

Relations industrielles Industrial Relations



The Economics of Work and Pay, by Albert Rees, New York, Harper and Row, 1973, pp. ix, 247.

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Volume 28, Number 4, 1973

URI: <https://id.erudit.org/iderudit/028464ar>

DOI: <https://doi.org/10.7202/028464ar>

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Publisher(s)

Département des relations industrielles de l'Université Laval

ISSN

0034-379X (print)

1703-8138 (digital)

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Cite this review

Smith, D. A. (1973). Review of [*The Economics of Work and Pay*, by Albert Rees, New York, Harper and Row, 1973, pp. ix, 247.] *Relations industrielles / Industrial Relations*, 28(4), 893–894. <https://doi.org/10.7202/028464ar>

ment of the determinants of labor force participation rates and particularly the impact of labor demand on labor supply followed by the standard model of individual choice in allocating time among various market and non-market activities. This is then applied in the context of digressions on the optimal length of the workweek and on the impact of institutions such as trade unions and social custom on the supply of effort. The section then concludes with a chapter on the effect of various human capital investments on the supply of general and specific skills.

In Part II, the analysis of labor demand is based on the standard marginal productivity approach and is combined with an analysis of the factors influencing the magnitude of the employment effects of factor price changes that induce substitution in production and consumption activities. Rees then introduces the recent work that has emphasized the role of fixed employment costs and skill specificity in internal labor markets in eliminating the requirement of wage equals marginal product as a condition of labor market equilibrium. And it is indicated that this will be an area of increasing divergence from the traditional model as the factors that tend to create internal labor markets become of even greater relative importance in the structure of the economy.

Part III reflects the growing concern about the dynamic processes underlying the operation of the labor market and about the rigidities that generally preclude instantaneous market clearing. The first chapter in this section introduces the concept of search as an investment activity with a calculable rate of return in the context of a discussion of mobility and specifically migration. The analysis is then applied to the choice between subsidizing industry or encouraging migration in the context of regional development policies. The section concludes with an analysis of the vacancy — unemployment relationship and the important distinction between extended unemployment and frequent spells of unemployment as an explanation of the much higher than average unemployment rates experienced by participants in the secondary labor market.

Then in Part IV, the activities of trade unions and the effect of the

bargaining process are examined as an introduction to the quantitative dimensions of the union impact on the allocative efficiency of the labor market. This is an area about which Rees has written before and these three chapters constitute a clear and useful summary of that work.

The persistence of wage differentials unrelated to productivity differences is considered in Part V. Rees is able to skillfully combine the theoretical and empirical literature to produce a narrative that clearly outlines the economics of discriminatory employment policies. The discussion includes an analysis of discrimination as an increasing function of occupational status, an explanation of statistical discrimination, the tendency to persistently undervalue the productive capacities of certain classes of employees, and comments about the distribution of the impetus for discrimination among the employer, trade unions, employees and consumers. The analyses and empirical examples deal with discrimination by race and by sex and the section concludes with a series of comments on the relative effect of alternative legislative procedures to reduce or eliminate wage differentials attributable to discrimination. There follows an interesting series of observations on the growth of fringe benefits which currently account for roughly 10% of employee compensation. The growth in supplements is related to economies of scale in the provision of such rewards and to a rational employer response to the increasing importance of specific training in which case the returns to the employer are increased by compensation changes which result in lower turnover rates.

The last section of the book deals with the macro-economics of labor market adjustment and particularly with the determinants of money wage changes. Rees argues for an expectation version of the Phillips curve which, although not vertical, is substantially steeper than the historical data suggest. The latter part of this chapter is somewhat puzzling in that Rees leans toward a wage-push explanation of the recent inflation and consequently appears to embrace the incomes policy approach to its control. This is not exactly what one would expect from Rees on the basis of his previous work on unions and the labor market. Specifically, it is not made clear

what type of model would generate a wage-push inflation. In part Rees attributes it to a growth in union power (particularly to militant public employees) but his argument appears to be intended for application in a situation where union power is constant. The former is understandable but the latter seems to require a revised labor market model particularly since Friedman and others have argued that a constant level of monopoly power has no implications at all for price or wage changes. However, the chapter is, in general, an interesting approach to what Rees obviously recognizes as an important unresolved problem.

This is an outstanding book which can be used profitably by those who wish to acquaint themselves with recent developments in labor economics and by students at a variety of levels who will be grateful for a highly lucid presentation of some relatively difficult points.

Douglas A. SMITH

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An American Philosophy of Social Security, by J. Douglas Brown, Princeton, Princeton University Press, Toronto, Saunders of Toronto Ltée, 1972, 244 pp

L'auteur de ce volume a été intimement associé au développement de la sécurité sociale américaine. Il y a consacré nombre de ses travaux et il a participé à de multiples groupes de travail impliqués dans l'élaboration des politiques de sécurité sociale. A partir de son expérience, le professeur Brown s'est donné comme objectif de rédiger un volume de synthèse sur le développement de la sécurité sociale américaine. Ce volume s'adresse à des lecteurs de formation et d'expérience générales plutôt qu'à des experts dans ce domaine. L'auteur vise à éclairer l'opinion publique sur les dimensions importantes de la politique américaine de sécurité sociale.

Dans l'ensemble, l'auteur a atteint l'objectif qu'il recherchait. Le volume couvre différents aspects de la sécurité sociale américaine. Ces aspects sont les suivants : L'évolution de la politique américaine de sécurité sociale (Chapitre 1, 2, 3); la place du régime principal de la sécurité

sociale dans l'ensemble du système (Chapitres 4, 5); les éventualités couvertes et les personnes protégées (Chapitres 8, 9, 10, 11, 12); le financement du régime (Chapitres 6, 7, 13); et la sécurité sociale de la santé (Chapitres 14, 15).

Les considérations judicieuses reposant sur une bonne information de l'auteur apportent à cette description du régime américain un contenu de bonne qualité. Le lecteur peut ainsi comprendre dans quel contexte économique et social les conséquences de la dépression américaine des années '30 ont amené le gouvernement américain à mettre en place un régime de sécurité sociale dont les deux pièces maîtresses furent celles du régime de retraite pour les personnes âgées et les invalides et l'assurance-chômage. Vu que seulement le premier régime s'est établi à l'échelle nationale et que l'auteur y a été associé personnellement, il limite la description de la sécurité sociale à ce seul programme majeur.

Par la suite, l'auteur établit la relation entre ce programme et les autres modes généraux de couverture du risque de la dépendance sociale soit ceux de l'assistance sociale pour les indigents et de l'assurance privée pour les personnes touchant des revenus supérieurs à la moyenne. L'auteur précise le rôle des assurances sociales, les caractéristiques d'une politique établissant correctement les points-frontières entre l'assurance sociale publique et l'assistance sociale ainsi que les assurances privées. Il décrit ensuite les catégories de personnes protégées par le régime américain, soit les personnes âgées, les dépendants de ces dernières et les invalides. Il revoit les raisons qui ont amené le gouvernement américain à établir l'âge de l'accessibilité au programme, la structure des allocations, les barèmes relatifs à ces allocations et les problèmes généraux de financement dont ceux des contributions des employeurs et des employés, du niveau de la réserve financière et de la participation possible du gouvernement et de l'utilisation des fonds du régime.

Les deux chapitres consacrés à la santé éclairent le lecteur sur ce que l'auteur appelle la longue et dure lutte de la population américaine pour se donner un programme d'assurance maladie couvrant certains risques associés aux mauvais états de santé. L'auteur signale dès le