



# Institute for Private Enterprise

Director Des Moore

---

The Secretary  
Standing Committee  
on Employment and Workplace Relations  
House of Representatives  
Parliament House  
Canberra ACT 2600

6/112 Millswyn St  
South Yarra 3141

EMP Inquiry  
Submission No. 44

25 August 2003

Dear Sir

I refer to your letter of 28 July inviting contributions to your inquiry into increasing participation in paid employment.

I have undertaken a number of studies that examine possible measures that would increase workforce participation and possible explanations as to why Australia has a lower proportion of its working age population employed than other countries with similar economic and political systems, such as the USA, the UK and New Zealand.

I refer below to three of the more important of these analyses and enclose copies of the relevant publications. These studies are available on the web site of the Institute for Private Enterprise ([www.ipe.net.au](http://www.ipe.net.au)), of which I am the Director, and I would be grateful if you would treat them as having been provided as part of my submission in electronic format. The web site location is indicated.

1. "The Case for Further Deregulation of the Labour Market", prepared on behalf of contributing members of the Labour Ministers Council, November 1998 (At "Publications" on Web).
2. "Judicial Intervention – The Old Province For Law and Order", Proceedings of the Thirteenth Conference of The Samuel Griffith Society, September 2001 (At "Speeches" on Web).
3. "Minimum Wages: Employment and Welfare Effects, or Why Card and Krueger Were Wrong", Australian Bulletin of Labour, September 2002 (At "Articles" on Web).

My submission is that these analyses, and those by some other analysts, indicate that the main constraint on increased participation in employment is the extensive legislative and judicial regulation of relationships between employers and employees and the false assumption underlying that regulation, viz that there is an imbalance of bargaining power between employers and employees. Attempts to correct this (mis) conceived imbalance have created a regulatory system that is palpably unfair from both an economic and a social viewpoint because:

---

**Des Moore** Independent Economic Analyst

6/112 Millswyn St Sth Yarra 3141 Victoria Tel/Fax (03) 9867 1235 e-mail [ipe@ozemail.com.au](mailto:ipe@ozemail.com.au)

> It keeps employment lower than it would be in a deregulated market and has a particularly adverse effect on employment of the lesser skilled. The absence of a deregulated labour market also tends to have adverse effects on less populated States and regions (see my answers to questions following my attendance at the Senate Committee that examined Workplace Relations legislation, October 7 1999, under "Industrial Relations" on Web).

>It has the effect of redistributing income from lower income groups to higher income groups.

>It encourages resort to, and dependency upon, social welfare benefits.

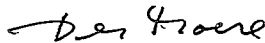
> It has encouraged industrial disputation with consequent adverse effects on employment.

The most important action to correct this situation would be to allow employers and employees freedom to enter contracts without regulation and subject only to the normal common law protections against the use of force, fraud or undue influence. This is discussed further in, inter alia, "Better than the Australian Industrial Commission", Policy, Summer 1999-00, Centre for Independent Studies (At "Speeches on Web) and "An Alternative to the AIRC", Australian Bulletin of Labour, June 2000 (At "Articles" on Web). A tightening in eligibility for social welfare benefits, particularly in regard to those subject to work tests, would also help increase participation.

It might be noted that both the IMF and OECD support reduced regulation of the Australian labour market.

I hope that the Committee will find useful the foregoing analyses.

Yours faithfully



Des Moore