

REVIEWS

Schatz, K.W. and Wolter, F. *Structural adjustment in the Federal Republic of Germany* International Labour Office, Geneva 1987

Sharp, M. and Shepherd, G. *Managing change in British industry* International Labour Office, Geneva 1987

Renshaw, G. *Adjustment and economic performance in industrialised countries: a synthesis* International Labour Office, Geneva 1986

These three volumes form part of an ILO research programme concerned with the impact of employment, trade and North-South cooperation within the evolving international division of labour. Their particular concern is with the adjustment process within industrialised countries.

The two national studies provide an examination of structural change in manufacturing with particular emphasis on the period of the 1970s. Separate sections deal with employers, government policy and the labour market. Sectoral studies cover electronics and electrical appliances and textiles and clothing in the case of Germany and cotton, consumer electronics and motor vehicles in the case of Britain. The adjustment process is evaluated in terms of underlying institutional characteristics, government policies and the behavioural responses of employers and workers.

While the economic performance of West Germany and Britain has been markedly different the studies reveal some shared experiences. Thus the enterprises of both countries suffered sharp declines in profitability as wage pressures and high external currency values coupled with strict monetary control caused declining profitability and increasing unemployment. The low levels of corporate profitability inhibited recovery by restricting funds for new investment. Both countries benefited from the competitive stimulus provided by foreign competition. In addition, imports from developing countries were only a minor source of employment change. In the case of West Germany job loss attributable to productivity growth was four times greater than that resulting from imports. This highlights one criticism of the research programme: its external orientation and the inference that international trade developments were the principal source of adjustment pressure.

A number of contrasts were also apparent. British management were criticised for their short-term perspective in planning; government policies were inconsistent with insufficient complementarity between micro- and macro-economic programmes. In conclusion Sharp and Shepherd argue for a more positive role for the British government in providing guidance for the reallocation of economic activities, in stimulating innovation and in ensuring an adequate supply of necessary skills and knowledge. Schatz and Wolter argue that the German government needs to pay more attention to complementary micro-economic policies and in ensuring the efficient working of market forces. Overall, they advocate a reduced role for the state.

A clear picture of similarities and differences emerges from Renshaw's book which draws together the findings of the two above volumes as well as comparable studies for Japan, the United States and the Netherlands. Renshaw's study, which is strongly policy-oriented, seeks to identify those actions and attitudes associated with successful adjustment.

Similarities between the five nations were apparent with the onset of inflation in the late 1960s and stagflation after 1973. Disillusionment with traditional keyperson demand management policies was also a common Experience. The interesting findings emerge with the real differences on the supply-side of the economy. Here there were sharp contrasts between, on the one hand, Japan and West Germany, and on the other, the United Kingdom. Corporate interdependence between members of the huge business federations in Japan and between banks and companies in West Germany encouraged competition in overseas markets where real gains were possible. The relatively high levels of job security and manpower training in both countries facilitated the process of change within the labour market. The UK, lacking these characteristics, found its enterprises inward looking, happy to seek growth through merger and acquisition and reluctant to introduce new products and processes because of fractious labour relations. As Sharp and Shepherd point out, the UK's problems are micro-economic in their origins and the adjustment problem is within, rather than between sectors and firms.

Renshaw concludes that the role of government policy should be to facilitate the operation of market forces. Because of institutional differences policies need to be carefully tailored to particular circumstances. He is dubious about the labour market changes brought about in the UK in the last ten years through a combination of legislation and recession. Such policies are second-best when compared with genuine changes in attitude achieved through training and more participative forms of work organisation.

In criticism some might dispute the assumption that adjustment is a 'problem' or a problem responsive to government action. The international perspective of the programme means that in some cases domestic forces of change may not receive the attention they deserve.

Peter Enderwick
University of Waikato

White, Michael *Working hours: assessing the potential for reduction* International Labour Office, Geneva 1987

Michael White's study forms part of the ILO International Programme for the Improvement of Working Conditions and Environment. Its subject matter, working hours, is an integral element in working conditions.

The aim of this report is to set out the conditions for the successful implementation of hours reductions. White argues that progress achieved in reducing working hours is constrained by a number of factors. The first is confusion about, and exaggerated claims for, the benefits of a reduction in hours. To the conventional motive, an improvement in the quality of life for workers, has been added the possibility of maintaining and creating employment. Second, employer opposition, which is considerable, is prompted by a belief that such reductions raise costs and reduce capacity utilisation. Employers prefer wage increase to an equivalent cost hours reduction. Third, the difficulty of predicting the likely consequences of an hours reduction discourages their consideration. Forecasting problems result from the diversity of responses which can occur at the establishment level.

White provides a useful review of a large amount of evidence pertaining to the likely productivity, employment, labour cost and utilisation effects of a reduction in working

hours. He concludes that there is considerable potential for a reduction in hours but for this to be realised a number of conditions must be met. The first is a need to move away from a formal cost-benefit analysis and towards realistic targets and agreement on minimising the potential costs of an hours reduction. Second, the scope of collective bargaining must be widened to include productivity issues and hence the possibility of linked reductions in hours worked. Third, implementation of initiative should take place at the level of the enterprise (or establishment). This could ensure a higher degree of accuracy in predicting the effects of a reduction in hours worked. Finally, White argues for the need to separate out different types of hours reductions according to the motives behind each. Each type requires specific policies and conditions for their successful implementation.

There are a number of aspects which are not covered in this report. The focus is on the short term and there is no consideration of longer term flexibility in scheduling hours to incorporate such things as parental or educational leave. Concern is on reducing the working week and there is no discussion of other options such as longer holidays, earlier retirement or fewer days in the working week. Finally there is scant discussion of the more theoretical (primarily economic) literature or macro-economic impact studies.

In summary, this is a practical, action-oriented study which will be of value to progressive employers, particularly given the current concern for increased flexibility, and for trade union officers interested in this central aspect of working life.

Peter Enderwick
University of Waikato

Treu, Tiziano et al. *Public service labour relations: recent trends and future prospects* International Labour Office, 1987, 287 pp

The subtitle of this book describes it as a comparative survey of seven industrialised market economy countries. It consists of an overview chapter by the senior author, Professor Treu of the University of Pavia, Italy, followed by individual chapters on public sector labour relations in seven countries.

The national studies all follow a common outline, first defining the public service, then relating trends in employment, unionisation, strike activity, and pay in the public sector. Each then deals with methods of determining public sector conditions of employment, dispute resolution procedures, and the status of strikes.

Like most things in the social sciences, this book has good points, bad points, and points that may be either good or bad depending on your point of view. In this last category, for example, there is virtually no comparative analysis. On the other hand, the overview chapter is an interesting factual summary, highlighting similarities rather than differences between countries.

There are a number of bad points. Most damaging is that the twin focuses of the national studies, as set out in the overview, are "the machinery by which conditions of employment are determined" and "the rules relating to labour conflict". Fortunately, a number of the authors, including Treu in the chapter on Italy, stray significantly beyond "machinery" and "Rules" and tell us what is actually going on, and sometimes why.

The selection of countries is predictable and questionable: West Germany, France, Italy, the United Kingdom, the United States, and of course, Japan and Sweden. The overview chapter implies that Australia and Canada are also included, but they aren't.

Public sector labour relations "machinery" and "rules" in Sweden are sufficiently similar to the private sector, with which everyone is by now so intimately familiar that the whole country could have been comfortably handled in a footnote. The chapter on France, while interesting enough, essentially boils down to the fact that there are no statistics available on things like unionisation and strikes by public employees, there is

no "machinery", and "as far as we know, little thought has been devoted to reform". Another footnote.

The research and writing for this book was done in 1983-85, though the book was not published until late-1987. The typeface suggests that the whole thing was done on a manual typewriter, and perhaps that was the holdup. In any event, with the rapid corporatisation, privatisation and retrenchment of the public sector in many parts of the industrialised world, some of the material already seems quite dated.

One wonders why the two-part article on Labour relations in the public service by Ozaki in the 1987 *International labour review*, an article based in part on this research but published before it, was not incorporated in the volume. It would have added considerably to the analytical content.

The good points? The chapters on Germany, Italy and the United Kingdom are interesting, informative, and contain sufficient contextual material to give the reader an appreciation of what's going on, or at least what was going on a few years ago.

Ian McAndrew
University of Otago