

Labour market dynamics research and policy

(Sponsored by Department of Employment and Workplace Relations)

Monday 1.15pm – 2.55pm

Chair: Chris Foster

Principal Advisor, Department of Employment and Workplace Relations

Why is labour market dynamic research of interest to policy makers?

Peter Boxall

AO, Secretary, Department of Employment and Workplace Relations

The Secretary of the Department of Employment and Workplace Relations will discuss the relationship between labour market dynamics research and policy from a policy advisor's perspective.

Evaluating policies to foster human capital investment and labour supply: The key role of dynamics

Michael Keane

ARC Federation Fellow, Faculty of Business, University of Technology Sydney

Labour market "dynamics" can mean several things, such as movements of workers in and out of employment, effects of past choices on current preferences (e.g., habit, persistence), etc. I will focus on one particular meaning, which is how forward looking people may react to policy changes that will only affect them in the future. For example, a person deciding whether to attend college may be influenced by a policy that subsidises wages of high school type labour. Failure to account for such dynamic effects can lead to misleading predictions of the impact of many types of policy interventions. I'll give several examples of such cases where dynamics may matter.

Job and worker flows in Australia

Nick Carroll

Senior Economist, Department of Employment and Workplace Relations

The movement of workers from one labour market state or job to another, often referred to as worker flows, is one of the striking features of the labour market. Worker flows play a critical role in market economies because they allow for and promote allocative efficiency by shuffling workers to society's highest-value. This paper generates statistics on the level of job to job flows relative to other worker flows in Australia. The key finding from this paper is that job to job flows are large (they make up over half of all accessions and separations) and appear to be primarily employee-initiated. The results in the paper highlight the degree to which there is a high level of dynamism in the labour market and that for most people there is a smooth transition between jobs.

What are the policy implications from labour market dynamics research? - A Panel Discussion

Peter Boxall (DEWR)

Michael Keane (UTS)

Chris Pissarides (London School of Economics)

Steven Kennedy (Australian Treasury)

The panel members will discuss what are the key lessons to be learnt from research into labour market dynamics and highlight the areas for future research and policy focus.