

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Australian Securities and Investment Commission

Question No: 107

Topic: Market Observations

Reference: Written

Senator: Roberts, Malcolm

Question:

Noting that those in the commentariat consistently rail against greedy and powerful corporations, is it not the case that corporations are in fact creatures of the state, rather than free market capitalism, which are created by government and endowed with privileges that individuals do not have such as limited liability?

Answer:

Yes, it is correct that the existence, as well as the rights and responsibilities of corporations are a result of laws made by the state. Corporations do have the benefit of limited liability. However many of the key elements of market capitalism similarly arise from laws made by the state, including things like the rule of law, the legal system, property rights and the laws dealing with liability.