

over the last two years, it is hard to argue that there has been a deficiency of jobs for low-wage workers. The real issue for these workers is the growing gap in wages between low-wage and professional labor. As an antidote to Schwartzmann's lack of interest in wage inequality, I recommend the recent book by Randy Albelda and Chris Tilly [1997].

The Stewart compendium would be a useful resource for any university library, but especially those that do not subscribe to the *Review of Black Political Economy*. It will enable students and faculty to assess quickly recent work on black employment issues that will not generally be found in mainstream labor journals. I have difficulty recommending Schwartzman's book. There is no discussion of some of the most important changes in the black population that have occurred in the last 20 years, including growing incarceration rates, rising female-headed households, and the declining role of affirmative action. It has no discussion of labor market discrimination, while its main thesis—that there has been a decline in the demand for unskilled workers—has been argued by many others in more persuasive ways.

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THE DOUBLE GAMES OF PARTICIPATION: PAY, PERFORMANCE AND CULTURE. By *Marcel Bolle de Bal*. New York: Walter de Gruyter, 1993. Pp. 265.

Marcel Bolle de Bal's *The Double Games of Participation: Pay, Performance and Culture* makes an important contribution to our understanding of pay systems and their role in economic and social development. Based on comparative analyses of experiences of countries in the West (capitalist, market economies) and the East (socialist, centrally planned economies); and the North (developed economies employing rational industrialized work systems); and the South (developing countries employing evolving, industrializing work systems), conducted by the International Labour Office in 1972 and updated during the late 1980s, Bolle de Bal's major contribution is the development of a framework for understanding the relationship between forms of remuneration and organizational performance. His is a framework

that focuses on the *dynamic* of social change, rather than on the *statics* of social structure.

Until recently, economists have focused on questions about the general *level*, rather than the *structure*, of wages and methods of payment; received mainstream theories tend to be static rather than dynamic. It is here that Bolle de Bal, a sociologist, makes his contribution because the model he develops shifts attention to the *intended functions* of various *forms* of remuneration and the *role of social actors* (workers, trade unions, and employers) in applying them in practice. Hence, intended and real functions fulfilled by various methods of payment can be compared and analyzed.

In developing this framework, Bolle de Bal begins with what he terms a *functionalist* method, analyzing the functions of wage payment. At the crux of the model is the central role played by the functional complex: stimulation-regulation-involvement. In this, the focus is on methods of payments by results (performance-based pay), which Bolle de Bal argues function to *stimulate* workers, to encourage their *involvement* in the productive process, and to *regulate* the work system in ways that potentially benefit organizational performance. In essence, the method of payment, collectively negotiated by workers, trade unions, and employers, operates to improve performance by stimulating, regulating, and involving workers in productive activities. The value created through the joint participation of productive agents is then available for distribution among them.

In the determination and implementation of methods of wage payment, employers, workers, and trade unions each play a role; and each has its own objectives regarding competing systems of payment. Bolle de Bal argues that the chosen payment system can prove to be *functional* for social actors if it facilitates accomplishment of their objectives, or *dysfunctional* if it interferes with that process. From the standpoint of the productive system as well, the wage system is functional if it promotes long-term organizational performance and dysfunctional if it undermines performance.

Since analysis of the functions and dysfunctions of payment systems leaves little room for consideration of human action, feelings, power struggles, and social change, Bolle de Bal incorporates into his analysis the role of strategy, power relations, sharing of the fruits of collective economic activity, and longer-term social action in bringing about change in economic, social, political, and cultural structures. Viewed in this light, the existence of a method of wage payment is both a response to the functional requirements of a given productive system (the enterprise or firm) and a consequence of a balance of power from the perspective of industrial relations.

Thus, Bolle de Bal begins with a functionalist model and incorporates the social actors (workers, employers, and trade unions) into the framework. Since payment method can be functional for one and dysfunctional for another, there is room for

the interplay of power relations, power strategies, and bargaining tactics, opening the way to compromises that are crucial for the overall survival of the productive system. Hence, the model takes into consideration the development of collective social actions and the general evolution of society.

Bolle de Bal's framework clearly demonstrates how (barring internal conflicts among productive agents) during prosperous economic times the system is likely to perform well because enough value is created for distribution among the social actors that they can easily be satisfied with respective shares. As a result, they can be expected to cooperate with each other and the productive process in ways that enhance performance. However, when economic conditions deteriorate, a degenerative cycle can easily be set in motion if dissatisfaction with distributional shares of a diminishing surplus (or a loss) results in strategies and counter-strategies of participants that undermine realization of the objectives (functions) of the chosen method of payment. In other words, dissatisfaction with distributional shares can provide incentives for productive agents to withdraw cooperation in production, thereby imposing costs that are detrimental to both the long- and short-term viability of the productive system.

Bolle de Bal locates this dynamic within the regulatory context of public policy, which he terms the *state machine*. In line with more recent research, this context can be expanded usefully to include the impact of at least three additional contextual forces/constraints, including technology, product market conditions, and external labor market conditions [Birecree, Konzelmann, and Wilkinson 1998; Birecree and Konzelmann 1997; Konzelmann Smith 1996].

After examining the West-East and North-South country experiences in light of his proposed framework, Bolle de Bal concludes that payment by results serves as a management tool (for use by employers and intended for workers), a bargaining tool (for use by organized social groups), and a development tool (for use by developing productive systems, i.e., countries). The development function of performance-based pay systems is an interesting insight that is yet to be validated. Bolle de Bal argues that based on empirical evidence from the industrialized and developing countries in his study, workers', employers', and trade unions' material participation in production and distribution of proceeds from production is advocated by industrialized countries in advice given to developing countries as an incentive for and regulator of social, economic, and cultural development. According to Bolle de Bal, "Between the capitalist way and the socialist way . . . participation seems to be an effective form of wage payment with a large part to play in the [economic, social, and cultural development of] the Third World" [p. 212].

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TELECOM REFORM: PRINCIPLES, POLICIES AND REGULATORY PRACTICES. *Edited by William H. Melody*. Lyngby: Technical University of Denmark, 1996. Pp. I, 557.

Telecommunications is a broad and complex topic that is important to the well-being of each of us. Technological development and acceptance of new ideologies have resulted in dramatic changes in the field. William Melody has done an admirable job of assembling this collection that examines many facets of the changing industry.

The volume is divided into nine sections, comprising 32 chapters, plus several statistical appendices. It includes works by authors of diverse nationalities, primarily although not exclusively from Europe, and from various professions and disciplines.

A wide range of issues is addressed, covering both traditional and emerging areas of concern, as well as the dilemmas posed for users and regulators by reorganization. The entries range over such themes as costing and pricing methods (thus also exploring problems of price discrimination and cross-subsidization), cost and demand characteristics, changing market and industrial structures, technological developments, intricacies of access, interconnection, and unbundling. They cover traditional consumer protection issues such as universal service, quality of service, and the public service obligations of the industry and relatively new ones such as privacy, security, and information content. The volume deals most specifically with the European experience, although much of it is universally applicable, and a few of the issues addressed are of particular relevance for the United States. Attention is paid to developing countries and international issues as well. Because the inquiry ranges so widely, this book will not be devoured nonstop by all readers. Many will prefer to pick and choose among topics.

If the book can be said to have an overall theme, it is that current trends toward privatization and liberalization, although often given the name of competition, do not equate to that condition. Rather, they may permit continued market dominance by incumbent suppliers. The need for regulation to counter market power will therefore remain. Regulation still will be required to establish and preserve competition