Labour, land and the instruments of the state

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Industrial relations from confrontation to tripartism

The industrial relations that Winsemius feared had deep roots. In 1955 Singapore recorded 275 strikes involving 57,000 workers and a loss of 946,000 man-days. The PAP government created an Industrial Arbitration Court, which began to operate on 15 September 1960 under the Industrial Relations Ordinance, to encourage collective bargaining and settle disputes. The court did not end the conflict. Lee Hsien Loong put the loss in 1961, the year the EDB began, at 415,000 man-days, a figure never surpassed since. Stoelinga gives 116 strikes and 411,000 lost man-days for the same year.[1]

The decisive change was political. After the split in the PAP and the arrests of left-wing leaders described in Chapter II of this part, the National Trades Union Congress became the dominant labour organisation, closely allied with the government. In 1965 the NTUC and the government signed a Charter for Industrial Progress and a Productivity Code of Practice.[2] The unions accepted that their members' welfare depended on growth and investment. The government, in turn, gave the NTUC a role in policy and in cooperative enterprises that served workers.

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The Employment Act and the Industrial Relations (Amendment) Act 1968

In 1968 Parliament amended the Industrial Relations Ordinance and enacted the Employment Act, which came into operation on 15 August 1968.[34] The political scientist Garry Rodan summarised the main changes of the Employment Act. Standard weekly working hours rose from 39 to 44, public holidays were reduced from 15 to 11 a year, and rest days and sick leave were reduced. Annual paid leave was limited to seven days for workers with less than ten years' service, retrenchment benefits applied only after three years' continuous service, and bonuses and ex gratia payments were substantially limited.[5] The amendment to the industrial relations law removed matters such as promotion, transfer, dismissal and retrenchment from collective bargaining and reserved them to management. Section 18(2) of the Industrial Relations Act 1960 still bars a union from including such matters in its proposals for a collective agreement.[6]

The unions supported the legislation. Lee Hsien Loong later explained that the Employment Act "swept away the rigidities of the old labour laws" and gave employers freedom to hire and dismiss, while fostering growth and therefore greater job security. Industrial action almost disappeared. Four strikes with 19,959 lost man-days were recorded in 1968 and none in 1969. The Industrial Arbitration Court attributes the industrial peace of the late 1960s to its own work, to the legislation of 1968 and to a cooperative relationship between unions and employers facilitated by the government.[7]

The price of this peace should be recorded. Workers gave up benefits they had won in the 1950s, while the independence of the trade unions was sharply curtailed. Rodan and other critics describe the period as one in which the state disciplined labour in the interest of foreign capital. Supporters reply that rapid employment growth delivered rising real incomes within a decade. Both readings agree on the result for investors: a labour market in which strikes were rare and wage costs predictable.

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The National Wages Council

Full employment created a new problem. As unemployment fell, the government feared that decentralised bargaining would produce a wage explosion that would deter investment. After Finance Minister Hon Sui Sen had sounded out labour and management leaders on a tripartite forum in 1971, the National Wages Council was established on 7 February 1972. Labour, management and government each appointed three representatives, under an independent chairman.[8] Its first chairman, the economist Lim Chong Yah, held the post until 2001 and credited Winsemius with the idea, which Stoelinga traces to the Dutch Social and Economic Council.[9]

The Council issues annual guidelines on wage increases that are not legally binding, although the public sector and most of the unionised sector follow them. A survey by the Ministry of Labour in October 1979 found that 489,000 bargainable employees, 83 per cent of the workforce, had benefited directly from that year's recommendations. In 1979 the Council used its influence in the opposite direction. Its "corrective wage policy" of large increases from 1979 to 1981 was designed to push the economy towards skill-intensive and higher value-added activities.[10] Wage policy thereby became an instrument of industrial policy.

Land acquisition and public housing

Land was the second scarce input. At the beginning of the 1960s the state owned less than half of Singapore's land.[11] The government changed the law of compulsory acquisition in a series of steps. In 1963 Lee Kuan Yew set out the principles in the Legislative Assembly: nobody should get a windfall because of development at public expense, and land required for public purposes should not cost more than it would have been worth had the government not planned development in the area.[12]

The Land Acquisition (Amendment No. 2) Bill of 1964 became the Land Acquisition Act 1966 after independence. It introduced "pegged" land values as the basis of compensation. Later the value was pegged at 30 November 1973 or the date of notification, whichever was lower. The peg was moved forward only from 1988. Compensation below market value lowered the cost of public projects dramatically.

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In 2007 the Minister for Law acknowledged that the limiting compensation provisions had made the HDB new towns, the Jurong Industrial Estate, Changi Airport and the MRT affordable to the state. The amendment of that year returned to compensation at market value on the date of acquisition.[13]

Public housing completed the land policy. The Housing and Development Board, established in February 1960, built 54,430 flats by 1965.[14] Housing removed the slums that had shocked observers in 1959 and gave workers a stake in political stability. It also linked the housing market to the Central Provident Fund, which Part D examines as a source of national savings. For the industrial strategy, the combination of acquired land and public housing meant that factories and the workers who staffed them could be placed where planners chose.

Common misconception

Singapore is often described as a laissez-faire economy that succeeded because the state left markets alone. The history of the EDB points in a different direction. The state chose the industries, built the estates, owned most of the land, financed projects through its own bank, negotiated tax holidays company by company and shaped wages through a tripartite council. What Singapore avoided was protectionism and state ownership of manufacturing for its own sake. Its markets were open to foreign capital, which explains the persistence of the free-market image. They were nevertheless designed and maintained by the state.

Notes

1. Industrial Arbitration Court, “History” (iac.gov.sg, accessed November 2026): “In 1955, there was a high of 275 strikes, involving 57,000 workers, and a record loss of 946,000 man-days.”; Industrial Arbitration Court, “History”, op. cit.: the court began operating on 15 September 1960; the aim of the legislation was “the encouragement of collective bargaining with a view to the free negotiation of collective agreements”; Speech by BG Lee Hsien Loong, 1 August 1991, op. cit., p. 5: “In 1961, when EDB began, 415,000 man-days were

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lost through strikes and street riots"; F. Stoelinga, *Albert Winsemius*, op. cit., p. 337, citing the Prime Minister's National Day Broadcast 1969. ↩

2. Wikipedia, "Labour movement of Singapore" (accessed November 2026): "In 1965, NTUC and the government signed a Charter for Industrial Progress and a Productivity Code of Practice." ↩
3. Employment Act 1968, "In operation from 15 August 1968", as reproduced on lawplayer.com from Singapore Statutes Online (accessed November 2026). ↩
4. The Industrial Relations (Amendment) Act 1968 is reported to have come into force on the same day; NLB Infopedia, "Industrial Relations (Amendment) Act" (SIP_2014-07-07_133856). ↩
5. Garry Rodan, *The Political Economy of Singapore's Industrialization*, p. 92, as quoted in F. Stoelinga, *Albert Winsemius*, op. cit., p. 337. ↩
6. F. Stoelinga, *Albert Winsemius*, op. cit., p. 337: employers obtained greater responsibility for promotion, dismissal, retrenchment and other internal changes; Industrial Relations Act 1960, s. 18(2)(a)–(f), as reproduced on lawplayer.com from Singapore Statutes Online (accessed November 2026): promotion, transfer, employment of persons to fill vacancies, termination by reason of redundancy or reorganisation, dismissal and reinstatement, and assignment of duties. ↩
7. Speech by BG Lee Hsien Loong, 1 August 1991, op. cit., p. 7; F. Stoelinga, *Albert Winsemius*, op. cit., p. 337, citing the Prime Minister's National Day Broadcast 1969 and the National Archives exhibition *Singapore: The Story of an Economic Miracle*; Industrial Arbitration Court, "History", op. cit.: "The late 1960s saw a climate of growing industrial peace.". ↩
8. Kim Seah Teck Kim, "Singapore's National Wages Council", op. cit., at 52–53, citing Hon Sui Sen's speech reported in the *Straits Times* of 19 June 1971: "the National Wages Council (NWC) was established on 7 February, 1972. Labour, management and the Government each had three representatives in the NWC, which was chaired by an independent chairman." ↩

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9. F. Stoelinga, *Albert Winsemius*, op. cit., pp. 16 and 386–387, quoting Lim Chong Yah, *Singapore's National Wages Council: An Insider's View*, Singapore, 2013, p. 4: "The man who suggested this organization is called Dr. Albert Winsemius"; "I was its nurse-maid and hand-maiden for nearly 30 years (1972-2001)." ↩

10. Kim Seah Teck Kim, "Singapore's National Wages Council", op. cit., at 53; 1981 NWC Recommendations, 13 May 1981, para. 1.1, reproduced in Kim Seah Teck Kim, "Singapore's National Wages Council", op. cit.: the corrective wage policy was "recommended in 1979 as a part of the overall strategy to shift the economy to skill-intensive, middle technology and higher value-added industries and services". ↩

11. State ownership of about 44 per cent of land in 1960, rising to about 90 per cent today, is widely cited (e.g. Sock Yong Phang and Khoo Teng Chye of the Centre for Liveable Cities, who gives over 85 per cent in 2007). ↩

12. Tan Sook Yee, "Is There Any Pointe?" [2003] SJLS 262, at 264, quoting Lee Kuan Yew, *Official Report, Legislative Assembly Debates*, vol. 22, 1963, cols 652–653. ↩

13. Tan Sook Yee, "Is There Any Pointe?", op. cit., at 264–265: the 1964 Bill, which became the Land Acquisition Act 1966, "introduced the method of 'pegged' land values as the basis of compensation"; later peg at 30 November 1973; gradual movement of the peg from 1988 and peg at 1 January 1995 for land acquired on or after 27 September 1995; Ministry of Law, Second Reading Speech on the Land Acquisition (Amendment) Bill by Deputy Prime Minister S Jayakumar, 11 April 2007, paras 2, 4 and 7 (mlaw.gov.sg, accessed November 2026). ↩

14. Wikipedia, "Housing and Development Board" (accessed November 2026): the HDB was formed in February 1960; by 1965 "54,430 flats had been built". ↩

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