

REVIEWS

Friedman, Milton and Rose *The tyranny of the status quo* Penguin NZ, 1986, 168p.
Price: \$9.95

Milton Friedman is perhaps the most notorious of right-wing economists because of his links with Thatcherite economics, Reaganomics and the Dictator Pinochet in Chile. And perhaps as a malevolent influence on Rogernomics.

In his latest book, with his wife Rose, he repeats his monetarist prescription for solving the current capitalist crisis. The disease is familiar enough: excessive state intervention in the market disturbs the mechanism for the efficient allocation of resources. State production, says Friedman, is twice as costly as private production. The real threat, he says, is not the USSR but the welfare state. The state explosion of welfare expenditure has created a massive deficit financed through borrowing, which because it increases the money in circulation, is the major cause of rampant inflation which eats into profits and causes falling investment and recession.

The cure is to reverse this process. Cut state spending (except for defence, though "waste" needs to be eliminated here too!) reduce the deficit, the need to borrow, hence control the money supply and the rate of inflation. Simple?

Not so simple says Friedman. Friedman castigates Reagan and Thatcher for failing to make the necessary cuts in state spending. Groups and individuals that benefit from government spending (he means mainly the working class) conspire with politicians and bureaucrats to resist cuts. Hence the "tyranny of the status quo". The problem is that these "beneficiaries" react as soon as they get hurt. This means that newly-elected governments have a very short "honeymoon" period in which to introduce radical cuts before the screaming starts and the honeymoon is over. In the US this period is short, about 6 months, and accounts for Reagan's failure to get the deficit down enough. The solution in the US must therefore be a constitutional amendment which requires the government to "balance the books".

In countries where constitutions do not exist (or are overthrown by military coups) right-wing governments have had little success in forcing down state spending. If Chile's inflation is the test, it seems that free market forces don't come out of the barrel of a gun, either. Friedman does not consider the capacity of social democratic governments such as Mitterrand, Hawke and Lange, to make cuts with the complicity of the organised trade union movement. If these governments are able to rely on "consumer loyalty" can they introduce more pain over a longer honeymoon period before the screaming starts?

It seems that "social contracts" between social democratic governments and labour movements do extend the "honeymoon period" during which cuts and "socialist austerity" are introduced. But there is no evidence that this method achieves Friedman's goals either. New Zealand, which used to be seen as the land of the "welfare state experiment", now provides a test case of the land where the founders of the welfare state are busy foundering it.

Rogernomics obviously owes a lot to Friedman-type monetarism. After all monetarism is nothing more than depression economics. In this country, the popular election of a Labour Government in July 1984 has allowed it to embark on a rapid programme of measures designed to de-regulate the market and cut state spending. In an 18 month period, Douglas and Co. have been able to carry out the most far-reaching monetarist reversal yet experienced which must have the Friedmans leaping out of their bath. Devaluation, lifting of subsidies, exchange controls, import licences and tariffs, cuts in state spending and moves to deregulate the labour market have followed in quick succession. Can we expect another visit from the Friedmans and a new footnote, or a new book even?

But the honeymoon is over. The labour movement at its recent conference has made clear that it wants to patch up its estranged relationship with the Government. If the Government doesn't stop beating it up it threatens divorce. In particular the latest moves to de-regulate the public sector and the labour market have exhausted trade unionists' patience with Rogernomics. But no matter how many times Jim Knox refers to "our" Government, this will not keep it faithful to the interests of workers. Only the solidarity of the union movement in the face of further cuts can defend those interests. It seems that if Friedman were to visit New

Zealand he might be in time to see his monetarist remedy come to a halt up against the "tyranny of the state unions".

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Keenoy, Tom *Invitation to industrial relations* Oxford, Blackwell, 1985, xiv and 287 p.
Price: (A)\$11.95 (paperback)

Most books or studies in industrial relations are concerned, if not obsessed, with what Dunlop (or was it Huxley?) referred to as the collection of mountains of facts. The reader is bombarded with enormous amounts of information and seemingly unlimited data where the facts, apparently, speak for themselves. Tom Keenoy's *Invitation to industrial relations*, which is designed as an introductory text, is a pleasing departure from this traditional approach and, hopefully, marks a fundamental turning point in the academic study of industrial relations. Keenoy's focus is on the employment relationship:

on the different historical and cultural forms the relationship takes, the variety of social mechanisms, laws and social institutions which regulate and control this relationship and the possible futures for the industrial relations of tomorrow (p 29).

The reader is introduced to a number of hypothetical situations in the early chapters of the book, which Keenoy continually refers to in seeking to unravel the complexities and forces at work in developing a "disciplined approach" (a favourite term of Keenoy's) to gain an understanding and knowledge of industrial relations. Keenoy's orientation is analytical as he develops:

a way of seeing; a method through which we can cut through the candyfloss prescription of political expediency and examine the skeletal structure which lies below the surface of what passes for everyday knowledge about industrial relations (p x).

Notwithstanding Keenoy's avowedly analytical and disciplined approach *Invitation to industrial relations* eschews the use of jargonistic, technical or theoretical language which generally tends to confuse and/or bore those who have recently acquired an interest in industrial relations. One of the most pleasing aspects of this work is the skill Keenoy has displayed in producing a very readable, clear and concise book combined with a fine sense of humour and intelligent use of analogies, in examining various issues relevant to the study of industrial relations. Putting the matter quite simply, this is possibly one of the best books written in the field.

Keenoy gathers material concerned with the study of British industrial relations. However, given its analytical purpose and style of writing most of it will still be of use to (introductory?) New Zealand or Australian students. The book is divided into 9 chapters. Keenoy examines the different frames of reference that various actors in industrial relations possess or bring with them to the workplace; the various problems and dimensions associated with defining industrial relations; the role and activities of major industrial relations institutions; the role of employment management — broadly defined to include the boss, managers of discontent and providers of employment (the latter including finance capital and the state); methods of employment regulation (à la the Webbs); the role of shop stewards; popular misconceptions concerning strikes; the concept and role of power in industrial relations; and finally the academic state of industrial relations (which he describes as a Cinderella discipline genuflecting to the Ugly Sisters of older, more established disciplines) and the need for an inter- or multidisciplinary approach.

In examining these various issues Keenoy writes with knowledge, insight and common sense. His basic message is that popular conceptions of industrial relations, conveyed to us by politicians and the media, only focus on the sensational and ignore the more mundane (should we say boring) day to day aspects of industrial relations where the various actors interact with each other in representing and pursuing their various, and potentially conflicting, interests. He highlights the continuing tension of the actors as they seek to resolve their mutually inconsistent goals and objectives and observes "that periodic conflict is a

predictable and normal feature of the employment relationship" (p 225). One of the more interesting observations made by Keenoy is that the state has become the most important actor in industrial relations. For this reason alone industrial relations will always be an area of political controversy and importance. On page 279 (in his notes on further reading) Keenoy concludes:

If on finishing the book, the reader concludes that few answers have been provided to the many questions raised, then I will have achieved my purpose. There is nothing more constructive than a healthy state of uncertainty. One of the few enduring conclusions of social science is that there are always more questions than answers. This may seem disconcerting but it is not, most emphatically, a pessimistic observation. It reflects a well-advised scepticism about the work of social scientists, the permanent need to revise our taken-for-granted ways of seeing and the curious truism that academic knowledge advances more through discrediting existing ideas and conceptions than by making novel discoveries.

In conclusion this is an excellent work. Keenoy is to be congratulated for his scholarship and the manner in which he has presented his ideas and arguments. This is not only a first class introductory text but possibly one of the most useful industrial relations books written for many years. Anyone with an interest in industrial relations should have *Invitation to industrial relations* on their bookshelf.

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ILO Collective bargaining: a response to the recession in industrialised market economy countries Geneva, International Labour Organisation, 1985, 275p. Price: \$21.00

This book focuses on the responses of governments, employers and unions in the industrialised market economies to the challenges of recession, inflation, unemployment, and shrinking international markets from January 1980 to October 1983.

Most of the material is based on articles published in the ILO's quarterly *Social and labour bulletin* and the style of the book follows that same laboured pattern.

Four chapters are devoted to summarising over 400 collective agreements involving:

- (1) national agreements addressing unemployment and inflation;
- (2) industries in difficulty;
- (3) job losses or pay cuts; and
- (4) reduction in working time.

Two chapters encapsulate the employer and union position respectively. A final chapter contains commentaries from well-known labour economists and industrial relations experts (eg. John Dunlop) on the effects of the recession on collective bargaining practices.

The subject is of obvious importance to industrial relations practitioners in New Zealand where bargaining against a background of high inflation, unemployment and endangered industries has become commonplace. This book is useful in providing a compendium of options for dealing with these economic problems. For example, a negotiator searching for a formula to reduce the workforce is given several alternative ideas. Unfortunately there is little indication of the success rates of these ideas. A prudent negotiator would undertake further research.

There are a number of shortcomings which are almost inescapable in a book of this type. Depth has been sacrificed for breadth. The reader is presented with a vast array of agreements but only an inkling of the events which led to those agreements. Most source material comes from newspapers, or trade union or employer publications. These publications have a tendency to be superficial or self-serving and must be read in that light. With so many agreements listed there is inevitably a fair degree of repetition. Extended reading sessions are a mind-numbing experience!

Despite these drawbacks there is considerable reward for those who persevere with a study

of the entire book. One obtains a cross-section of the Western economies industrial relations response to recession and in the final chapter an informed analysis of those responses.

European countries responses tended to favour the reduction of working time together with measures to maintain income. In contrast the United States eschewed government intervention, and experienced the rise of "concessionary bargaining" resulting in wage reductions (but often in return for enhanced job security and greater worker participation in management decisions). However, there were exceptions to this generalisation, eg, the Chrysler bailout, which involved government intervention coupled with concessionary bargaining.

Certainly the prolonged recession induced greater innovation from the negotiating parties especially in a shifting emphasis from job benefits to job security. An important observation is that employers are often more concerned with increasing productivity than in holding down wages (cf., The NZ Meat Industry Association's pursuit of shift work and new technology agreements in the 1986/87 wage round). Employers use recessions as an opportunity to remove restrictive or unproductive work practices.

There is clearly great resistance to downward pressure on wages even under difficult economic circumstances. This has led to wage freezes or suspension of wage indexation by government as protective measures for the economy. The evidence is that this is at best a temporary solution. Reactive, ad hoc decisions are a poor substitute for competent forward planning.

Traditionally the trend-setting agreements in the USA were the steel and auto workers but the decline of those industries left a vacuum for the pay leadership role. Similarly, in New Zealand the meat workers seem unlikely to be one of the trendsetters for the foreseeable future. With the advent of the information age and expanded tourism will their role be taken over by the clerical and hotel workers?

Has the recession permanently altered the negotiating pattern in these industrialised countries? The short time frame of the book does not permit an answer. However it does provide a virtual time capsule of negotiating attitudes of the early 1980s. At the turn of the century one may pull this book off the shelf and consider which if any of the responses to the recession provided the solution.

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Fry, Eric (Editor), *Common cause: essays in Australian and New Zealand labour history* Australia, Allen & Unwin, 1986, xiv and 187 p. Price: \$18.95 (paperback).

This book of essays is not a success. Several reasons might be adduced for this but all are summarised in a sentence contained in the final and most useful of the essays "Writing labour history in Australia". In this the contributing editor briefly characterises empiricist-positivist history writing as meaning "a narrowness of questions asked, emphasis on fact finding, belief in objectivity and a neutral style". So it is with this book.

The writing of labour history in both countries has for some years suffered variously from all these disabilities. The questions asked, for instance, relate only to certain preconceptions which seem inevitably to be brought by academic historians to the writing of "labour" history. In the case of New Zealand for example there appears to be an inability to escape from a peaks-and-troughs schema in which the 3 peaks are the so-called general strikes of 1890, 1913 and 1951. In the troughs the workers gather strength. This strength is eventually matched against the state. And inevitably it is broken. Then the cycle begins again. There are several curious preconceptions built into this particular historiography.

The first of these is the notion of revolt. That is to say that the crucial function of trade unions is to mount a challenge to the dominant structures of power in the society. Thus in the writing of such history there is enormous emphasis on the rhetoric rather than actions of trade unions. Secondly trade unions are regarded as hermetic entities. In the writing of the history they erupt into periodic challenge from *outside* the main structure of the society in response to imported ideological motivations. Thirdly and perhaps most important is the romanticism of

this way of writing history. While pretending to empiricism it is actually an expression of the Promethean myth — the worker as doomed hero.

The reasons why we write our labour history in this way are interesting in themselves but let us leave them to one side and simply ask: how appropriate are they? The answer has to be that they are not appropriate at all. This is clear from both the perceived and experiential facts.

The industrial events of 1890, 1913 and 1951 were not particularly notable in themselves. They involved few workers of even the organised workforce and they had little immediate impact on the lives of most workers. There were long-term effects certainly but historians seem curiously uninterested in limning these. Perhaps more importantly they do not figure as events in the consciousness either of individual workers or in the mythologies of the trade union movement as a whole. In 14 years as a trade union official, I have yet to come across a rhetorical invocation of the events of 1951 (although there have been rare casual individual references) and I have *never* heard a reference among ordinary workers to 1913 or 1890. This is not, I emphasise, because of an absence of any historical sense (many workers are perfectly well aware of the background to the introduction of the 8 hour day and know the name of Samuel Parnell) but simply because when they place their own commitment to trade unionism in some sort of context the events most dwelt upon by academic historians do not signify.

No do most trade unionists perceive their activities as in any way a revolt against the structures of power within the society. On the contrary they find the suggestion that this is so to be deeply offensive.

Most regard their actions as defensive. That is to say their salaries and general working conditions are part of the existing social structure. If anyone can be said to be mounting a revolt against those structures over a period, most unionists will tell you, it is employers. The broader implications concerning the structures in question are not queried by trade unions and do not concern them very much at all. Their response to employers mounting such a challenge is indicative of this; it is the usual response of conservatives everywhere to challenge. Confusion and indignation. The same applies to the notion of trade unions as erupting onto the stage of events from the wings at periodic intervals. Most trade unionists will tell you that they have been there all along, that their actions are an integral part of the society and that they have no ambition to place themselves anywhere else. They are certainly not motivated by any external ideological perception. Instead their motivation is much more often an unorthodox albeit implicit expression of the mythologies and ideologies of their own societies. As to the "heroic" nature of these activities, anyone engaged in the daily business of industrial conflict will tell you that heroism is nothing to do with the matter. It is about as heroic as trench warfare and shares many of its characteristics. That is to say there is a continuous nexus of interchange in which tiny points of vantage are won or lost, enlivened by an occasional set-piece battle for some salient of purely local significance. Except over quite long periods, the line hardly moves at all.

But above all, the cardinal historiographical error is in the Promethean perception of labour movements as heroic but *doomed* because this amounts to no more the reverse of the employer i.e., ruling elite view that labour movements are *satanic* but doomed. The writing of labour history as it has so far been practised in this part of the world amounts to little more than a profoundly reactionary reinforcement of the dominant consciousness.

This book is no exception. Not only does it not tell me any facts which I don't already know and which I can easily read elsewhere (and have been able to for 40 years) it presents those facts in an historiographical context which I have, both as historian and practising trade unionist, grown increasingly to mistrust. If we want to develop a genuine labour history then we must start to tread new paths. That is to say, those which perceive trade union activity as an ordinary daily activity within the confines of its own society both structurally and ideologically and above all a history which in its underpinnings reflects accurately how the trade union rank and file themselves see the meaning of what they are doing. This means of course cultivating new historical techniques. This should not however be too difficult for us. Mainstream labour historians in Europe and the United States have been exploring this territory for several decades. All we have to do is to follow their lead.

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