

BOOK REVIEWS

Book Reviews Editor: M. F. Bradley

Work and Health by Andrew Melhuish, Penguin, 1982, £2.50.

This book, *Work and Health*, is a clear and uncomplicated discussion on the health hazards of modern living, with particular emphasis on the psychological phenomenon known as stress. The book is divided into three interrelated sections. Section one (Ch. 1,2,3,4) describes modern day illness patterns and how they are changing. The second section (Ch. 5,6 and 7) deals with stress and its sources, in particular work is investigated as a cause of stress. The final section (Ch. 8 and 9) looks at ways of alleviating stress and changing our lifestyle for improved health.

The first chapter describes the changing patterns of illness and looks at the reasons for these changes. The next three chapters focus on the major physical and mental illnesses which are prevalent in modern western societies. Particular attention is paid to cancer and heart disease. The symptoms, causes, treatment and ways of preventing these illnesses are concisely and clearly described.

One of the objectives of chapter five is to define stress. It also considers the physiological responses of the body to pressures, with their medical implications. The physical and mental effects of stress are considered and finally what evidence there is that stress causes illness is presented. Chapter six looks at the many sources of stress in modern life. It deals specifically with the work situation and its interaction with one's family and social life and how these aspects of life may lead to stress. Chapter seven focuses directly on the relationship between health and work. The importance of management and working conditions in causing and alleviating stress is also considered in some detail.

The final section, chapters eight and nine, looks at the pressures of modern living and emphasise the importance of prevention over treatment in modern medicine. Dr. Melhuish gives us clear guidelines on how to modify our total lifestyle; stop smoking, alcohol in moderation, take exercise, have adequate sleep and relaxation, eat properly and have routine medical check-ups, in order to retain good health. At times this chapter brings to mind a quote from Shaw, "If you avoid doing everything you enjoy, you may live to be a hundred; or at any rate it will feel like it".

This book is interesting, valuable and relevant to all those in non-manual occupations and whose working life is sedentary and demanding. It is essential reading for managers and employers whose role should extend to having some responsibility for the health of their employees. For all of us, except those somewhat paranoid about health, this is an enjoyable and informative read.

University College, Dublin

TERESA BRANNICK

Perspectives on Strategic Marketing Management, by R. A. Kerin and R. A. Petersen, 2nd Edition, Allyn & Bacon, Newton, Mass. 1983.

This collection of readings in strategic marketing indicates that textbook publishers and authors are finally catching up with the major changes that have been taking place over the past five years. Strangely enough, the contents table for the book is almost as important as the content itself. Instead of the traditional structure one is accustomed to in such books, Kerin and Petersen have four sections entitled 'Introducing Strategic Marketing Management', 'Formulating the Investment Strategy', 'Formulating Management Strategy' and 'Assessment Implementation'. The selected readings are an excellent and

very representative cross-section of what is best and new in strategic marketing with its emphasis on competitive analysis, the identification of alternative strategies for achieving differential advantage in dynamic environments and the empirical testing of strategic action.

This collection is in striking contrast to other recent readings texts such as Kotler and Cox or Gultinan and Paul* which, while making a token gesture to the major advances in strategy of the last several years, go on to conform to the traditional functional marketing management format. Kerin and Paul should be necessary reading for all senior marketing executives and certainly for graduate students in marketing. For academics who have struggled for several years now to put together their own selections of student readings from journal sources on this topic the book will provide a welcome resource.

*P. Kotler & K. Cox, *Marketing Management & Strategy: A Reader* revised edition, Prentice Hall, 1980.

J. P. Gultinan and G. W. Paul, *Readings in Marketing Strategies & Programs*, McGraw Hill, 1982.

University College, Dublin

JOHN A. MURRAY

A Paradigm for Management Information Systems by Phillip Ein-Dor and Eli Segev, Praeger Publishers, New York 1981, 287 pp., £18.75 net. Sterling, in U.K. only.

The field of information systems has been characterised by rapid development over the past twenty years or so, the main catalyst in this context being the proliferation of computer-based systems. This text represents an attempt by the authors to develop a paradigm (appropriate dictionary definitions: example, pattern, mould) for Management Information Systems. It is a research-oriented work, and presents the paradigm as a series of propositions, ninety-three in all. The propositions are mainly concerned with relationships between the values of specific independent variables and success/failure of M.I.S., e.g., "the greater the degree of system integration, the greater the likelihood of M.I.S. success". The propositions are classified under seven main headings: — M.I.S. Environment; Procedural Aspects of M.I.S.; M.I.S. Structure; M.I.S. and Senior Executives; M.I.S. Implementors; Users of M.I.S. and Fit of the M.I.S. It will be seen that formidable problems of measurement exist if propositions of this nature are to be proved or disproved in a rigorous manner. The authors do little more than outline the main issues in the selected propositions and provide a review of the relevant literature in support or otherwise.

This book will be of little interest to practitioners, but it is a useful addition to the literature from a researcher's point of view. Although the propositions are of necessity subjectively chosen, they do provide a comprehensive framework for M.I.S. research, and the list of approximately three hundred references is supported by an author index and a subject index. The only disappointing feature of the book, in the reviewer's opinion, is the scarcity of material relating to M.I.S. applications in specific functional areas. However, as the authors conclude, the framework developed in this book is not a final product... "new variables may be unearthed, different partitions into subsystems may also prove useful, additional disciplines may be found applicable and emphases may change". The book as it stands is a useful contribution to the generic body of knowledge known as Management Information Systems.

University College, Dublin

ANDREW J. DEEGAN

Incomes Policies, Inflation and Relative Pay by J. L. Fallick and R. F. Elliott, London: George Allen and Unwin, 1981.

Incomes Policy by Robin E. J. Chater, Andrew Dean and Robert F. Elliott, Oxford: Clarendon Press, 1981.

Despite the rejection of incomes policies by the governments of certain western governments in recent years, and the difficulties which various other governments are currently experiencing in gaining trade union consent for wage restraint, the literature concerned with incomes policies is enjoying something of a boom. The past few years have witnessed the publication of numerous articles and books dealing with a host of important issues raised by governmental attempts to regulate and control the labour market. Some of these studies have focussed on developments in particular countries. Others have adopted a comparative orientation and perspective. Always, however, the issues are the same: can incomes policies be justified theoretically? How can trade union cooperation be secured? How should such policies be administered? And how effective have they been?

The two volumes reviewed here are a welcome contribution to the continuing debate about macro-economic policy goals and instruments in advanced industrialized countries. Although they are quite separate publications, much of the material is of a complementary nature, and certainly both books are essential reading for those with an active interest in this policy arena. The volumes include both theoretical and empirical studies and cover most of the matters at the centre of the incomes policy debate: the theoretical case for government intervention in wage fixing; the impact of incomes policies on the low-paid, the high-paid, private sector relativities, and public-private sector differentials; and the problems of free-riding and organizational resistance. While most of the material concentrates on the post-war experience of a single country, Britain, the questions addressed and the findings recorded, naturally enough, have a much wider relevance and application.

The first volume, edited by Fallick and Elliott, contains nine chapters, all of them written specially for this publication. The first chapter by M.J. Artis provides a short, critical examination of the various theoretical grounds that have been employed to justify the use of incomes policies. He summarizes succinctly the main arguments against government intervention and concludes by suggesting three ways by which advocates of incomes policies can reconstruct their case. The second chapter by S.G.B. Henry discusses the effects of incomes policy on aggregate pay in Britain. The chapter highlights the methodological problems associated with the econometric techniques of policy evaluation that have been employed in the past, surveys the most recent research in this field and finally presents a new approach for assessing the effectiveness of incomes policies.

The following three chapters (3-5) supply a detailed description of the impact of British incomes policies on the private and public labour markets. Dominating these studies is the question of how the repeated interventions and policy changes have effected pay differentials and relativities. There is much careful analysis and a wealth of empirical evidence, but rather little in the way of strikingly new or spectacular findings. The final chapter with a specifically British focus examines the impact of incomes policies on the low-paid. Here R. Steele demonstrates clearly that all the policies since the mid-1960's have failed to improve the position of the low-paid; and this despite repeated attempts during these years, by the use of flat-rate norms, to bring about a more egalitarian wage structure. Steele's conclusions are confirmed

by Ceri Thomas in a chapter on the same subject in the second volume.

Moving away from the British context, the following two chapters (7 & 8) briefly explore the role and effectiveness of incomes policies in other OECD countries. John Pencavel focusses upon developments in the United States, while John Addison surveys in a broad-brush style the experience of eight European countries – Austria, Finland, France, Germany, Ireland, the Netherlands, Norway and Sweden. The final chapter by the editors attempts to summarize the principal themes and issues addressed in the previous papers. Their conclusion is a fairly standard and rather negative one: some kind of incomes policy is pretty well essential, yet there is little evidence to suggest that incomes policies can reduce the rate of wage inflation in the longer-term. Few would probably wish to dispute this rather gloomy assessment.

The second collection of papers, edited by Chater, Dean and Elliott, has a purely British focus. There is a short introductory chapter by the editors followed by a review of policies of Heath, Wilson and Callaghan during the 1970s written by Andrew Dean. This is basically a narrative account of what happened and why, and sets the scene for the remainder of the book.

The main section consists of five chapters grouped under the heading, 'the problems raised by incomes policies'. The chapters here deal with the institutional context of incomes policies, the low-paid, the high-paid, the impact of incomes policies on differentials and the declining importance of wage drift. Perhaps the most interesting study in this section is that by Robin Chater on the differentials question. According to the conventional wisdom, based largely on studies using aggregate data, flat-rate pay norms have had little effect on the existing patterns of income distribution and, in spite of what one might have expected, pay differentials have not been seriously disrupted. This view is challenged by Chater. On the basis of evidence accumulated from an engineering case study, Chater demonstrates that much of the compression of differentials experienced in engineering during the mid-1970s can be attributed directly to the Labour Government's Social Contract and the flat-rate pay norms that were imposed in 1975 and to a lesser extent in 1976. Naturally such evidence casts doubts upon the reliability of the findings generated from previous research based on aggregate data.

The second part of the book contains contributions from four leading economic commentators and policy activists in which they attempt, with varying degrees of analytical rigour to defend their particular attitude towards incomes policies. There is a spirited defence of such policies by Robert Taylor, the Labour Correspondent of *The Observer* that would warm the heart of any budding Social Democrat, or 'wet' conservative for that matter. Samuel Brittan of *The Financial Times*, and a leading monetarist, crosses the ideological divide to join with Ken Gill, a prominent Marxist and member of the TUC General Council, to document the evils of incomes policies. And Dermot Glynn of the CBI struggles desperately with fact, theory and conscience to reach a verdict. If one is after a fairly rigorous treatment of the issues involved then Glynn's contribution is undoubtedly the best. If, on the other hand, one enjoys polemic then one could do little better than to read the chapter by Gill. His remarkable claim, for example, that many people on the political left "cannot conceive of any state policy which will help the wage earner" provides the most damning condemnation of the conceptual ability and vision of his fellow travellers that I, for one, have ever read.

Collectively these two volumes of essays fill many of the gaps in the literature on British incomes policies. The essays are well written, the empirical

data clearly presented, and both books contain a short, but useful subject index. They are not, of course, definitive works. Much research still needs to be done and one could well envisage a third volume covering a range of subjects either ignored or only briefly dealt with in these works. For instance, there is a need for further research dealing with the impact of incomes policies on trade union organization, militancy and bargaining strategies; the problem of exceptions and special cases; the role and effectiveness of sanctions; the transition period from voluntary or statutory restraint to free collective bargaining; alternative types of incomes policies and so forth. For those who see no alternative but to have some kind of incomes policy, much work remains to be done.

Nuffield College, Oxford

JONATHAN BOSTON

Stagflation Volume I — Wage-Fixing by J. E. Meade, George Allen and Unwin, 1982.

"Wage-Fixing" is the first of two volumes by Professor James Meade's Cambridge University research group addressed to the remedy of stagflation in the UK economy. In it, Professor Meade initially explores the causes of the currently co-existing high levels of inflation and unemployment. A corrective strategy is then outlined which involves new directions for financial policies and wage determination policy. The major part of the volume is devoted to an economic and administrative analysis of appropriate reforms in the wage-fixing system. The minutiae of the preferred financial policies are left to the second volume.

The starting-point of the argument is that stagflation has been caused by the combination of two factors. First, groups in society, in particular wage earners, have aimed to raise their real living standards to levels above those which the comparatively slow growth of the UK economy has been able to afford. Rising unit costs have resulted. Second, Keynesian financial policies, designed to expand total money expenditure to purchase all goods and services produced by a fully-employed labour force at prices which cover costs, have led to price inflation. The consequent frustration of real income objectives of sections of society has threatened to cause a price explosion. Governments have therefore been faced with extremely high inflation or unemployment or a mixture of the two.

The orthodox Keynesian response has been to use demand-management policies to attain full employment, and incomes policies to control inflation. Meade objects to this assignment on three grounds. The centralised and inflexible mode of incomes policy operation — necessary to constrain real incomes in tight labour markets — hinders the redistribution of labour by market signals. Bureaucratic controls are also seen as unacceptable. In addition, the allocation of responsibility for inflation to wage-earners is deemed inappropriate.

Instead, Meade proposes a reversal of the policy-assignment rule. Financial policies would be directed at inflation, and wage policies would focus on employment targets. More precisely, Meade advocates that money expenditure should be kept on a steady path, and wage-fixing should be reformed.

The wage-fixing policy is derived from an analysis of the aspects of current pay determination practices which cause higher inflation and unemployment than need occur under a regime of controlled money expenditure growth.

A norm for pay rises would be announced by a central body, reflecting the planned growth in money expenditures. Collective bargaining would then take place between employers and unions with the object of settling wage increases which would promote employment in the relevant subsector of the economy. Thus, in subsectors where there was an excess supply of labour, pay rises would be below the norm (but would not be negative); contrariwise, excess labour demand would lead to increases above the norm.

Compliance would be fostered in four ways. First, agreement by the parties to pay determination would be sought. Second, negotiators would be faced with greater unemployment if they opted for increases unwarranted by the employment promotion criterion. Third, there would be a system of single-offer "not-quite-compulsory" arbitration which would encourage and enforce appropriate increases. In the event of non-agreement, a party to negotiations could refer the matter to a single standing arbitral body. On the basis of the norm, the pay determination criterion, and rates in comparable occupations, the body would make an award corresponding to either the last offer or the last claim. Sanctions would be levied to secure implementation, if need be. Fourth, there would be a battery of auxiliary policies to increase the competitiveness and efficiency of the labour market, with the intention of stimulating the adoption of the new pay determination criterion. Employers' monopolistic and monopsonistic powers would be curtailed by a range of devices. Whilst the role of trade unions in an imperfectly competitive world would be recognised, their bargaining power would be curbed by legal reform, in particular, the preclusion of the pre-entry closed shop; by abandoning policies designed to maintain relativities for non-economic reasons; and by restructuring unions so that there would be one union for each employer. Worker co-operatives would also be encouraged so that workers would be less prone to exercise their monopolistic powers. Finally, the wheels of the labour market would be oiled by aiding mobility and reforming the unemployment benefit system so that the cost of mobility and employment would be lower and there would be a correspondingly greater incentive to use the employment situation to fix pay increases.

Meade's analysis and recommendations represent a stimulating attempt to grapple with the economic and administrative features of modern UK pay determination which contribute to wage inflation and unemployment. The coverage of the book is wide-ranging, and the argument is logical and generally tight, even if bereft of detailed references. Notwithstanding this, the reader is left unsure whether the wage-fixing policy would achieve the intended employment effects. Indeed, the conventional Keynesian strategy incorporating incomes policy might be thought to be potentially more successful.

The primary concern is that the wage-fixing reforms would probably not be respected by negotiators. Agreement would be highly unlikely. Meade admits the difficulties of securing consent, but explicitly omits consideration of the politics involved in achieving support. In fact, in dealing only with the economic and administrative facets of the solution to countering and controlling wage inflation, the wage-fixing policy is not designed with the object in mind of gaining support. Fundamentally, it is very unlikely that bargainers would assent to a switch to the employment promotion criterion. Agreement by unions to surrender the established criteria of the cost of living and comparability would be difficult to achieve because the lower increases in many cases would appear to infringe their members' interests; any benefits for employment levels would be hard to identify in the bargaining situation.

Moreover, the auxiliary policies, which include several measures which threaten the power base of unions, would hardly be conducive to an atmosphere receptive to voluntary reforms and restraint by pay bargaining. The problem of obtaining consent, particularly to criteria yielding unequal pay increases, is amply illustrated by the recent history of pay determination in Britain. In both 1974 and 1979 pay policies collapsed partly because of a lack of compliance. One cause for complaint had been that established relativities had been upset. Further, when agreement was secured in the recent past, as in Phases 1 and 2 (1975-77), a necessary condition was that the same limit applied to all and, furthermore, leaned towards equal *money* increases.

Nor would the various stimuli to compliance have a significant effect on bargaining behaviour. The threat of unemployment would not be sufficient. The UK experience since 1979 of monetary policy in the private sector and cash limits in the public sector shows that although an element of a trade-off between jobs and pay rises is introduced, unions are not prepared to greatly scale-down claims in view of the uncertainty surrounding the precise employment implications. The arbitration process might conceivably induce or compel some settlements to be close to the desired level, but it would not prevent employers and unions agreeing to pay increases on the basis of other criteria if they so desired. The auxiliary policies would increase competition but would still leave negotiators with a range of pay options. Some proposals, such as the spread of co-operatives and the re-organisation of unions, would be hard to implement. The legal restraints on trade unions would probably be of no more than marginal influence: employers would no doubt continue to be loathe to use the law for fear of prejudicing the tone of their industrial relations.

A second area for concern is the practicalities of the operation of the policy. First, negotiators would have no clear notion of the pay rises that would be apposite. In particular, they would be uncertain about the price elasticity of the supply of labour. Meade gives no guidance: he merely states that the variation of rises around the norm need not be large. Secondly, pay increases outside principal settlements, for example to recompense overtime and output increases under payment-by-results schemes, could prejudice the effect of a correctly-implemented employment promotion criterion in the primary negotiations. No remedy is apparent. If offsets were made in main settlements, there would be a deterrent to working harder or longer. Thirdly, the welter of non-pay factors pertinent to job-choice decisions — not all of which would be affected by the auxiliary policies — might prevent the desired reallocation of labour following a small change in pay relativities.

If the Meade policy was implemented and respected, it would probably lead to a more efficient distribution of labour than under a conventional incomes policy with a standardised limit. But, taking account of political realities, the prospects are reversed. For the reasons given above, compliance with the Meade policy would probably not be seen. In contrast, at least in the short run, it is likely that pay policies could be agreed or imposed by legislation or administrative fiat. Labour allocation might not be any more efficiently distributed across sectors than under a flouted Meade policy but the level of unemployment and wage inflation would probably be lower.

Further, it is not certain that the other arguments against incomes policy stand scrutiny. It is true that the monitoring and vetting of pay policies might require a centralised bureaucracy, but there is no reason to suppose that it would be relatively more inefficient than a decentralised system of

self-regulation as in the Meade proposals. Indeed, control might well be more effective and might involve the employment of fewer human and other resources than a decentralised policy which obliges negotiators in individual bargaining units to spend time and money assessing product and labour markets and rates paid in comparable units. Finally, there is no necessity for wage-earners to have to accept responsibility for employment rather than inflation; hence the orthodox Keynesian strategy is not inferior on these grounds.

In spite of these criticisms, the book makes a very valuable contribution to the debate over wages policies. This is achieved not alone by the content but also by the clear structure and readable style adopted.

*School of Industrial and Business Studies,
University of Warwick*

PHILIP K. WAY