is about to be blunted. Tight labour discipline up
until now had comprised one major ingredient contributing to the
enhancement of the growth potential of Asian miracle economies. The
remarkable range of labour systems found in some export-led economies
of Asia is amply documented and discussed by F.C. Deyo in "Labour
Systems, Production Structures, and Export manufacturing: The East
Asian NIC's".

While the article on the early formation of the working class in North
China by Ko Y.C. provides some clues as to why authoritarian regimes in
newly industrialized countries have met with some success in imposing
strict labour discipline on their infant industrial work force, indications
are that this strategy may not continue to be relied upon to push Asian
developing economies into the ranks of the fully industrialised. Low wages
may no longer be enough to offset the difficulties of manufacturing
sophisticated, high-quality products for a demanding market. "Low hourly
compensation costs do not automatically translate into low production
costs," says G. Eads, General Motors Corporation's Chief Economist. Indeed, as American industries sought to cut costs, the compelling lesson
has been that among other variables, management, quality, and designs
aimed at easier manufacturing can be more important than wages. For
instance, labour's share is now a mere 10 to 15 percent of the total direct
cost of assembling a car, down by about 20 percent since the early 1980s.
Moreover, the experience of South Korea and Taiwan both show that
harsh labour discipline as an industrial strategy is politically unsustainable in the long run. Dynamic domestic forces generated by
successful development may by themselves undermine strategies of strict
labour regimes such that they can only be sustained by constant resort to
sheer physical coercion and draconian labour laws which at best will
undermine productivity potential and at its worst will prove both wasteful
and uneconomical.

To the extent that Asia's industrial success has had its origins in
foreign manufacturing investment as well as in indigenous industrialisation,
this pillar of success is now being undermined. In this respect, a
recent OECD report quite unequivocally stated that NICs are gradually
losing their comparative advantage. Some Western industries such as
textiles and electronics which relocated in Asia for cost reasons are
beginning to move back home because of cost-saving innovations in
production technology combined with rising labour costs in Asia. This
tendency is further aggravated by the recent trend for direct investments
to flow from the NICs towards developed countries into electronics and
car manufacturing. This strategy for circumventing trade barriers can be