

Joe Isaac (11 March 1922–17 September 2019)

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Joe Isaac died on 17 September 2019 at the age of 97. Thus ended an era, stretching back over seven decades, in which he was a dominant figure in labour economics and in the study and practice of industrial relations. The quality of his achievements was universally recognised and respected, while his gentle, generous and outgoing nature made all who knew him proud to be counted among his friends. This was reflected in the wide range of backgrounds of the people who attended his funeral on 19 September. During his working career, his wisdom and good sense made him a man of great influence. Long after his formal retirement in 1987, he was a frequent and much sought-after participant in activities of the economics and industrial relations communities and a good friend of many others. Truly, he was a national treasure.

I

Joe was born in Penang, then a British colony, in 1922. His father had emigrated from Mesopotamia, which was then part of the Ottoman Empire, and his mother was born in Burma, the daughter of a colonial civil servant. Joe went to school with Chinese, Malay and European students, and multiculturalism came naturally to him. As a wholesale general merchant trading between Penang and Java, Joe's father took the family to live for several years in Semarang, where Joe added Dutch and Bahasa Indonesia to his knowledge of English and Bahasa Malay. In Joe's words,

I was brought up in a loving Sephardic Jewish family drawing on a mixture of Babylonian and Spanish heritage. Despite periodic economic hardship, we lived in reasonable basic comfort, and, because my mother assisted my father with bookkeeping, we had the assistance of several servants at home.¹

After completing the London Matriculation examination at the Penang Free School, Joe entered the University of Melbourne in 1941 to undertake a Commerce degree. He had wanted to do Medicine, having taken the requisite science subjects at school, but responding to his father's wish that he should become an accountant, he enrolled in Commerce. He wrote of his first year at Melbourne:

True to my compact with my father, I did all the accounting and related subjects that the Faculty could offer, and although I obtained Hons 1 or 2A in most of them, my interest was more in economics. Working for a firm of accountants during two successive summer vacations all but destroyed any interest I may have had in becoming an accountant.²

Late in 1941, Joe paid a visit to his family in Penang and was there when the Japanese began their assault on the Malay Peninsula and Singapore. With some luck, he was able to return to Melbourne, and members of his family escaped to Perth. Joe was liable for military service, but was one of a group of students for whom the Faculty of Commerce successfully sought permission to continue their studies. (Others included Peter Karmel, Eric Russell, Don Cochrane and David Finch.). Years later, Joe wrote,

I had [a] tussle with my conscience. As their only son, my parents were anxious that I should take up the offer. I did so against my will and suffered the discomfort of guilt for many years after for having chosen academic studies rather than military service. Close to the completion of my course in 1944, I applied to join the RAAF. But with the exams over, Wilfred Prest dissuaded me from that course on the argument that, in view of the shortage of economics teachers and the likelihood of the war ending soon, my duty to the country would be better served if I joined the teaching staff of the Commerce School and assisted in the task of teaching the large flow of ex-service people who would be entering the University.³

As a student, Joe lived in Queen's College – an institution for which he had a lifelong affection. After completing his BCom, he entered the honours economics course, then offered as a BA. He obtained a first, with a thesis on trade between Australia and the (then) Dutch East Indies. He was appointed tutor in Economics at the University of Melbourne. An opportunity to put his language skills and knowledge of the Dutch East Indies to work came when he was invited to accompany Professor William Macmahon Ball in October 1945 on a mission to Batavia, the purpose of which was to advise the Australian government on policy towards the newly proclaimed Indonesian Republic (Isaac, 1996). He declined an offer of a permanent appointment in the Department of External Affairs.

Joe first met Golda Taft, a Science student specialising in botany, in 1943. 'We came to see each other frequently', he wrote:

Her mother took a kindly interest in the young man with no family in Melbourne, who was obviously starving on the meagre college diet, and I was invited often to the family dinner table . . . Eventually, in May 1947, I found myself walking down the aisle of the St Kilda Synagogue with Golda on my arm, to lead together a successful marriage and to bring up two sons and a daughter, all three of whom have given us immense satisfaction by their way of life and their affection for each other and for us.⁴

Soon after his marriage, and supported by a travelling scholarship, Joe proceeded to doctoral studies at the London School of Economics. He was assigned to the supervision of Henry Phelps Brown, who had recently arrived from Oxford to take up the new chair of Labour Economics. Joe had intended to focus his research on the theoretical implications of Chapter 19 of Keynes' *General Theory*, which was a 'hot topic', given the influence of Keynes on economic policy at that time. However, Phelps Brown persuaded him to examine the Australian labour market in its broader context. In Joe's words, 'Phelps Brown said to me: "You come from a very interesting country. You've had systems of wage regulation for a long time. Why don't you write something looking back at economic forces which affected the labour market?"'⁵

Joe completed his doctoral thesis, *Economic Analysis of Wage Regulation*, in two years. This area of economics was to play an important part in his academic and professional career, as will be evident from the various positions he held. Although the thesis was nominated for the Hutchinson Medal (for the best thesis of the year), Joe was dissatisfied with it 'and never regarded it as one of my better achievements'.⁶

Returning to Australia in 1949, he accepted a lectureship in economics at the University of Melbourne. He rose progressively through the ranks of senior lecturer and reader and was appointed a Professor of Economics in 1962. He remained at Melbourne until 1964. Initially, he taught macroeconomics and public finance. Later, when Orwell Foenander retired, he took over the teaching of courses in labour economics, industrial relations and income distribution. He spent the year 1956 as a Rockefeller Fellow in the United States – a semester at Harvard with JT Dunlop, one at Berkeley with Arthur Ross and Walter Galenson, and a term at Yale with Lloyd Reynolds. He met and was inspired by Clark Kerr and Milton Derber. He also met major union leaders such as Jimmy Hoffa of the Teamsters, who spoke at Dunlop's Harvard seminars. Joe's interest in collective bargaining emerged strongly after these experiences. He later recounted that

I came home convinced that the arbitration system should largely be replaced by collective bargaining, preferably at the enterprise level. Unionisation was at about 60 per cent density and a great deal of industrial activity was taking place outside arbitration anyway. Why not formalise union-employer bargaining on all the terms of employment by agreements and thereby place upon the parties the responsibility for making and applying these terms?⁷

At the invitation of Don Cochrane, Joe moved from Melbourne at the beginning of 1965 to an economics chair at Monash. His time at Monash

brought renewed excitement to my academic career – a new university flush with funds and an enthusiastic staff enjoying the opportunity to assist in the building of a department without the encumbrance of historical baggage. Within ten years, it could be said that Monash had one of the best economics departments in the country. We attracted a number of distinguished international names to spend short periods on campus and stimulate us with their ideas.⁸

Monash became a lively centre for industrial relations teaching and research with newly appointed academics such as Allan Fels, Bill Howard and Di Yerbury. Joe encouraged an interdisciplinary approach to the field and inspired a number of students who later became prominent in unions, business and government and helped to shape the development of industrial relations in Australia. During his Monash years, in 1969, Joe was elected as President of the Economic Society of Australia. He was an Overseas Fellow of Churchill College, Cambridge, in 1972.

The opportunity arose in 1967 for Joe to participate more fully in the practice of industrial relations as an arbitrator. He was appointed by the Commonwealth government to a new part-time role as the Flight Crew Officers Industrial Tribunal. This authority was established to re-impose arbitration on the airline pilots after they had withdrawn from the system. Joe had won the confidence of the parties earlier, in 1966, when he was appointed by Sir Henry Bland, Secretary of the Department of Labour and National

Service, to recommend appropriate salary scales for airline pilots and also to act as conciliator in their dispute on rostering.

In October 1973, Joe was invited to become a Deputy President of the Australian Conciliation and Arbitration Commission. This appointment was made possible by a recent amendment to the Act whereby non-lawyers could be Presidential Members of the Commission. Joe hesitated, but eventually accepted the offer:

I did not jump at it but said that I would want to think about it. I had been a critic of the way the system operated without a coherent wages policy, and I hesitated about committing myself to such a system. However, I was assured that as the first economist to be appointed to the bench, I would have an advantage over my lawyer colleagues on wage policy matters. I was pleased to find that that assurance proved to be correct. I can say that generally my lawyer colleagues allowed themselves to be influenced by my economic explanations and judgements. I can also claim, at the risk of sounding immodest, that I also introduced into hearings a more inquisitorial style of questioning and tended to ask parties to justify their economic submissions in some detail, not so much for myself but more for the benefit of my colleagues. As a consequence, the quality of economic submissions from the main parties and interveners improved greatly. (I had to get used to the habit of my lawyer colleagues referring to each other in Court quaintly as 'my brother so-and-so'. Seniority was an important convention in proceedings. I recall with some amusement an occasion when the bench of seven went to the toilet at the end of a sitting, and we stood in a queue, not on a first-come-first-served basis or in order of need, but in order of seniority).⁹

Joe's tenure at the Commission coincided with the indexation policy, which operated from 1975 to 1981, and with the early years of the Accord between the Hawke Labor government and the Australian Council of Trade Unions (ACTU), which began in 1983. Although employers were not a party to the Accord, they did participate in the National Economic Summit of 1983. The Accord was as close as Australia has come to a 'social compact' between the key industrial relations parties. Joe's assessment of it, at least as it had operated in its early years, was generally positive. He had advocated such an arrangement strongly as an academic many years earlier. His membership of the Commission ended in 1987 when he reached the statutory retirement age of 65. He felt that he was then at the peak of his powers in the job, but 'I was said to be statutorily senile, and that was that'.¹⁰

While a member of the Commission, Joe (with the approval of the President) had several 'side' roles. He was a member of the Royal Commission into Australian Government Administration (the Coombs Commission) between 1974 and 1976, Deputy Chancellor of Monash University between 1980 and 1988, President of the Academy of the Social Sciences in Australia 1984–1987 and a member of the OECD (Organisation for Economic Cooperation and Development) Expert Committee on Labour Market Flexibility in 1986.

In his retirement, Joe found plenty to occupy his time and his talents. Both Melbourne and Monash Universities appointed him to honorary positions. For a time, he attended both universities, but eventually found this too exacting and confined himself to Melbourne. He was a member of the Western Australian Higher Education Review Committee in 1991–1992. From 1989 to 1997, he was Patron of the Industrial Relations Society of Victoria (of which he had been Foundation President). He was Chair of the General Insurance Claims Review Panel (a tribunal which reviewed disputed claims)

from 1992 to 2001 (Isaac, 2001b). He continued to write papers and was an active participant in conferences and workshops. Joe wrote on issues such as flexibility, productivity and the role of unions, all of which have been central to the contentious debates on labour market regulation in recent years. With Stuart Macintyre, he edited a volume (sponsored by the Australian Industrial Relations Commission) on the history of federal arbitration (Isaac and Macintyre, 2004). The issue of labour market flexibility was the theme of a symposium initiated by Joe in honour of Keith Hancock and subsequently a book entitled *Labour Market Deregulation* (Isaac and Lansbury, 2005). Joe steered a middle course in this debate, acknowledging the need ‘to encourage greater efficiency in work methods and to promote industrial restructuring’, but warning against simplistic approaches to labour market reform. He argued that some who call for the ‘deregulation’ of the labour market underrate the force of the notion of ‘fairness’ in the labour market, a subject on which he wrote extensively (e.g. Isaac, 2001a).

Joe was elected an Honorary Fellow of the London School of Economics in 1977, and in 1989 was appointed as an Officer in the Order of Australia (AO). He was awarded a Jubilee Medal in 1978, a Centenary Medal in 2003, the Association of Industrial Relations Academics of Australia and New Zealand (AIRAANZ) Vic Taylor Award for Distinguished Long-term Contribution to Industrial Relations in 2008, and the Australian Lifetime Achievement Award for outstanding contributions in the field of industrial relations presented at the International Industrial Relations Association World Congress (in Sydney) in 2009. In 2012, the Faculty of Business and Economics of the University of Melbourne conferred on him the Alumnus of Distinction Award. He was awarded the title of Distinguished Fellow by the Economic Society of Australia in 2016. Honorary doctorates were conferred on him by Monash, Melbourne and Macquarie Universities.

II

We do not here review in depth Joe’s contributions to scholarship and thought, having done so, to some extent, in earlier publications (Hancock, 1998; Lansbury and Wright, 2013). As would be expected, his opinions altered over time – most notably in the context of collective bargaining *versus* arbitration. There were, however, underlying constants. Foremost among these were the related views, that understanding the labour market required a readiness to acknowledge the importance of institutions and of the values held by participants, and that the relations between capital and labour entailed interactions of power.

Arguably, in his early years as an academic, Joe tended to view industrial relations largely through the lens of labour economics and did not accord as much importance to the role of institutions as he did in later years. But, in his own words,

I came to the conclusion that you could not deal with labour economics without having an institutional framework, because the two work together. Wages do not operate in a free market impersonally. (They) are administered by large groups like employers and unions. You need to understand how institutions work . . . So that is why I moved into industrial relations.¹¹

He sometimes referred, with evident approval, to Kahn-Freund’s assertion of the need to create means of redressing the imbalance of power between the employer and the

individual employee. He also found support for his views in the writings of Adam Smith. He wrote in 1988 (having quoted Smith),

These circumstances of grossly unbalanced economic power in favour of the employer could only be counteracted by legislation or by the combined action of individual workers or both . . . This was the essential rationale of trade unions: to give workers a direct say in the terms on which they are employed, to remonstrate, to negotiate to bargain, and not to be subject to the mercy of the market and the employer . . . It follows that an adversary relationship is an inherent element in industrial relations . . . Let me hasten to add that to say this is not to deny the large element of common interest which exists between employers and employees and the cooperation which is necessary and which generally exists for their common good. The aim of industrial relations policy should be to enlarge the area of common interest and co-operation. This calls for recognition of the areas of conflict of interest in order to find means of resolving such conflict. To deny that there are conflicts of interest inherent in industrial relations is to close the door to their resolution. (Isaac, 1988: 31)

Trade unions enhanced the relative power of the workers, but it was not to be assumed that the resulting balance was necessarily right in the interests of the parties or the public. There was inevitably scope for intervention by legislation and arbitral tribunals.

In his penultimate publication (Isaac, 2018), Joe dealt at some length and elegantly with the present power imbalance (as he saw it). Relative power had shifted, over recent decades, in favour of employers. This shift was a likely cause of the slow growth of money and real wages and of rising inequality. The ongoing fall in union density, the acceptance of enterprise bargaining as the preferred method of wage-fixing, the abolition of union preference, limitations placed on the ability of unions to check on employer compliance with agreements and awards, and restrictions on the capacity of the Fair Work Commission to conciliate and arbitrate were all factors enhancing employer power. Joe proposed a suite of measures to adjust the imbalance. It included legislated changes to permit multi-employer bargaining, less demanding notice requirements for protected action, greater rights of entry for union officials seeking to detect and counter employer misconduct, more effective prevention of sham contracting and greater discretion for the tribunals. Whether or not one agrees with Joe's diagnoses and prescriptions, one can only admire his mastery – at age 96 – of the elements in the problems with which he was dealing.

At an earlier stage in his career, he was concerned, as a policy maker, with a circumstance where the balance of power seemed to many to lie too far in the opposite direction. In the early 1970s, unions possessing great bargaining strength extracted large increases in over-award payments, which were sometimes formalised into award increases. Their success may have been increased by the collapse of the penalties regime in the O'Shea case and by the appointment of a Minister of Labour and National Service who advocated large wage increases. As a Deputy President of the Conciliation and Arbitration Commission, Joe sat on Full Benches which struggled – with limited success – to rein in the wage explosion. They did so by a combination of award increases matching the cost of living and discouragement of additional increases. In later reflections, Joe saw himself as an architect of this policy, accepting that the reassertion of union power after 1978 had largely defeated it. In the 2018 paper, he discussed the question whether the measures that he proposed to readjust the balance of power risked a reversion to the experiences of

the 1970s and early 1980s. He thought not: even if his proposals for legislation were implemented, unions would still be restrained by other factors such as global competition, lower union density and the shift away from manufacturing to services.

Joe's understanding of the role of relative power, allied to a strong measure of common sense, entailed scepticism about purely economic analysis of the labour market. As he wrote in 1988,

The labour market, even if it is not organised, does not operate like the market for commodities. Wages are not as responsive to fluctuating demand as assumed in conventional theory. The labour items to be 'bought and sold' are not inert entities but human beings imbued with a sense of fairness . . . (Isaac, 1988: 37)

Of course, the demand for and supply of labour *affected* the relative power of bargaining parties, but they were only one among the range of forces that determined labour market outcomes. The Phillips-curve was, at best, an unreliable predictor of wage behaviour. Although he did not, to our knowledge, comment on the Reserve Bank's confident assumption that a 4.5% unemployment rate will generate the desired growth in money wages, we think that Joe would have taken it with a grain of salt.

Close to being another constant was Joe's perception of the role of the arbitration tribunal. We say 'close to', because there was a period in the 1950s when Joe would have abandoned arbitration in favour of American-style collective bargaining. His change of attitude in this respect was partly pragmatic: so radical a change in institutional arrangements was hardly on the Australian agenda, as he saw it. He was also influenced by and contributed to academic debate about the potentialities of wage and incomes policies. But although, from the early 1960s onward, he supported a continued role for arbitration, he was always conscious of the limitations of the tribunals' effective power. In 1989, for example, he wrote that the Industrial Relations Commission, like its predecessors, was not 'a free agent able to take initiatives against the tide of forces in the labour market and beyond, an independent variable in the Labour market equation' (Isaac, 1989: 407). The public interest was

not served by prescribing principles and policies, however admirable they may seem on paper, that do not work in practice, that are flouted, that do not have general community support or that generate an unacceptable degree of unrest or adverse economic consequences. (Isaac, 1989: 407)

One could perhaps think that Joe's description of the tribunal as a 'facilitator' was at odds with his perception of it as an instrument of wage policy – a perception on which he acted in National Wage Cases (especially in the later 1970s). The reconciliation of the two positions is that to Joe (and other members of the tribunal) the Commission's discretion was bounded by industrial relations 'realities'. In the mid-1970s a wage freeze, if it were possible, might well have yielded significant economic benefit, and it might not have been unfair when the substantial increases in real wages in earlier years were taken into account. But it would not have been realistic for the Commission to attempt to impose a freeze, for it would have provoked union defiance and possibly a wage explosion. The compromise which seemed to have a chance of success – and it was successful for a time – was to guarantee real wage maintenance in the hope that the money wage increases thereby generated would be accepted as sufficient by the unions.

A corollary of Joe's understandings of the effects of power and institutions on market outcomes was an interest in the role of law in markets. To call him a political scientist would be a stretch, but he certainly believed that social scientists needed to have regard to the manner in which law operated and its limitations. His view, discussed above, about the functioning of the arbitral tribunal, is an illustration of this. In his last publication, an obituary of Maureen Brunt published in this journal, he wrote (in the context of her specialty of competition law):

Economics and law are necessary partners in the formulation of sound economic policy in this area of discourse – economics providing the object of policy, and law the instrument to achieve the object in practice. Consideration of one without the other could be expected to result in failure to meet the objects of economic policy. Although this is obvious enough, the history of the formulation of legal instruments for policy with a significant economic component abounds with disputes about the [structures] required for an effective implementation of the desired policy. (Isaac, 2019: 455)

His views of labour law were much the same. Although a non-lawyer, he had a sound understanding of the laws that governed his work in the arbitration system. In upholding one of his decisions, the High Court overturned decades of its own decisions going to the meaning of 'industry' in 'industrial disputes' (*R v Coldham*, 1983).

III

We conclude on a personal note. Each of us is deeply indebted to Joe and his late wife Golda for many years of friendship, hospitality, collaboration and support. Both of us worked with Joe in organising conferences and editing books. They gained much from his involvement. Keith Hancock, as an undergraduate, benefitted from Joe's skills and erudition as a teacher, and he owed to Joe an introduction to Henry Phelps Brown at the London School of Economics. As we have noted, Joe did his PhD under Henry's supervision. Keith, on Joe's advice, did likewise and ever since has been grateful to Joe for leading him in that direction. He thinks of Henry and Joe as being among the wisest people that he has known; they were also among the kindest. Keith was indebted to Joe for volunteering to review the draft of a lengthy book (he accepted most of Joe's suggestions). Russell Lansbury was fortunate to meet Joe in 1973, having completed a PhD at the London School of Economics and taking up a lectureship in the Faculty of Economics and Politics at Monash University. This was just before Joe began his role on the Commission, but he continued to provide Russell, and many other young academics, with valued advice and support. When Joe returned to academia in 1987, he invited Russell to co-lead a major Australian Research Council grant to undertake much needed research on workplace industrial relations. During the past three decades, Joe not only continued as a mentor but also became a close and valued friend to Russell and many others who were fortunate to share his generous spirit.

Notes

1. This and subsequent autobiographical quotations are, unless otherwise indicated, taken from a document entitled 'Some autobiographical notes'. This was written by Joe in 1998. The authors will supply a copy on request.

2. Isaac (1998).
3. Isaac (1998).
4. Isaac (1998).
5. Interview with Joe E Isaac by Russell Lansbury and Chris F Wright, 16 February 2012.
6. Isaac (1998).
7. Isaac (1997) After-dinner speech, Joint Conference on *Economics and Industrial Relations: Reassessing the Relationship*, Centre for Economic Policy Research and Reshaping Australian Institutions, Australian National University, Canberra, 4 December (unpublished).
8. Isaac (1998).
9. Isaac (1998).
10. Isaac (1998).
11. Interview with Joe E Isaac, 16 February 2012, cited by Lansbury and Wright (2013: 184).

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- R v Coldham; Ex parte Australian Social Welfare Union*, (1983) 47 ALR 225.

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