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RECENSIONS
BOOK REVIEWS

Collective Bargaining and the Public Interest: A Welfare Economics Assessment, by David M. Winch, Montréal, McGill-Queen's University Press, 1989, 184 p., ISBN 0-7735-0696-9

Analyzed in terms of classical economics, this book portrays collective bargaining with the strike and lockout options as costly, inefficient and inequitable in terms of the allocation of labour resources and the distribution of income. The author recommends that the strike and lockout options be replaced with **an** arbitration service as the final means of resolving contract negotiation disputes in both the private and public sectors. It is suggested that **the** arbitration service be set up by statute with prescribed criteria and rules of procedure. Because of the multiplicity of statistics that are used it is proposed that the service be staffed by specialists in a number of disciplines. When a case is submitted to arbitration, the submissions of the two parties would first go to the research staff for assessment and the assessment would go to the parties as well as to the arbitrator who, in the final analysis, would decide the weights to be assigned to the arguments of the two parties and the information provided by the research staff.

It is proposed that arbitrators be guided by the criteria of integrity, efficiency, equity and precedent. Integrity means that the parties would be bound by contracts only voluntarily. Efficiency — suggested here as the major consideration to guide arbitrators in making their awards — means that wages would be set at levels that would result in the full utilization of the labour force and give job opportunities to the unemployed. While the arbitrator would be concerned with equity in the relative wage rates of different occupations, equity in the distribution of income generally would be the proper role of the tax and transfer systems. As the author sees it, "The proposed system offers the prospects of full and efficient utilization of our labour resources, uninterrupted production, and equity in the distribution of income" (p. 154). It is also suggested that precedents established through a body of case law would guide arbitrators in the making of their awards.

Not since the early 1960s when Paul Jacobs published his book, **Old Before Its Time: Collective Bargaining at 28** (Santa Barbara: Centre for the Study of Democratic Institutions, 1963), has this reviewer come across a study that would impose the major burden for the resolution of many of our more intractable economic and social problems on the **limited purpose instrument** of collective bargaining. Just as Paul Jacobs' idea that collective bargaining could resolve problems associated with high levels of unemployment and technological change was a naive one, the idea that collective bargaining with arbitration could resolve many of our economic woes such as the misallocation of labour, less than full production, unemployment and poverty is equally naive. In my view the development of skills and the allocation of labour resources should be left to manpower policies rather than placed on the system of collective bargaining.

The author's implicit assumptions about **an** arbitration service in Canada are much too unrealistic and simplistic. For one thing, he does not recognize that making disputes subject to arbitration does **not** eliminate illegal strikes as has been demonstrated in this country and others time and time again. He suggests that we have already had a good deal of experience

with arbitration and he refers approvingly to experience in Australia and New Zealand. However, all systems of wage arbitration that exist are concerned with the wages that workers receive, and **not** with making the labour market more efficient. In Australia, for example, criteria such as a living wage or a wage to support a family of four have often been used. In addition, the author appears to be oblivious to the political, economic, and social complexities of Canada. With the federal government having jurisdiction over only 10 percent of the labour force and with the provinces having jurisdiction over the other 90 percent, how could we ever get agreement of the creation of a **national** system of arbitration — which is the type implicit in this book — with agreed upon criteria and rules of procedure? Past experience in trying to get agreement among federal and provincial governments about wage restraint programs suggests that they would never agree to a national system of arbitration.

With respect to the distribution of income, is there any reason to believe that we would have a fairer distribution of income with arbitration of collective bargaining disputes than we have under our present system. I submit that there is nothing in logic to suggest that we would. Welfare payments would probably continue to be well below the poverty level as is the case at present in all provinces, sales tax variations across the country would continue, and provincial income taxes could hardly be expected to change.

I agree with J.T. Dunlop that we should nourish the things that collective bargaining does well — things that are mentioned only in passing in the book under review — and not impose on it problems for which it was not intended. But that is precisely what this book does. However, we need not worry about policy makers implementing an arbitration service along the lines suggested since the author has not made a convincing and realistic case for his policy alternative — something that he rightly insists that reviewers take into account in assessing his book.

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On Strike at Hormel: The Struggle for a Democratic Labor Movement, by Hardy Green, Philadelphia, Temple University Press, 1990, xv, 368 p., index, ISBN 0-87722-635-0

The fight on the part of Local P-9 of the United Food and Commercial Workers (UFCW) in Austin Minnesota against wage and benefit concessions sought by the Geo. A. Hormel Company ended in utter failure. The unfolding human strategy that occurred between 1984 and 1986 in a formerly closeknit "All American" small city in the heartland of America resulted in the destruction of the livelihoods of hundreds of families headed by rank and file unionists. When the dust had settled, Local P-9 had been placed into trusteeship by the International Union; the company got its concessions and huge profits to boot; and another nail had been pounded into the coffin of organized labor in the United States.

The Hormel strike exhibited many of the underlying causes for the malaise of the contemporary American labor movement, at least in the United States. The walkout was a reaction against the effort on the part of the company to break the "social contract" which had existed between labor and management at Hormel for generations. Relations between the organized labor force and management at Hormel degenerated so quickly in the course of the strike that it was difficult to believe that until the 1970s, at least, working at Hormel represented the attainment of the bluecollar dream for most workers at the Austin plant. The company dominated Austin as its leading employer and rate payer, but Hormel was for many years a