IMMIGRATION POLICY: SOUND ECONOMIC FOUNDATIONS?

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Would an expanded programme of immigration generate economic benefits for Australia? This has become a significant issue of public debate as a number of public figures have called for major increases in the number of immigrants permitted to enter by the Department of Immigration and Ethnic Affairs. Western Australia Premier Burke has called for doubling of the current programme to some 200,000 persons annually and Brian Quinn of Coles Myer has made a similar call.[1] Helen Hughes had earlier used the 1985 ABC Boyer lectures to add her voice to those urging the Federal Government to promote a major growth in immigration.[2] Chris Hurford, as the Minister for Immigration and Ethnic Affairs between 1984 and 1986, had a consistent commitment to that objective and persuaded his cabinet colleagues to approve annual increases in the programme from a planned level of 84,000 for 1985 to 95,000 for 1986/7 with the expectation of a further rise to 10,000 in 1987/8 and 125,000 in the next year (not including New Zealanders whose net arrivals add a further 25-30,000 annually). While not approaching the levels advocated by Burke and Quinn, nor the 185,000 attained in the peak inflow year of 1969-70, this is a distinct break with the more conventional approach of cutting-back immigration in periods of persistent unemployment. There is as yet no indication that the new Minister for Immigration and Ethnic Affairs, Mick Young, will be charting a different direction.

The policy commitment to an increased immigration target is remarkable in at least three respects:

(1) While the 'Blainey debate' of 1984 has largely died down in the public arena (Bruce Ruxton notwithstanding), no one doubts the widespread nature of racist sentiments in the community and the more general concerns about the growth of immigration. An expanded immigration programme has a doubtful electoral pay-off in these circumstances, and is not even wholly assured of popularity among the ethnic communities who invariably favour family reunion but are often apprehensive about expanding other aspects of the immigration programme.

(2) The continuing problems in the labour market and the need to reduce aggregate unemployment levels

could be expected to cause the Federal government anxiety about maintaining current immigration levels, let alone planning for major additions to the supply of labour.

(3) The problem of financing existing government expenditures, including expenditures on post-arrival programmes for immigrants, would likewise seem to point to the need for greater restraint in expanding the demand for those expenditures. If those programmes, including English language education programmes, cannot be maintained one may be forgiven for presuming that the social problems of settlement will tend to increase.

Clearly, there is a conundrum in need of clarification: significantly expanded immigration is being sought at a time when it raises particular political, economic and social concerns. It is the contention of this article that the key to the puzzle is an increasingly influential proposition about the potentially beneficial economic effects of immigration - the basis for a sort of immigration-led economic recovery. This proposition - rapidly attaining the status of the "conventional wisdom" - rests upon three central notions:

(1) that immigrants add substantially to the level of aggregate demand for goods and services and, hence provide considerable domestic economic stimulus (assuming that the demand is not channelled into expenditure on imports which would increase the nation's balance of payment difficulties);

(2) that expanding the level of economic activity through immigration generates economies of scale, both in production of marketable outputs and in the provision of government services;

(3) that expanded immigration can substantially offset the long-run tendency toward a "greying Australia" as the average age of the population rises. Although typically couched in demographic terms this third argument also eventually reduces to an economic argument about the need to expand the supply of labour ("people of working age") as a necessary condition for sustained growth in material living standards.

Of course, there are relevant considerations other than economic factors in shaping immigration policy: humanitarian objectives are obviously important, particularly in respect of the family reunion and refugee aspects of the immigration programme. The government acknowledges this. Likewise, environmental factors are - or should be - an important consideration in the formulation of population policy. However, it would appear that the policy-makers have accorded paramount importance to economic considerations in this as in other areas of policy. The key issue then becomes whether the

economic issues have been adequately addressed. It is that issue on which this article focuses, with particular reference to the influential report by the Committee for Economic Development of Australia (CEDA) which has been recurrently used as a justification for expanded immigration.[3]

We proceed in three steps: first by examining a little more carefully the nature of the public debate over the effects of expanded immigration, second by looking in more detail at the technical aspects of the economic case set out in the CEDA study, and third by discussing some other relevant considerations in assessing immigration policy.

The Public Debate

Press releases from the Minister for Immigration and Ethnic Affairs in 1985 clearly revealed the intentions: "Major study shows economic benefits from immigration (2.6.85) and "Migrants slow Australia's aging" (13.11.85). Throughout 1986 the campaign, albeit low-key, was unremitting: "Hurford: We Need Still More Migrants" (Sydney Morning Herald 26.2.86), "Hurford Prepares the Welcome Mat for More Migrant Cousins" (The Australian 7.3.86), and "Government Ready to Double the Migrant Intake Over the Next Ten Years" (The Age 9.4.86) were just a sample of headlines from this softening-up period. The CEDA study was recurrently cited. As reported in The Australian (7.3.86).

> "What Chris Hurford has been doing since he took over the Immigration and Ethnic Affairs portfolio 16 months ago is to set the framework for a build-up in migrant numbers ... The recession, accompanied by increases in inflation and unemployment, led to a sharp reduction in migrant intakes which has settled in the past few years at about 70-80,000 per year. Now Mr. Hurford wants to push the pendulum on to the upswing and he is armed with the results of a study from CEDA, the Committee for Economic Development of Australia, to help him do so. That study demonstrated that selective migration helped boost the economy, did not contribute to unemployment and helped lower the average age of the population, now greying at a surprising rate".

In another letter published in The Sydney Morning Herald (6.4.86), Mr. Hurford confirmed his personal view that"

> "Immigration has the potential to alleviate some of our problems by adding proportionately larger numbers of the younger age groups. In so doing immigration retards aging. Furthermore a vigorous immigration programme would provide a much larger tax base upon which to support the elderly. For example, over the next 35 years the ratio of elderly

to working age would increase by 72% with no immigration, but only 50% with an annual intake of 150,000".

These views have not gone unchallenged. Sceptics whose views have been published in the mainstream media include Professor W. Borrie, Jock Collins, Peter White, Bob Birrell, Tony Blackshield and Tom Uren.

Borrie, author of the major study on population trends commissioned by the Whitlam government, has challenged the view that increased immigration can provide a major offset to the increasing average age of the population. "Immigration does help to boost the younger ages of the population initially. Most migrants are aged between 20 and 35 and they bring their children or have their children here. But on the whole migrants have a lower fertility rate than the Australian-born population. It's a marginal difference but migrants will do nothing to improve the birth rate".[4] Moreover, given similar demographic tendencies for an increased average age in Britain and Europe, it is by no means clear that these traditional migrant sources will continue to have a surplus of skilled people prepared to migrate to Australia. This last point has been echoed more recently by Andy Stoeckel, Director of the Centre for International Economics in Canberra, noting that "in Europe by the turn of the century 25% of the population will be over 60 years of age".[5] Given the generality of the greying tendency, it would seem more sensible to develop policies for generating the higher levels of productivity, controlling escalating medical costs and making appropriate pension and superannuation arrangements, rather than relying on immigration as a general panacea.[6]

Jock Collins has confronted the relationship between the economic objectives of expanded immigration and the immediate experiences of the migrants themselves. As he notes, the case for significantly increased immigration is based on claimed long-run advantages to the Australian economy, but it is in the short-run that the problems arise, particularly in the labour market. Recently arrived migrants have found jobs much more slowly than other workers, with unemployment rates typically at or above 30% in the Vietnamese and Lebanese communities. In Collins' words, "migrants like other Australians, can't buy houses or other consumer durables when on the dole. Their contribution to economic demand in the short-run is greatly reduced, while they themselves experience hardship."[7] From this perspective, the key policy must be improved labour market planning and workforce training/retraining, both for migrants and the Australian-born, in order to achieve a better demand-supply balance.

Peter White, the commentator on ethnic affairs for the Sydney Morning Herald, has echoed these concerns

about the problems for migrants themselves. The concentration of recently-arrived non-English speaking migrants in insecure jobs in manufacturing industry makes them particularly vulnerable to the structural changes in the Australian economy. "Why bring in more migrants who will compete or employment in this contracting sector of the labour market? The result will not only be poverty and unemployment for the migrants, but a real danger of social dislocation and a wider community backlash."[8] The mass sacking of workers, many of Vietnamese and Lebanese origin, at Besco Batteries plant in Sydney in 1986 was a vivid example of the problem. Of course, the Department of Immigration and Ethnic Affairs may claim that the drive is now for skilled migrants who will not be concentrated in this sort of labour market segment; but on the basis of past evidence there is little doubt that many of the social and economic costs of industry restructuring have been borne by recently arrived migrant groups.

The changing focus of immigration policy towards skilled labour also has other implications. As Tony Blackshield of La Trobe University notes, the ideal immigrant seems to have changed from WASP (white Anglo-Saxon Protestant) to SWELL (skilled white English-language labour.[9] Formally, the immigration policy is non-discriminatory, but the effect of the existing points system for "independent and concessional" category immigrants is to impart a distinctive bias of the this sort. The growing numbers of white South Africans who are able to enter through this points system imparts a particularly problematic twist to what is formally a non-racist policy. One may also note that one way of reconciling an increased immigration intake with a decreased expenditure on post-arrival services such as English-language education is by ensuring that the immigrants are mainly from English speaking countries. Thus, the problem noted as point 3 at the start of the article is reduced, but at a distinct cost in terms of the commitment to a genuinely non-discriminatory programme.

Bob Birrell, of the ANU's Centre for Resource and Environmental Studies has expressed the concern that immigration has become a new "cargo cult" and is not tailored to our economic needs. These, he argues, would be better served by a lower population growth rate, together with "focusing Australian capital in productive industries" in order to increase the level of capital per worker.[10] The contrast is with an expanded migration programme which dilutes the capital/labour relationship,

because the capital brought in by migrants is typically quite small (about $32,000 per person) and "is largely offset by the outflow of remittances, government pensions to returned migrants and capital taken home by migrants". In these circumstances there would be a major increase in the dependence of foreign investment to finance economic expansion. And, Birrell argues, there is no necessary reason why immigration will lead to improved export performance in manufacturing industries. If it did not do so "Australia's existing high cost manufacturing industries would need to be propped up indefinitely". Birrell thereby favours the alternative of "an alternative strategy of low migration accompanied by rationalisation of Australian industry", an alternative more consistent with the case he and others have argued elsewhere for a more conservationist lower-population growth scenario for Australia."[11]

These various arguments have not won the day in the political arena. Within the ALP, the emphasis on expanded immigration has had cross-factional support. Within the federal government ministry, the main dissenting voice has been that of Tom Uren. He has stressed the settlement problems of accommodating higher immigration, noting that an intake of 200,000 a year would require the equivalent of building a new Canberra of Hobart every year. As Minister for Urban and Regional Development in the Whitlam government, Uren was acutely aware of the settlement implications of population growth, particularly the problems of catching up on backlogs of inadequate service provision while also expanding urban infrastructure. In 1981, about 34% of immigrants from non-English speaking countries settled in 20 local council areas, mostly in Sydney and Melbourne. As Uren has noted "that pattern of settlement cannot continue. It could not possibly be sustained if the immigration intake was to double."[12]

These are dissenting voices. However, the commitment of the federal government appears unshaken. After all, it is armed with the CEDA report, the only systematic study of the Economics of immigration, which demonstrates the positive role which expanded immigration will play. Or does it?

The CEDA Study

The CEDA study is a detailed analysis of the economic effects of immigration. The emotive issues whipped up in 1984 by the Blainey debate have clearly required a counter in the form of an objective analysis of the impact of different levels of immigration on the Australian economy. The ceda study sets out to achieve this and as such it is welcome.

Moreover, it has been a long time since a major study of the economics of immigration has been attempted. The last major study was commissioned by the Federal

Government in 1970. That study, undertaken by Associate Professor J.R.Wilson of the University of Sydney, was a complete flop. It cost some $60,000 of public funds and, when something was finally presented five years later, it was not made available to the public. The Minister for Labour and Immigration, who had earlier criticised the delay in its presentation, made it clear to Parliament that it was quite useless as a basis for any formulation of policy. Not surprisingly, the current CEDA study makes no mention of that earlier study, despite (or because of,?) J.R. Wilson's long association with CEDA. Presumably, the authors of CEDA itself judged it to be best to consign it to the garbage can of history (together with the taxpayers' $60,000).

The current CEDA study is a more substantial piece of work. It is published in two volumes, a first volume of some 200 pages for popular consumption, and a 580 page second volume of commissioned technical papers. This bulk is actually a little misleading, since there is much repetition of points, not to mention a remarkable number of pages taken up with various prefaces, forewords, restatements of 'pertinent points', glossary, and so on and so forth. Moreover, for all its presentation as a seemingly coherent study, it is actually little more than a set of (not wholly consistent) academic research papers, given a rather superficial editorial glass. Still there is an overall pattern to the findings, and it is worth sorting these out.

This study begins by setting out the range of effects immigration may have on the economic development process. Supply effects operate on the labour market (and are likely to be proportionately greater than the growth of population because of the higher proportion of immigrants who are of working age). Supply effects also operate on the capital market because immigrants bring in capital. Potential benefits in terms of accelerated technological change and achievement of economies of scale are also noted. On the demand side, there are additional expenditures by migrants themselves, expenditure by governments on services for the additional population, and secondary/multiplier effects resulting from these additional expenditures. Together all these effects will certainly generate economic expansion. The question is whether they will increase output and income per capita (p60). In effect, the rest of the study is an attempt to answer this question.

In seeking to illuminate this issue a distinctive methodology is adopted. This appears as a juxtaposition of available statistical information (eg, on demographic trends, age and skill composition of the migrant intake, income and expenditure patterns of migrant households) and discussion of the possible consequences for government expenditure, levels of employment and so on. It is noted, for example, that while there are minor government expenditure, levels of employment and so on. It is noted, for example, that while there are minor government expenditures directly involved with the administration of the immigration programme and provision of post-arrival services, immigration may have the effect of reducing per capita government expenditures, partly because of economies of scale in providing some government services such as defence (Volume I p140). Likewise, it is noted that "compositional effects" shape the impact of immigrants on employment prospects of the Australian-born ie. whether unemployment is likely depends on the relationship between the skills, occupational experience and location of the two groups of workers (Volume I p104).

Why is this described as a distinctive methodology? At first sight it seems commendably non-dogmatic. Indeed, in one section it is claimed that "the results ... depend upon recorded numbers rather than any theory or explanation " (Volume I p104). But elsewhere, a distinctive set of theoretical guidelines are discernible. An unquestioning attachment to conservative orthodoxies is indicated by occasional incidental remarks, such as the proposition that cuts in real wages would generate economic expansion (Volume 2, p 528, 571). In some places, there is explicit acknowledgement of the role played by free market economics, eg. "in the economic analysis employed in this study, the market approach is developed with two special conditions imposed. First the real wage is assumed to be fixed and unaffected by immigration ... secondly ... it is supposed that the labour supply well exceeds labour demand at the real-wage rate" (Volume I p.101). This is a strange combination of a market theory and a model of permanent excess supply in labour markets where the wage-rate does not have a market clearing role. Indeed, the key question to which the research is directed (the impact of immigration on per capita incomes) seems in part to be assumed away by the assumption of fixity with respect to the real wage in the short run. The situation is complicated further in that parts of the study adopts a short-run model assuming a fixed wage level (immigration having its impact on the level of employment) while other parts use a long-run model (in which immigration has its impact through changing the wage level but with a fixed level of unemployment).

There is a general assumption of homogeneous labour competing in the labour market which is quite remarkable in the light of what is known about the concentration of

migrant groups in distinctive labour market segments.[13] It is noted that the analysis "assumes that the labour market functions smoothly and that migrant workers have the same chance of obtaining a position as do resident workers" (Volume I p.103). To be fair, the study acknowledges the likely unreality of the assumption but seems to adopt the attitude of "press on regardless". Discrimination against immigrants, language difficulties and other labour market problems are set aside on the grounds that they "increase the probability that the employment prospects of residents will only gain from immigration" (p.103). This may help to counter arguments about migrants taking the jobs of the Australian-born but it is singularly unhelpful as a means of studying the distribution of economic benefits between these two groups (and sub-groups in the immigrant population).

The structural bias in the methodology is most evident in the sections dealing with the econometric model. Certainly, the application of an econometric model in assessing the impact of immigration on the level of economic activity, employment, prices, consumption and investment is an interesting venture. The model used is the ORANI model developed by the IMPACT project (an economic and demographic research project conducted by Commonwealth Government agencies in association with economists and econometricians at the University of Melbourne, La Trobe and ANU). Like any model, its predictions are only as good as the conformity of its assumptions to the real world conditions which the model purports to simulate. Of course, there is scope for endless dispute here about the importance of assumptions versus predictive capabilities. Suffice to say that the underlying assumptions include the all-too-familiar items associated with neoclassical economics: competitive markets, producers who are profit-maximising price takers, mobility of investment between sectors according to relative rates of return, and so on. (Volume 2 pp 509-511). Some constraints which may impede full market clearance are incorporated into the model, but the general assumption of a smoothly functioning labour market still pervades the analysis.

Turning from the matter of assumptions to the matter of predictions, we can note further problems associated with the econometric modelling. The CEDA study attempts a comparison of the econometric predictions of the ORANI model with those arising from the IMP model of the NIEIR in Melbourne. The comparison is admittedly tentative because the questions posed to the two models were not identical (ie, different levels of immigration, and different assumptions about economies of scale). But it is clear that there is very little conformity of the predictions. For an additional 100,000 net migrant arrivals per annum, IMP predicts a decline in average household size whereas IMPACT predicts an increase. Government current expenditure is predicted by IMP to fall whereas IMPACT predicts a rise. Other predicted

items move in the same direction but with major differences in magnitudes (See Volume 2, p.560). It goes without saying that this undermines confidence in the simulations of any one model as an effective basis for policy formulation. The temptation to use the phrase "garbage in, garbage out" is almost overwhelming.

The authors of the report are neither too modest nor deterred by the foregoing considerations to offer some fairly clear conclusions. "The standard of living ... does rise due to additional immigration" they claim, while simultaneously noting that "the magnitude of this increase depends on how optimistic you care to be with regard to the benefits of economies of scale" (Volume 2, p 562). In respect of ORANI, the optimism is effectively structured in to the model because of the particular assumptions adopted for economies of scale. This is not to say that the assumptions are arbitrary: the authors claim that they embody the best information available. But, assume economies of scale are pronounced and, lo and behold, immigration raises industrial productivity! As the report itself notes "these impacts ... are reliant on the productivity improvements which were imposed on the model because of expected economies of scale" (Volume I, p 183). Other predictions are not the direct consequence of particular self-fulfilling assumptions, but reflect structural features of the model which are not explicitly discussed and not subject to sensitivity analysis.

The basic problem is that the analysis, both in the formal econometric model and in the more general comments on effects of immigration, assumes that the economy functions smoothly and without major structural impediments. This gives a distorted view of the effect of immigration, particularly because it takes no account of the dislocations associated with the migration process in practice. For example, the study assumes that Australia is a single labour market. Thus, it seems to make no difference whether an immigrant comes to the Pilbara or to Wollongong, although we know that in practice, the prospects of immigrants getting jobs varies according to the local conditions in regional labour markets. It is acknowledged in the report that immigration has a distinctive spatial pattern (Volume I pp 75-80) but the economic implications of this are not explored. Likewise, it would be desirable to explore more fully the effects of migration from different sources. It is generally acknowledged, for example, that the incidence of unemployment varies according to country of origin, but when it comes to identifying the economic consequences of immigration, the CEDA study does not attempt the necessary data disaggregations. These sections on immigration and the labour market (Volumes 1 and 2, Chapter 4) look only at how the average unemployment and participation rates differ from those of the Australian-born. The issues of the class position of immigrants does not rate a mention.

Of course, it would be nice if the labour market were geographically integrated, non-discriminatory and classless; but formulating models on that basis does not make it so. Indeed, such formulations tends to obscure the problems associated with regional inequality, racial discrimination and class structure in real world.

From the viewpoint of a political economist the study has a number of irksome features. The division between economic and non-economic social, political and cultural factors is sharply drawn: while this facilitates the application of orthodox economic analysis it inhibits our understanding of the migration process, including the social and cultural phenomena that influence the ability of immigrants to successfully enter labour markets. Likewise, because the analysis of labour markets tends to adopt the conventional equilibrium methodology associated with labour market economics, it gives no basis for understanding the role played by recently-arrived immigrants as a part of the reserve army of labour. The automatic assumption of the superiority of the orthodox economic framework for the analysis is unwarranted, given the growing volume of work on these issues in a broader political economy tradition.[14] On a simple empirical level, one might reasonably have expected more attention to the experience of migrant workers in the labour market and the levels of unemployment (registered and concealed) among the various immigrant groups.

Finally, there is the issue of distribution of the costs and benefits associated with increased immigration. The CEDA study is silent on this. Indeed, the demand/supply focus of the CEDA study systematically diverts attention away from the distributional issues which could be expected to be a more central concern of a political-economic analysis. Who benefits most and who suffers from expanded immigration? What are the competing class and intra-class interests? No analysis couched in terms of conventional aggregate demand/supply categories can throw significant light on these issues. And it is evident that major conflicts of interest do exist in reality. Employers groups have made no secret of their preference for an increased immigration inflow: they implicitly understand the role of the reserve army if labour in a capitalist economy! In circumstances where the principal economic benefits of immigration are privatised but the costs largely socialised, the interests of business are far from synonymous with the national interest. On the other hand, the labour movement is rightly suspicious that importing skilled labour may be a substitute for the government developing a proper system of workforce planning, training and retraining. Incidentally, it is in this latter context that the savings to the nation in terms of education and training expenses cited in the CEDA report (Volume I p140) begin to look a mixed blessing. An expanded immigration programme which is supported on the grounds

that it saves education and training expenses appears suspiciously like a policy geared to suit the needs of capital for a workforce produced and trained at someone else's expense.

It is in this political-economic context that the CEDA study needs to be interpreted. The study is not simply an exercise constrained by the technical limitations of the econometric modelling and pervaded by the ideologies associated with orthodox economics: it is also broadly aligned with the business interests which CEDA represents. This is not necessarily to imply a conscious policy by the authors to serve particular class interests or even a process of he who pays the piper calling the tune: rather, the point is the framework of assumptions within which the study is constructed reflects the general confluence of orthodox economic analysis and class interests.

Other Considerations

The debate on the appropriate size of the immigration programme also needs to take account of certain other considerations. One obvious point concerns housing. The emphasis on labour market effects has tended to result in a neglect of equally important considerations in the housing market. At a time of very high interest rates, falling levels of home ownership, rapidly escalating rents, massive waiting lists for public housing and chronic overload of emergency housing facilities, expanded immigration is particularly problematic. Of course, it may be argued a la CEDA that the income-generating effects of immigration would lead eventually to corresponding increases in the size of the housing stock; but few immigrants arrive with the capacity for house-purchase and most almost inevitably add to the problems of excess demand in the rental sector. The supply response operates with a time lag, if at all, and meanwhile the inflationary effects are intensified. Likewise, the problems of financing the additional urban infrastructure fall on local and state governments at a time when they are experiencing severe cuts in the Federal government contributions to their finances.

Second, within the labour market there is an apparent inconsistency between expanded immigration and other government policies which stress the need for the restructuring of industry and a greater application of modern capital-intensive technologies. Restructuring of industry along these lines involves less jobs proportionately to output. In these circumstances, one can have less confidence in the sort of assumptions made in the CEDA study about the employment-generating effects of the expanded aggregate demand resulting from immigration. Indeed, one starts to suspect that the link between increased immigration and industry restructuring may have more to do with the business expectation that

immigrant workers will be more compliant and willing to work harder for less wages: in short, it is part of the more general strategy of capital to reduce the power of the labour movement in the process of structural change.

Third, it is pertinent to disaggregate the immigration programme into the component categories under which visas are granted. Table 1 presents the relevant information. The most striking feature is the recent and projected growth in the "independent and concessional" category: these are people admitted under the points system, points being awarded for matters such as occupational skills, sponsorship, English language proficiency, age group and family relationships (brothers, sisters, nephews, nieces). It is estimated that 60,000 people would be eligible to enter under this category in 1987-8 if the points system remains unchanged: the figure of 44,000 is used in Table 1 because it is unlikely that the staff of the Department of Immigration would have the capacity to process more than that number of applicants, so the others would be forced into a queue awaiting processing. The first category of "family migration" (largely parents and children) shows a steady increase which is largely consequential on increases in other categories such as independent and concessional, since people effectively enter via this category as of right and do so in increasing numbers as the number of immigrants admitted in other categories rises. Business migrants are another growth category, although the government's targets in this regard have been difficult to realise: there is also the continuing concern here that, despite efforts to ensure that such migrants do have the intention of providing employment in Australia, they are effectively able to buy their way into the country. Much more can be said on these various issues. Suffice to conclude that the general pattern is one in which the proportion of immigrants admitted are refugees and on humanitarian grounds is declining relative to those admitted under categories where economic considerations, particularly labour market considerations, are more explicit.

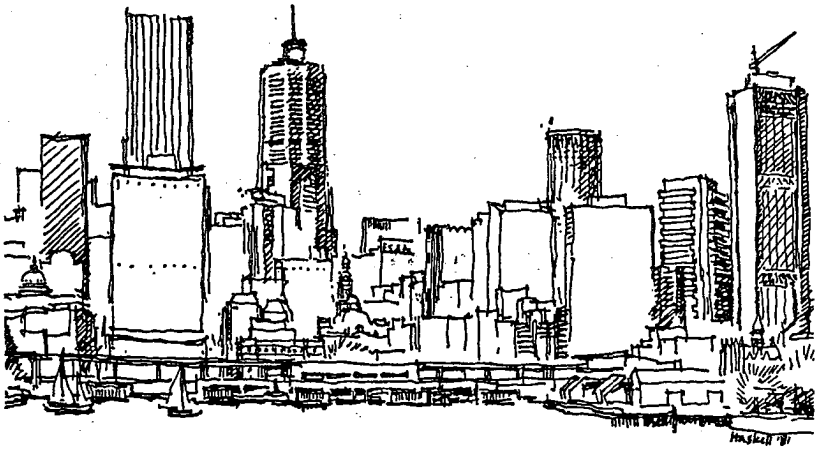

TABLE 1. MIGRATION PROGRAMME 1985-8 (Number of persons visaed)

Category	1985-6	1986-7	1987-8
1. Family Migration	25,949	30,000	33,000
2. Skilled and Business			
a.) Occupational Shares System	6,161	10,000	8,000
b.) Employer Nominee Scheme	6,887	10,000	7,000
c.) Business Migrants	1,855	3,000	4,000
3. Independent & Concessional ("the points system")	29,791	35,000	44,000+
4. Special Eligibility	938	1,500	1,500
5. Refugee and Special Humanitarian Programme	11,700	12,000	12,000
6. Change if Status	9,672	13,500	11,000
Total	92,953	115,000	120,500+

Notes:

1. These figures relate to visas issued rather than settlers arrived: there is a time-lag (and some 'drop-outs') between via issue and arrival.

2. The total excludes Trans-Tasman migrants, since visas are not required of New Zealanders. Also illegal migrants are not included since, by definition, they are not visaed.

3. The 1985-6 figures are actual numbers
   The 1986-7 " " planned "
   The 1987-8 " " forecast " based on information about on-going consultations being held by the Department of Immigration and Ethnic Affairs.

Source:

Department of Immigration and Ethnic Affairs.

Conclusion

This article has sought to analyse some of the principal issues involved in the formulation of immigration policy, with particular reference to the economic arguments. The CEDA study and subsequent statements from the Minister for Immigration and Ethnic Affairs have provided a timely reminder that immigration adds to the demand for labour as well as its supply. This is a useful antidote to the simplistic view that immigrants get jobs only at the expense of the Australian-born. Likewise, there is some point in further consideration of the role which immigration can play in offsetting the increasing average age of the population, though it appears that the effect is hardly sufficient to justify a revival of "populate or perish" (populate or go grey?) sentiments.

In criticising the ascendent view about the beneficial effects of increased immigration - and the CEDA study which gives it part of its apparent legitimacy, it is not intended to imply a blanket opposition to policies of increased immigration, far less a coalition with Blainey and other critics of recent levels of immigration. Indeed, to the extend that race, ethnicity or country of origin is relevant at all to the foregoing argument, the point is the opposite of Blainey's, because the growing dominance of the "independent and concessional" migration category, for which English language proficiency is a key variable, currently tilts the advantage towards migrants from South Africa, North America and the UK rather than from Mediterranean and Asian sources. The caution about expanded levels of immigration needs to be distinguished from racist concerns regarding the composition of immigration.

The general point is that we simply do not know enough about the economic effects of migration (especially when emigration is taken into account as well as immigration), and the CEDA study does not extend our knowledge sufficiently to serve as a basis for systematic policy formulation. Indeed, on the basis of the current development of economics as a science, it seems highly unlikely that we will have that knowledge in the foreseeable future. But, in any case, policy formulation must take account of a range of interconnected issues involving humanitarian objectives, environmental, social and cultural considerations as well as economic considerations.

Indeed, it may well be possible to make the case for increased immigration on the grounds of international obligations regarding refugee settlement, objectives of family reunion and the general commitment to the furtherance of multiculturalism. It may even be appropriate to pursue such a policy at a substantial

economic cost in terms of financing post-arrival services, the infrastructure required for settlement, increased dependence on foreign investment, or whatever. Even the environmental problems of population growth need not be an obstacle, given appropriate management and planning. What cannot be confidently asserted on the basis of current evidence is that there is a clear case for increased immigration on economic grounds. but this is what the Federal ALP government has sought to do. What this reveals about the general nature of the state is a longer story; but it is difficult to escape the interim conclusion that the ALP government under the leadership of Bob Hawke has, in matters of immigration policy, as in other policy areas, geared its policies increasingly to serve the general interests of capital which claiming consistency with an ill-defined national interest.

Footnotes

1. The Sydney Morning Herald 30.10.86

2. The Sydney Morning Herald 25.11.86

3. N.R. Norman and K.F. Meikle, The Economic Effects of Immigration in Australia, Committee for Economic Development of Australia (CEDA), 1985.

4. The Sydney Morning Herald, 28.2.86

5. Times on Sunday 21.12.86, "Aging of Europe Limits our Growth".

6. The most important recent report on aging is Greying Australia, produced in 1986 by Hal Kendig and John McCallum for the National Population Council. Its focus is primarily on the characteristics and consequences of an aging population, and it places little emphasis on the effects of immigration policy. In this respect, the report has a quite different character to the CEDA study and provides no equivalent prop to the arguments of those favouring increased immigration.

7. The Sydney Morning Herald 1.5.86. See also J. Collins, Chris Hurford meets the ghost of Arthur Caldwell, Australian Society May 1986.

8. The Sydney Morning Herald 30.10.86.

9. The Sydney Morning Herald 4.2.86

10. The Age 30.8.86

11. R. Birrell, D. Hill and J. Nevill (Eds.), Populate and Perish, Fontana/Australian Conservation Foundation, Melbourne, 1984.

12. The Sydney Morning Herald 18.11.86

13. See, for example, J.H. Collins, Immigration and Class: the australian Experience in G. Bottomley & M. DeLepervanche (eds) Ethnicity, Class and Gender in Australia, George Allen & Unwin. Sydney, 1984.

14. For an example from this journal see J.H.Collins, Marx's Reserve Army of Labour; Still Relevant 100 years on, The Journal of Australian Political Economy, No. 16, March 1984. Collins' book on the political economy of immigration in Australia is to be published by Pluto Press in 1987.

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