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CONFERENCE PROCEEDINGS

Is the Australian Labour Market Ripe for Deregulation?

A one-day conference held at
the Australian Graduate School of Management
on 8th July, 1987,
in honour of

Malcolm Fisher

on his retirement.

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1. Background to the Conference

In December 1983 the Federal government allowed the Australian dollar to float. This demonstrated a willingness on the Labor Government's part to follow through the deregulation of the economy that it had begun after the Campbell Committee's recommendations for financial sector deregulation were adopted. In the five years since, there have been reforms in other previously deregulated markets (even to the extent of considering relaxing the absolute prohibition on heroin—albeit for public health reasons), but one market—the labour market—remains only partially deregulated. In fact, there has been virtually no change in the degree of deregulation in the Australian labour market since Federation, over eighty years ago. The tensions between the regulated segment of the labour market and the unregulated, competitively priced segment grow: universities are finding it almost impossible to attract or even to retain faculty who can sometimes earn over twice the professorial salary as non-academics in such disciplines as accounting and finance; there is concern that lawyers will be increasingly reluctant to accept positions on the bench, given the forgone income becoming a judge entails; salaried physicians are becoming increasingly reluctant to stay in government employ—many are resigning to take up private practice; and managers in statutory corporations are pressing for government approval to receive “market” remuneration.

Of course, under the Accord guidelines the standards of living of many Australians have not grown as fast as they would have liked or expected, but the examples above point to the increasing tensions between the regulated segment of the labour market and the less regulated segment, in which incomes have risen far beyond the Accord guidelines. It was in this atmosphere that Peter Swan organised a one-day conference held on 8th July, 1987, in honour of Malcolm Fisher, about to retire from full-time academic life. Seven of the papers from this conference are presented below.

As guest of honour, Malcolm Fisher gets pride of place. Peter Swan summarises Malcolm's interests and contributions below, so I shall merely remark that labour-market reform has been a leitmotif throughout Malcolm's professional career.

The papers are in the order of presentation, except for Gerard Henderson's and Sir John Moore's. These concern what might be termed post-prandial topics: both were presented in the session immediately after lunch.

Authors have had the opportunity to respond both to participants' comments and to the more considered opinions of the JOURNAL's referees. All have done so. George Fane made his paper available to Keith Hancock, whose response is printed immediately following.

This is the first occasion on which the JOURNAL has turned its pages over to a Festschrift for a distinguished retiring professor. From an editor's point of view it can be judged a success. I hope that readers will agree. This issue is an important one for Australian management. Let me conclude by remarking that Malcolm Fisher has had a long relationship with the JOURNAL, editing its erstwhile annual supplement on *The Budget and the Year Ahead* for several years from 1977

onwards.

2. Malcolm Fisher

Malcolm was born in New Zealand in 1923. He gained a B.A. from Victoria University in Wellington, New Zealand, in 1946, followed by an M.A. from the University of Auckland with First Class Honours in Economics in 1948. He graduated with a Cambridge Ph.D. (from Kings College) in 1953. His first job on graduation was as Research Officer at the Oxford University Institute of Statistics in 1953. He was a Cambridge University Assistant Lecturer 1954–57, then University Lecturer 1957–77, and a Fellow of Downing College 1958–77. He was Foundation Professor of Economics at the Australian Graduate School of Management 1977–87, and is now Professor Emeritus, University of New South Wales.

Apart from these permanent positions, he also held a number of visiting positions, notably Ford Foundation Visiting Research Professor in Economics, University of Chicago, 1968, and a succession of Visiting Professorships at UCLA.

While Malcolm was instrumental in early advances in the permanent income hypothesis, consumption and savings and applied econometrics, this interest has been in labour market economics and labour market deregulation. The papers presented at the Conference in Malcolm's honour reflect his abiding interest in the workings of labour markets.

His publications include the following books:

- 1964. *Macro-Economic Models, Their Nature, Limitations and Purposes*. London: Institute of Economic Affairs.
- 1966. *Wage Determination in an Integrating Europe*. Leiden: Syjthof.
- 1971. *The Economic Analysis of Labour*. London: Weidenfeld and Nicolson.
- 1973. *The Measurement of Labour Disputes and Their Economic Effects*. Paris: OECD.
- 1982. *A New Financial Revolution?*, Edited. Sydney: Centre for Independent Studies.

A selection of his articles and chapters in books includes:

- 1954. Statistical inference in dynamic economic models. *The Economic Journal*.
- 1956. Explorations in savings behavior. *Oxford University Institute of Statistics Bulletin*, August.
- 1957. Business savings and profits in the light of the permanent income hypothesis. *Economie Appliquée*.
- 1958. A sector model—The poultry industry of the U.S.A. *Econometrica*, January.
- 1961. Towards a theory of diversification. *Oxford Economic Papers*, October
- 1968. Selection of skill training and occupational mobility. *Manchester School*, June.
- 1974. The human capital approach to occupational differentials. *Social Economics*.

1976. The economic contribution of Michael James Farrell. *The Review of Economic Studies*, October.
1983. A comment—the Campbell Report. *Economic Papers* (Special Edition), April.
1983. The entrepreneur, the economist and public policy. In Maley, B. (Editor), *The Entrepreneur in Society*, Sydney: Centre for Independent Studies.
1983. Professor Hicks and the Keynesians. In Wood, J.C. (Editor), *John M. Keynes, Critical Assessments*. London: Croom Helm, Volume 4.
1984. An Australian perspective on taxation. In Block, W. and M. Walker (Editors), *Taxation: An International Perspective*. Proceedings of an International Conference, Fraser Institute, Vancouver.
1984. Union wage policies, with P.G. Chapman. *The American Economic Review*, September.
1985. The Shann Lecture, 1984: Some comments. *Australian Journal of Management*.
1986. Relevance of payments, management and incomes policy. In Urquidi, V. and J. Fitoussi (Editors), *Incomes Policies*. Proceedings International Economic Conference, September 1985. London: Macmillan.
1987. William E.G. Salter, [Biography]. In Eatwell, J., M. Milgate, and P. Newman (Editors), *The New Palgrave: A Dictionary of Economics*. London: Macmillan, Volume 4.
1987. Life cycle hypothesis. In Eatwell, J., M. Milgate, and P. Newman (Editors), *The New Palgrave: A Dictionary of Economics*. (London, Macmillan), Volume 3.
1988. The case for a less regulated labour market. *Australian Journal of Management*, this issue.