7-1996

[Review of the book Private Pension Policies in Industrialized Countries: A Comparative Analysis]

Gary S. Fields
Cornell University, gsf2@cornell.edu

Follow this and additional works at: http://digitalcommons.ilr.cornell.edu/articles
Part of the Labor Relations Commons
Thank you for downloading an article from DigitalCommons@ILR.
Support this valuable resource today!
[Review of the book Private Pension Policies in Industrialized Countries: A Comparative Analysis]

Abstract
[Excerpt] John Turner and Noriyasu Watanabe have written numerous articles and books on pensions and employee benefits. In this collaborative effort, they synthesize a great deal of institutional and analytical material on a wide range of countries, including those typically regarded as industrialized (most of the OECD countries are the subjects of case studies and illustrations) and those that would probably be happy to learn that they now fall into that category (in particular, Chile and Argentina). The book is both accessible (there are no equations in sight) and analytical.

Keywords
pensions, employee benefits, retirement, income, policy

Disciplines
Labor Relations

Comments
Suggested Citation

Required Publisher Statement
© Cornell University. Reprinted with permission. All rights reserved.
trial relations, than what was sufficient for standardized mass production. According to this perspective, as a country becomes more economically advanced and as capital-, technology-, and knowledge-intensive industrial sectors take the place of labor-intensive manufacturing, there should be a transition to mutual commitment HRM policies and cooperative industrial relations institutions. Nobody should be surprised that the material presented in the book does tend to show more progressive industrial relations norms in more advanced nations and firms. It appears that the predominant form of work organization and the level of competence and commitment required from employees rises progressively as we turn from Thailand to Malaysia, and then to Korea and Singapore. Similarly, we find significant advances in work organization and HRM policies when we turn from light manufacturing to automobile production in Thailand, or from garment-making to textiles in Hong Kong.

On the other hand, a more careful look at the information makes that simple point less obvious. Deyo tells us that some Japanese-owned auto assemblers in Thailand have been able to achieve international competitiveness by introducing key elements of flexible production systems supported by many of the HRM policies advocated in the lean production literature—even though Thailand remains at a low level of economic development, the Thai labor movement is almost nonexistent, and even the exceptional high performance firms continue to give priority to cost-cutting tactics in many of their policy choices. At the opposite extreme, Begin tells us that employers in Singapore’s much more advanced economy enjoy a high degree of financial and numerical flexibility (the ability to easily adjust wage levels and head count). On the other hand, Singaporean blue-collar workers are usually not as skilled as their counterparts in the most successful advanced nations, work is organized into narrow routine jobs, there is a low degree of employee commitment, and operations are poorly integrated. Similarly, Kim’s study of large Korean manufacturing firms shows that even the internationally competitive firms in relatively advanced industrial sectors generally fail to effectively use and build upon the human resource potential of their highly educated employees, or to adopt flexible integrated operating systems.

The chapters dealing with the affiliates of American and Japanese multinationals in Malaysia and Taiwan also suggest that industrial relations institutions, and the level of economic development at the national level, may have only a limited impact on HRM policies or performance outcomes. Kuruvilla’s article shows how Malaysia’s industrialization strategy, with its emphasis on attracting foreign investors through the availability of disciplined, low-cost labor, has rendered Malaysian labor unions weak and ineffective. Nonetheless, the studies of subsidiaries of American and Japanese multinationals show that the HRM policies, work organization, and performance outcomes in the Malaysian subsidiaries differ only slightly from those in the subsidiaries in Taiwan’s more advanced economic and political environment.

Though this book does not provide a good basis for making comparisons across countries, it does support the general conclusion that tensions remain, regardless of the level of economic or technological development, between policies designed to minimize labor costs and policies designed to cultivate competent and committed employees whose input can be used for mutual gains. In addition, many of the articles provide valuable insights into the process of change within firms, industrial sectors, and nations. The book does not provide definitive answers, but the material it provides on non-Western countries makes a vital contribution to the literature on industrial relations and international competitiveness.

Ronald A. Rodgers
Lecturer
National University of Singapore
Department of Organisational Behaviour


John Turner and Noriyasu Watanabe have written numerous articles and books on pensions and employee benefits. In this collaborative effort, they synthesize a great deal of institutional and analytical material on a wide range of countries, including those typically regarded as industrialized (most of the OECD countries are the subjects of case studies and illustrations) and those that would probably be happy to learn that they now fall into that category (in particular, Chile and Argentina). The book is
both accessible (there are no equations in sight) and analytical.

The authors take an issue-based as opposed to a country-based approach. Because of an exceptionally comprehensive index, which is organized not only by subject but also by country, this approach works quite well. For instance, the reader interested in Japan will find more than 40 index entries on various aspects of that country's pension system. This makes for a bit of page-flipping, but that inconvenience is unavoidable in a broad-based comparative analysis.

The book considers eleven principal issues: To what extent should retirement income be privatized? Should the private pension system be voluntary or mandatory? If private pension plans are voluntary, should the government encourage them or simply permit them? Who is best able to bear the inherent financial risks in pension plans? Should there be mandatory insurance for pension benefits? Who should pay for pension plans? Should benefits be funded in advance? To what extent should pension portfolios be regulated? What types of organizations should be allowed to sponsor pension plans? Should individual plans be allowed? What types of institutions should be allowed to manage pension funds? Readers looking for answers to these questions will be disappointed, because the authors do not give them. They do, however, present an appropriately broad range of possible institutional arrangements and public policy approaches, from which readers can draw their own conclusions.

Certain parts of this book are likely to be particularly informative and interesting to readers of this journal. These include case studies in Chapter 3 of privatization of pensions in Chile, the United Kingdom, and Japan; an analysis of various sources of pension risk in Chapter 5; and a consideration of labor market issues such as pension coverage, portability of pension benefits, and effects of pensions on retirement ages in Chapter 7.

However, the book is not without its lapses. One is the consideration of adverse selection based on age but not on income. Another is the treatment of adequacy in most countries in terms of pension benefit amount but not in terms of pension coverage. (This is corrected, though, in a particularly illuminating discussion of these issues in the United States.) And then there is this statement about contracting out (that is, allowing firms to voluntarily privatize part of the social security system by paying a reduced contribution to social security when they provide a replacement private pension plan of sufficient generosity): "Attractive features of contracting out include reduced reliance on the government and greater reliance on the private sector." Beauty is in the eyes of the beholder, but I wonder how many beholders living beyond Hyde Park see much attractiveness here.

We at Cornell have already adopted sections of this book in our required Economic Security course. For policy makers, policy advisors, and ordinary citizens considering reforms of existing pension systems or designs of new ones, this is a "must" read.

Gary S. Fields
New York State School of Industrial and Labor Relations
Cornell University

Historical Studies


This extraordinary study of the formative period of the British working class will jolt many historians with its challenge to the central premises of E. P. Thompson's 1968 analysis, which profoundly influenced Anglo-American labor historiography. By closely studying the interplay between men and women during the process of class formation, Anna Clark brilliantly illuminates the reasons for what she terms the tragic loss of a genuine radical politics for British workers. Following up on the distinguished work of Barbara Taylor, Dorothy Thompson, Joan Scott, Sally Alexander, Deborah Valenze, Sonya Rose, Leonora Davidoff, Catherine Hall, Carol Morgan, Ellen Ross, and others, Clark explodes Thompson's version of male artisans as the radical vanguard in the making of the working class. Gender analysis reveals these skilled workers to have been fundamentally and consistently conservative, manipulative, masculinist, exclusive, misogynistic, violent, and stubborn. Far from challenging the power of early nineteenth-century industrial capitalism, they thus continually undermined the potential for such a challenge.

Clark examines three regions of early industrialization: London, Lancashire, and Scotland.
Copyright of Industrial & Labor Relations Review is the property of Cornell University. The copyright in an individual article may be maintained by the author in certain cases. Content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder’s express written permission. However, users may print, download, or email articles for individual use.