GROWTH 47

Immigration and Multiculturalism

Global Perspectives

Edited by
James Jupp

Committee for Economic
Development of Australia
November 1999

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The Committee for Economic Development of Australia —CEDA—is an independent, apolitical organisation made up of business leaders, academics and others who have an interest in, and commitment to, Australia's economic and social development. CEDAaims to undertake objective discussion and research into issues affecting Australia's growth.

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Foreword

After Israel, Australia is proportionately the world's most intensely immigrant country: nearly half of all people living in Australia were born overseas, or are the children of parents born abroad.

It is not surprising, therefore, that there is deep and lasting interest in the varied consequences of immigration for Australia.

The results of immigration also arouse strong feeling from time to time. There are those who revel in the diversity which newcomers bring to so many features of life in Australia; but others prefer what they perceive as the comfort of a more uniform population, and fear the changes that added numbers and possible different habits of immigrants bring.

Australian immigration is, therefore, a contentious subject. But CEDA, whose charter includes a mission to contribute to informed public debate by conference as well as independent research work, has never baulked at covering prickly topics. CEDA has made some seminal contributions to the literature on immigration, which have been influential on policy. One of CEDA's most important research pieces was by Neville Norman and Kathryn Meikle and was entitled *Economic Effects of Immigration on Australia* (1985). This report proved influential on Commonwealth Government attitudes to intake numbers, which were increased considerably in the late 1980s.

The current study, *Immigration and Multiculturalism*, edited by James Jupp, is, therefore, part of a strong CEDA tradition of work in this field, and follows close on the heels of *The Asianisation of Australia?: Some Facts About the Myths* by Professors Jayasuriya and Kee (Melbourne University Press, 1999), which CEDA helped sponsor.

Dr Jupp, of the Australian National University, is one of the country's most eminent authors and commentators on immigration and multiculturalism. (Dr Jupp is currently preparing the second edition of his monumental *Encyclopedia of the Australian People*, and is well known in international circles.) He has gathered in this edition of *Growth* contributions from the (Commonwealth) Minister and Shadow Minister for Immigration, as well as from a group of prominent and expert academic authors. Their chapters cover a useful range of relevant topics including: world trends; the rationale of policy; social cohesion; demography; unemployment; internationalisation of markets; and immigration and a dynamic Australia. A leading United States scholar, Professor Gary Freeman of the University of Texas (and co-editor of *Nations of Immigrants: Australia, the US and International Migration*, Oxford University Press, 1992), also provides an analysis of US trends in immigration.

There can be few subjects as important to Australia as immigration, multiculturalism and population, especially when, as Professor Withers contends: 'Australia has a choice. We can be a small economy or a big economy. We can have a large growing domestic base for our global integration or we can hold back and fall steadily behind'.

I, therefore, have much pleasure in welcoming these thoughtful contributions to CEDA's publications list.

Bruce Kean, AM
Chair, CEDA Board of Directors

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1

World migration trends

James Jupp

Human beings have been on the move since they emerged from East Africa and set out to conquer the world. They reached Australia at least 50 000 years ago and are still moving. However, migration in the modern sense of movement across national boundaries with the object of settling outside the homeland is of much more recent origin. In the past three centuries the largest movements have been from Europe across the Atlantic to North and South America, a process only possible through colonial conquest and improvements in transport. A number of 'New World' societies—most obviously the United States, Canada, Australia, New Zealand, Argentina, Brazil, Chile and Uruguay—were created by this process, while South Africa combined European and African immigration. Colonial conquest also expedited such movements as from China into Asia and the Pacific; from India into the British Empire; from Russia into Siberia; and throughout the now defunct Austrian and Ottoman empires—the latter process adding to the shattered mosaic that is former Yugoslavia.

The theoretical response to mass movement in the nineteenth century was to argue for 'push and pull' factors. This was especially relevant for movement from Europe to the Americas. But it assumed freedom of movement across borders, which has very largely ceased

in this century. 'Push' factors were essentially economic and political and were especially relevant for rural people and for ethnic minorities. 'Pull' factors included free land and factory employment, especially in the United States. Immigrants were believed to improve their wealth and status by moving, even though the initial process was painful and there was much exploitation of immigrant labour. It was the children and grandchildren who gained the most by becoming 'Americans' or 'Australians' through assimilation and the melting pot.

These century-old notions still dominate much popular thinking about migration but are not necessarily very relevant to current movements. The United States erected barriers against Chinese movement as early as 1882, as did Australia from 1901. The United States went further in 1924 by creating a quota system designed to stop the flow from southern and eastern Europe. Britain had already legislated to control aliens in 1905 although British subjects (the majority of whom were Asians or Africans) were uncontrolled until 1962. The whole history of immigration since 1914 has been of increased controls and barriers. Despite continuing 'pushes' and 'pulls' it is no longer possible for millions to flow unimpeded from poor and oppressive societies into rich and free ones. Employers might still want the cheap labour that immigration brings. But democratic voters and their governments are reluctant to change the ethnic and racial balance or to encourage unemployed welfare recipients or cheap labour.

The main factors causing mass movement still include: self-improvement by leaving poor, rural societies for rich urban ones; warfare, persecution and civil disorder; diasporic movement within a common culture (most importantly the English-speaking world); and traditions of emigration in some societies, especially in island states such as the Philippines or those in the South Pacific. Some new factors have become more important than a century ago, such as skilled and professional employment within international corporations or professions; female migration; and temporary labour migration without permanent settlement (although this was much more common in the past than is often supposed).

An unusual aspect of migration, though one of great importance to Australia and a handful of other societies, has been planned migration with government supervision and assistance. Convict migration from 1788 until 1868 and British assisted migration from 1831 until 1983 are Australian examples. Migrants were also officially encouraged to South Africa, New Zealand, Argentina, Brazil and, most recently, to Israel. The United States did not need such organised immigration as for three centuries it has been the most important single magnet for migrants seeking permanent settlement. But even the USA, during World War II, actively recruited and organised Mexican labour into the agribusiness of the southwest. America aside, all the other societies gave assistance, often with passage money or with land grants. Most undertook to settle immigrants and even to find them employment. Australia had elaborate provisions of this nature, with the largest numbers attracted between 1950 and 1970. With the exception of Israel, nobody does this any more. Australia and some other democracies still provide settlement services such as training in the official language.

The main difference between migration today and a century ago is that the state takes a much more active role, often in obstructing rather than expediting movement. This was always the case for non-Western states such as China, Japan or Russia, which inhibited movement into and from their societies. This control reached its height under communism from the 1940s to the 1980s. But most Western democracies believed in free movement and settlement before 1914, both as a means of removing 'surplus' people from overcrowded countries such as Britain, Ireland, Italy or Germany, and as a means of filling up 'empty' countries in the New World. Free migration and free trade went together. Today, despite a new enthusiasm for free trade, there is much less enthusiasm for free movement between continents and cultures. The largest exception is within the European Union. There are lesser examples, such as between Ireland and Britain or New Zealand and Australia. Essentially movement into developed and rich societies is now con-

trolled for the perceived benefit of the receiving nation. Australia, with its visa system for all entrants except New Zealanders, has very tight control.

The reasons for this are not hard to understand. Left to itself free movement could mean that the majority of the world's people, who are poor, might gravitate towards the homelands of the minority, who are rich. Compared with the last century, there are few areas of the world that are not now reached by modern communications, transport and media. The population of the world has escalated in total since 1800 and is moving inexorably from rural to urban life. Much of this movement is across weakly controlled borders from poor to less poor societies, as in Africa, Latin America or parts of Asia. Enough of it would aim at the developed world if it were allowed to. 'Push' and 'pull' are still there but the doors are no longer unlocked. Little more than 2 per cent of humans live outside the state in which they were born. But this is a very large and growing number. Migrants are not usually the poorest and least educated from their countries, but they are often much poorer and less skilled than is common in developed societies.

Economic migration

The classic picture of the immigrant is of a peasant or small-town dweller escaping across the ocean to a land of plenty. This was certainly true for nineteenth-century movement to North America. Countries like Ireland, Italy, Germany, the Russian and Austrian empires and Scandinavia sent many millions who became factory workers, miners or farmers in the New World. On a much smaller scale this picture was also true for emigrants to Australia and New Zealand from Ireland, Scotland and rural England and continued to be so for those from the Mediterranean countries until 1970. Emigrants were not from the very poorest, however. In most cases, they were more literate, had more resources and were more enterprising than those left behind. Most unskilled rural people moved

some distance but usually within the confines of their own country. Many went overseas for brief periods intending to return.

Immigrants were normally poorer than those among whom they settled, which is why they emigrated. In North America, though not in Australasia and Latin America, they were normally from a different culture from the majority. This has only become true for Australia since 1945. While employers were happy to get large numbers for cheap labour, unions were not. Democratic politicians became sensitive to claims that native culture was being undermined by aliens. Thus one consequence of mass emigration of the unskilled was the introduction of controls designed to limit culturally alien or economically threatening new arrivals. The White Australia Policy is the prime example of this. Post-war booms in the 1920s and the 1950s helped to relax controls, while depressions, as in the 1890s or the 1930s, led to their rigid reimposition.

Factory, mine and plantation industries were the greatest beneficiaries of unskilled migration. In more recent years the public sector, such as transport or municipal services, has been a major beneficiary. Textile and clothing industries depended on female labour. A fortunate minority in the New World also took up farming, though this was limited by the availability of land and the depression of the 1930s. Most of this is no longer relevant to developed countries. With globalisation, employers seeking cheap labour can move their plants off-shore. Many simpler functions have been mechanised or computerised. Unskilled migration is still a major factor but it is of diminishing importance to Europe, North America and Australasia. Agribusiness and mining still draw on immigrants because their location is fixed in a particular country. The same is true for oil-based economies such as those in the Persian Gulf, where most of the population in states like Kuwait and the United Arab Emirates are immigrants without citizenship, the majority women.

Manufacturing still uses immigrants in most industrial societies except Japan and Korea. But demand is declining. Computer programmers, engineers, doctors, academics, financial experts, in brief

the tertiary educated and entrepreneurs, are increasingly typical of immigrants. Many come from Asia, as the incentive to emigrate from Europe has been greatly decreased by the economic success of the European Union. Many are culturally and linguistically adaptable because of their higher education. Like most immigrants in the past they often begin to work in menial jobs. But they soon return to the status which they expected. Recognition of qualifications can be a problem but this seems more acute in Australia and Europe than in North America. The 'new immigration' is mainly threatening to racists but does not have its basis in working-class resentments as strongly as in the past. The service, information and technology industries in developed societies create a demand for a quite different kind of immigrant than the factories, mines and farms of the past. This does not mean that pressures to migrate from the unskilled have declined, but rather that these are resisted more effectively in the receiving societies. The massive economies of Europe and North America, moreover, are well equipped to absorb some of this pressure to the mutual advantage of immigrants and the native-born. They often do so through schemes such as 'guest workers' who have limited rights. But this, too, is giving way as middle-class migration becomes more common than that from the working classes.

Refugee migration

One challenge to the trend towards highly qualified migration is presented by refugees. There are now over 20 million refugees in the world in the sense of those driven from their own country and afraid to return. This is the largest number in human history. It greatly strains the official United Nations definitions adopted in 1951 and 1967 and ratified by Australia in 1973. Only a small minority of those displaced are regarded by the UN High Commissioner for Refugees as requiring permanent settlement in a third country. The preferred policy of the UNHCR is repatriation to the original homeland. But this is often a Utopian hope. Many remain in camps almost perma-

nently. Because of the inflexibility of the UN definition, Australia and other states have adopted wider humanitarian categories. Since 1945 Australia has accepted almost 500 000 humanitarian settlers, the majority escaping from communist countries before 1991 but coming increasingly now from ethnic and religious persecution. The United States, the largest single recipient of refugees, previously limited its intake to those escaping from communism but Australia did not follow that course.

The original definitions of the League of Nations and United Nations were directed at persecuted individuals and at those displaced by war and by revolutions arising from the two world wars. Individual asylum seekers still have to establish that they have a 'genuine fear' of persecution if they return. Once this is accepted the receiving state has an obligation not to return them and to extend the same rights as enjoyed by other permanent settlers. This system faces breakdown because of the greatly increased number of refugees and the escalation of civil war situations over large areas of Africa, Asia, Latin America and southeastern Europe. Most of the millions of refugees in the world now come from societies such as Afghanistan, the former Yugoslavia, Sri Lanka, Sudan, the Horn of Africa, and the Middle East. Few are now fleeing from communism. The largest recent such exodus, from Indochina, is now over. Civil war on an ethnic basis is the most common cause of current refugee flows. Religious persecution is still common in states such as Iran, as previously in China, and Australia has been especially sensitive to the needs of Christian minorities. Countries with large expatriate communities from societies in a state of collapse are vulnerable to pressures for a more liberal intake policy. Germany has been especially pressured in this regard by Yugoslavs and Kurds. Australia has also extended permanent residence to many from former Yugoslavia but would not do so for the recent intake of 4000 refugees from Kosovo.

Refugee situations are destined to continue. The richer receiving countries will have increasing difficulty in deciding whom to accept and whom to reject. Refugees usually face problems of adjustment,

including high levels of unemployment and welfare dependency. Yet public opinion is often favourable in crisis situations such as the recent warfare in Kosovo. Church and charitable organisations take up refugee issues in all Western societies as do some ethnic organisations. States that have ratified the United Nations convention are under a legal obligation to consider appeals for asylum. Australia's isolation from most areas of conflict ameliorates the problem. However, as in the United States and other Western democracies, the courts are overloaded with asylum cases, which are difficult to resolve with equity.

Undocumented migration

Undocumented or illegal migration is widespread, especially between countries with land borders such as Mexico and the United States or the many states of Africa. For states bounded by sea, such as Australia, New Zealand or Britain, this type of movement is more difficult as points of entry are limited and controlled. Where there are land borders migrants can enter without visas and without being officially checked and it is difficult to judge the extent of this movement even into the United States where it comes predominantly from Mexico and Central America. The case is otherwise in Australia where virtually all illegal entrants are overstaying on originally legal visas. Those who are caught are normally repatriated although it has become common, especially in the European Union, to claim refugee asylum as a delaying tactic. The numbers involved for Germany became so high that a fundamental law was changed which had previously allowed very generous rights to asylum. Other countries, including Australia, have sought to frustrate this tactic by mandatory internment or by limiting the powers of the courts.

Many societies have taken a relaxed attitude towards undocumented migrants for several reasons. Some have corrupt or inefficient border controls, while others have long and uncontrolled land

borders which they cannot afford to police. This is especially the case in Africa where there are mass movements of economic migrants and asylum seekers without documents. Some Asian areas, such as the borders of India and Bangladesh or of Burma and Thailand, have a similar experience. Other societies, including arguably the United States, take a liberal attitude because they need casual labour with limited rights. The agribusiness of the American southwest has often been accused of this. Measures have been introduced in the USA to penalise employers taking on undocumented workers. Japan also has some immigrant workers in this situation, mainly from the Philippines but also from as far away as Bangladesh. Large numbers also enter some of the more prosperous African states such as Nigeria or Ghana. South Africa has had a more rigorously controlled system of labour recruitment from poor neighbours. None of these workers has the rights of citizens and they may be deported in times of economic crisis.

Unskilled illegal migrants represent a threat to the working and living standards of unskilled native-born workers, but they may also take on jobs which the native-born do not want. Of more concern is the growth of organised criminal 'people smuggling' rings, the best known of which operate from the southeast Chinese province of Fujian and the city of Xiamen (Amoy). These are of concern to Australia because small numbers of these illegal migrants have reached the Australian coast in recent years. However, their main targets are the United States and Taiwan. Similar rings have operated through Russia in the conditions created by the collapse of the Soviet Union after 1991. Their main target is the European Union.

The border line between illegal immigration and refugee immigration is sometimes unclear in conditions of chaos. This has been a serious problem in Africa, in the Balkans, in Afghanistan and in parts of the Middle East and Southeast Asia. It is a major task of the United Nations High Commissioner for Refugees to document and house such refugees, thus giving them a legal status. Such massive influxes

have little relevance to Australia which selects its humanitarian entrants off-shore and is inaccessible to all but a tiny handful of those seeking asylum.

Transilient migration

At the other end of the social scale from those termed 'illegals' are transilient migrants. These are usually well educated and skilled. They do not seek to remain permanently in any particular country and are often employed by organisations that require them to be internationally mobile. Business executives, academics, journalists and oil and mining workers are all good examples. They are distinguished from the much larger category of guest workers by their skills and their lack of a permanent base. Many travel along 'cultural routes', especially those of the English-speaking world, but Japanese and German cases are quite common. With increasing globalisation their numbers will increase. Within the European Union the term has limited relevance as there is already free movement across borders. The largest number probably originate in the United States but there is also a long British and French tradition based on their previous empires.

Transilients usually enjoy good living and working conditions but are not citizens of the country within which they are located. They have also been called 'denizens' because of this and the same term is applied to guest workers. Normally they do not need citizen rights as they are sought after and well protected. Australian immigration policy has always favoured permanent settlement rather than transilience. But this is becoming much less true in recent years as the 'temporary residence' category grows while the 'permanent settler' intake declines.

The international impact and Australia

Most public debate in Australia proceeds as though there were only two poles to migration—here and there. The world is seen as anxious to come to Australia which must guard itself against too large an

intake. This would not only swamp the environment but would also destroy the dominant culture. Extreme versions of this view are contained in several recent books by authors such as Katharine Betts, Mark O'Connor, Tim Flannery and Paul Sheehan. A strident version was developed by Pauline Hanson and One Nation. The origins of this alarmist approach lie in the White Australia Policy (1880–1970), which was developed in conditions of free movement which it succeeded in ending for non-Europeans. The image of countless Asians 'coming down' to Australia still lingers in the public consciousness. If it were indeed true that most Asians want to emigrate to Australia there would be good reason for alarm. But most migration movement in Asia is within Asia and along an east–west axis rather than north–south. In effect Australia is a branch line for migration flows. The small minority of Asians who do emigrate go either to neighbouring countries (Indonesians to Malaysia; Burmese to Thailand), or to the Gulf, North America or Europe. The developed industrial societies of Japan and Korea have such strict migration control that they remain among the most ethnically homogenous societies in the world, although both have illegal workers who have few rights.

Australian policy has moved from attraction to restriction since 1980. But it is still one of the few nation states with a planned intake aimed at increasing population and raising skills. In practice many other nation states do the same but on an *ad hoc* basis, frequently using guest workers or illegals who do not become permanent residents and citizens. Apart from a potential crisis in Indonesia, refugee pressures have moved away from the Australian region. Emigration from the European Union is now minimal in any direction. Pressure on the United States remains strong but the relatively generous policies of Canada and the USA prevent this pressure being redirected towards Australia. With large intakes from New Zealand, Britain and South Africa and a points system that encourages English-speakers from Asia and elsewhere, Australia is unlikely to undergo dramatic cultural change. It is very favourably placed to pick and choose on the basis of skill and employability. All changes to policy since 1996

have been in this direction, including the new rules for skilled migration introduced on 1 July 1999. Indeed, skilled selection is now so rigorous that the program is achieved only with difficulty.

The main streams of international migration pass Australia by. Ripples will have an effect on what is still a small and thinly populated society. A few hundred of the thousands of emigrants being shipped illegally from south China will continue to be picked up on Australian shores. A few thousand refugees will be taken from the millions displaced in the Balkans, central Asia or Africa. Public policy encourages tourism and students and some will want to remain or return. International events are unpredictable. But for the immediate future it seems that Australian immigration will be increasingly middle-class, English-speaking and readily employable. Exceptions will be from the humanitarian program, from Pacific Islanders transiting through New Zealand and from some immediate relatives of those already settled. But the numbers will be small and resulting social problems controllable through settlement services, welfare provision and a higher level of employment than at present. Those who object on racial grounds to a varied intake will continue to complain, as they do elsewhere. Those who believe that Australia is 'full up' will continue to press for zero net migration. But these approaches are not in Australia's interest nor does the likely impact of international movements on Australia justify them.

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2

The rationale for Australia's current immigration policy

Philip Ruddock

The debate over immigration and population at this time has polarised into two opposite but equally unproductive and outmoded points of view. On the one hand, many in the environmental lobby, the Australian Democrats and the One Nation Party want the Government to institute a policy of zero net overseas migration to reduce the impact of population growth on the environment. On the other hand, Australian industry, the Labor Party and some state and territory governments have called for a very significant increase in immigration to boost economic growth, revitalise particular regions, help arrest the ageing of the Australian population, defend the country, and so on. I have argued that both points of view represent extremes, neither of which is in Australia's overall national interest.

Population growth is not the only, nor even necessarily the major, contributor to environmental degradation. Two major investigations in the past decade have found that the inter-relationship between population growth (driven partly by immigration) and the environment is complex. It involves a range of factors including economic well-being, environmental management practices, technological change, community attitudes and considerations about the quality of life. Because of the complexity, subjectivity and uncertainty involved, neither inquiry was able to identify an optimum population target.

Cutting immigration is not a panacea that absolves us of managing the environment responsibly and making our cities and regions places that people will want to live in. Even if we could adopt a policy of zero net overseas migration today, all the environmental challenges we have would still be with us tomorrow.

Nor is a massive increase in immigration a cargo cult bestowing unearned gifts upon its recipients. Improved living standards are the product of hard work, intellectual application and good management. They are not the easy by-product of a large and growing population, as a glance around the world will quickly attest.

If immigration is not all these things, what then is it, and why does it remain relevant and important for Australia today?

Immigration has been fundamental to the building of modern Australia, and is very much part of the fabric of the nation. This is simply illustrated by the fact that almost a quarter of our current population was born overseas—a significantly higher proportion than in any other comparable country.

For most of our history, it has seemed perfectly normal that part of the business of the government was to facilitate migration to this country. Australia is by no means typical in this regard. Relatively few nations operate similar planned immigration programs, the United States, Canada, New Zealand and ourselves being among the exceptions.

This is not to say, of course, that other countries have no immigration. Holland, for example, with a population of around 16 million received 111 000 immigrants in 1997, and the United Kingdom's net overseas migration gain in the same year was around 56 000. But neither of these two countries considers itself a country of migration in the same planned way that Australia does, nor do they actively encourage people to migrate there.

We do, because immigration is part of our culture. We are an open and welcoming society and this has been reinforced by our immigration experience. As a nation of immigrants, and the not-too-distant descendants of immigrants, we tend to see immigration as an

opportunity rather than as a threat. This was always a positive national trait, but with the opening up of the world's economy and the breaking down of many of the old barriers between nations, it has become an economic as well as a social asset.

Against this background, immigration to this country was conducted in a fairly uncritical environment. The benefits of a strong immigration program were generally accepted. After the original period of colonisation, immigration was encouraged in order to populate this apparently boundless country. The enormously successful wave of post-World War II migration reinforced the Australian belief that immigration was good for this country.

But, over the past twenty years, Australia has undergone very major structural, economic and social changes. We have become a post-industrial society, a nation open to the world and inextricably linked into the global economy. Immigration policy, unfortunately, has appeared to lag behind, its rationale inadequately articulated.

The Coalition's approach

In 1996 the Coalition inherited a Migration Program completely out of touch with the needs of contemporary Australia. The Program had grown steadily for a number of years with no rationale for this growth given to the Australian people. The Family Stream, certain categories of which were subject to unacceptable levels of abuse, dominated the Program. Parts of the Skill Stream allowed the entry of people with relatively poor employment prospects. There was a very poor fit between the Program and the needs of Australia. The goodwill of Australians towards immigration was eroding rapidly, and, in a small minority, prejudices unworthy of Australians were fostered.

This was the context within which the Government set about restoring integrity, transparency and relevance to Australian's immigration policy. The aim has been to win back the support of reasonable Australians by constructing a carefully planned, predictable immigration program which is demonstrably in the nation's interests.

Our strategies have included:

- the promotion of more open discussion about our population trends and prospects;
- a re-balancing of the Migration Program between the Family and Skill Streams;
- a commitment to genuine refugees and others in humanitarian need;
- a redefinition of multiculturalism and citizenship;
- the strengthening of provisions to minimise illegal immigration;
- clarification of responsibilities for provision of settlement support;
- the promotion of 'living in harmony';
- better targeting of skilled migration;
- the recognition of the increasing importance of temporary residents.

I will focus on just a few of these strategies.

Australia's population: trends and prospects

I have strongly encouraged more open discussion of immigration within a population context. I have made a number of major speeches on Australia's population trends and prospects in order to improve general understanding of these matters. Population issues were a major focus of my presentations at public meetings to consult on the 1999/2000 immigration intake. I also sponsored a major conference on immigration and population in early 1999.

Current trends in fertility, mortality and net overseas migration (after allowing for fluctuations associated with the economic cycle) are likely to lead to our population reaching around 23 million, perhaps a little more, by the middle of the twenty-first century. At that point it would begin to stabilise both in its size and in its age profile. On the other hand, if the immigration program were virtually dismantled, as some have advocated, and a policy of zero net overseas migration were introduced, the population would rise initially to around 20 million and then begin to fall into an accelerating down-

ward spiral. It would adopt the so-called 'coffin' profile of an aged population in decline. This is not the future that most Australians want for this nation.

Demographic studies have shown that while the ageing of our population in the next thirty years is inevitable, the first 50 000 to 80 000 migrants do make a substantial contribution to retarding this process. However, levels above this are increasingly inefficient in retarding ageing. It is therefore not sensible to argue for large-scale immigration (above 80 000 net per annum) on the basis of its impact on ageing. Higher levels of immigration will add people to the population but make little difference to its age structure.

Just as it would be very unwise to reduce net overseas migration to zero, it would be virtually impossible to achieve a population of 50 million in fifty years as some have suggested. This would require net overseas migration of an unprecedented 463 000 per annum. Australia has rarely achieved net overseas migration levels of more than 150 000 in a year.

Given the extent to which selection standards in the Skill Stream would need to be diluted to achieve an annual net overseas migration level of over 450 000, such a policy would result in major short to medium-term costs in exchange for highly uncertain long-term benefits. We must remember there is no evidence that population size or even population growth is necessarily linked to economic success or any other kind of success.

The environmental and infrastructure impact of significantly higher levels of net overseas migration also needs to be considered carefully. In this regard, the current Coalition Government has been the first Australian government to pay proper attention to the available evidence on the relationship between population and the environment. I have already mentioned the existing research that indicates the complexity of this issue. There is clearly a need for further research in this area.

My Department has joined forces with the CSIRO in a project to model the future relationship between population, the environment

and resources over the next fifty years. The CSIRO hopes that its model will provide the first integrated overview of the long-term physical consequences of our economic and social choices, including choices related to the immigration program. I expect that the results of this exercise will be available in the year 2000 and that they will be a useful addition to this important debate.

Reforms of the Migration and Humanitarian Programs

In 1996, the Migration Program had become, to a large extent, a family reunion program with little thought given to the benefits of the Skill Stream. In 1995/96, around 70 per cent of the Program was represented by the Family Stream. We set about reducing the size of the Family Stream, but at the same time, significantly boosting the Skill Stream. We retained the core of the Family Stream because, like most countries, we are committed to the principle of family reunion, and the right of Australians to bring immediate family members to this country to live with them. This is, incidentally, one of the major reasons why it would be impossible to institute a policy of zero net overseas migration and also why countries like Holland and the United Kingdom have significant levels of immigration.

However, when we came to government, the Family Stream had been allowed to grow unchecked and the spouse, prospective marriage and interdependency categories were subject to unacceptable levels of abuse. Sham marriages and the like were contributing to a serious lowering of public confidence in immigration. We introduced a number of measures to address these issues directly. The results were immediate and positive.

Our determination to restore integrity into the Family Stream in no way diminished our commitment to genuine applicants. The demand-driven nature of the spouse and dependent child categories remains a clear signal of the right of Australians to bring these close family members to live with them in Australia.

However, the Government has not been prepared to ask the Australian taxpayer to bear the lion's share of the cost associated with the large numbers of parents seeking permanent residence in this country. Research has shown that aged migrants place a disproportionate burden on our health and welfare systems. With around 20 000 parents currently wishing to migrate, our health and welfare systems simply cannot afford to carry the burden.

This is an example of how the immigration program had come to be seen as operating in the interest of a narrow section of the community at the expense of the rest, and had contributed to the undermining of public confidence in immigration.

Following the disallowance in the Senate of legislation to require sponsors and assurers to bear a greater share of the responsibility of supporting their relatives, the Government has been forced to reduce the number of parent places available in order to manage the increased financial burden on the Australian community. The number of places in the next Program year (1999/2000) has been reduced to 500. The Government is continuing to look at ways to achieve its objective in this area of a better balance in responsibility between sponsors of aged parents and general taxpayers. A better balance would enable some increase in parent entry.

Whereas in the Family Stream, we are not dissimilar from many other countries, the Humanitarian Program marks out Australia from otherwise comparable countries. But welcoming refugees to our country to live is, of course, like immigration generally, part of our national history and philosophy. We continue the proud record that has seen more than half a million refugees and displaced people come to Australia in the past fifty years. The recent special arrangements for Kosovar and East Timorese refugees show how responsive the Government has been in this area.

We have maintained our commitment to family reunion and humanitarian resettlement, while ensuring that these areas are rigorously managed and are seen to be delivering effective results. It is in the Skill Stream where we have largely remodelled immigration to

help best position Australia for its place in the very competitive global market in which we now operate. Essentially our reforms to the Skill Stream will deliver better educated, younger, job-ready migrants with the language skills to operate successfully in the Australian workplace. From 1995/96, we increased the proportion of Skill Stream visas issued under the Migration Program from 29 per cent of all migrant visas issued under the Program to 52 per cent in 1997/98 and again in 1998/99. In absolute terms, this has been an increase from 24 100 to around 35 000.

There is mounting evidence of the economic, budgetary and employment benefits of these new migrants. Economic modelling shows that this restructuring will significantly improve the impact of the Migration Program on per capita living standards. The latest labour force statistics show clearly that migrants who entered Australia in 1998 are performing exceptionally well in comparison to those who entered under the old program in 1996. They are an investment in our future.

The very success of the reformed program has encouraged calls to further increase Skill Stream numbers. However, we must remember there is not a large untapped pool of skilled migrants waiting for the call to emigrate to Australia. We are taking all the young, English-speaking skilled migrants we can get. To increase the Skill Stream by any significant margin would mean diluting selection standards—the additional migrants would be older, less skilled or less fluent in English. This would signal a return to the bad old days of bringing in large numbers of poorly qualified migrants merely to swell the ranks of the unemployed.

However, the Government recognises the value of increasing Skill Stream migration while maintaining acceptable standards. It is for this reason that the 1999/2000 Program includes a contingency reserve of an additional 5000 places that can be used by business through greater use of labour agreements or the Employer Nomination Scheme or by state and territory governments through the state-specific migration mechanisms I have developed. If this

contingency reserve is a success, Australia could only benefit, and we will do all we can to assist this new enterprise. It is essential, however, that business and state and territory governments play their part in achieving the increase.

It is relevant to note that the international competition for these skilled migrants is hotting up. In future years, there will be greater competition for these people, not only from New Zealand, Canada and the United States, but from other countries not traditionally seen as countries of migration: perhaps countries such as Germany, Italy and Japan who are seeing their workforces shrink at alarming rates.

This brings me to the future, and to one of the key issues that will dominate the immigration debate in the new century.

Temporary residents

One very interesting implication of the new and growing international market for young, skilled workers in key sectors, such as information technology, is the increasing propensity of such workers to move around the globe on a temporary basis. Australia is very much a part of this phenomenon, with an increasing number of people moving in and out for temporary work purposes. To put the issue into perspective, in 1998/99, 67 900 permanent Migration Program visas were granted compared with 33 580 long-stay business and 217 870 short-stay business visas. In addition 65 000 working holiday-maker visas were granted and over 110 000 overseas student visas.

The flow is by no means one way. Australians are also part of this international pool of labour, with increasing numbers working temporarily or permanently overseas.

In many ways, these temporary entrants carry with them many of the same benefits of permanent migrants. They bring new ideas, contacts, understanding, skills and technology. They assist in Australia's international competitiveness, which is the key to future economic prosperity. In particular, temporary business entrants assist with

employment creation, enhancement of Australia's skill and technology base and the development of cutting edge technologies.

This is a fundamental shift in the way we view migration. The social and economic changes implicit in this shift are only now beginning to become fully apparent. Certainly, better analysis and a higher level of recognition of the importance of temporary entry is needed. Those who focus exclusively on permanent migration, whether they advocate higher or lower immigration numbers, run the risk of missing an important part of the picture.

The increasing importance of temporary movement in one sense begins to make the argument about a 'national' population policy with an aggregate population target and/or a growth rate target a meaningless debate. Setting population and growth rate targets only makes sense in a closed, planned economy and a very closed society where governments can impose significant controls over the movement of people, both across Australia's borders and within Australia. Australia is not such an economy or such a society: increasingly, nor is the world in which we operate.

New Zealand gives a good example of how misleading a single focus on permanent migration can be. That country has by far the largest per capita permanent migration program in the world. However, the weakness of New Zealand's economy has resulted in New Zealand's rate of net overseas migration falling to near zero. In other words, a large permanent migration intake does not guarantee a high rate of net overseas migration or a high rate of population growth.

The fact is that 200 000 (and rising) Australians are living and working temporarily overseas. Almost 190 000 people arrived in Australia from overseas for a long-term stay in 1997/98 and around 155 000 long-term temporary entrants left. Net long-term movement as a proportion of total net overseas migration has increased from around 10 per cent in the early 1980s to over 40 per cent today.

As Australia does not impose numeric controls on most categories of temporary entrants, the volume of long-term temporary move-

ments (both in and out) is likely to continue to rise. Globalisation will reinforce the trend. With one of the most streamlined approaches to entry of skilled long-term temporary residents, we are well placed to benefit.

The emergence of temporary movement as a key component of population flows into and out of Australia is but one example of the dynamic world in which we as a nation exist and compete.

Conclusion

In this new world, our aim should be to make sure information on Australia's population trends and prospects is well understood and made widely available to planners and decision-makers at all levels. This information is vital to planning our economy and caring for our environment. As far as immigration is concerned, the focus should be on making sure that entry criteria for each category will ensure a positive outcome for Australia and that state governments, regional authorities and employers can use immigration to Australia's best advantage. This is precisely the approach the Government is taking.

September 1999

3

Labor

Nation-building for a new millennium

Con Sciacca

As a political party mindful of the consequences of premature announcements, the Labor Party, over the past six months, has been developing a comprehensive population and immigration policy to present to the Australian people and to take to the next election.

In August 1998, the Leader of the Opposition, Kim Beazley, stated in a speech to the Global Foundation that Labor believed that increased migration could solve many of Australia's problems in the long term. However, the political environment that existed at the time was not conducive to a proper, objective debate, and it would be Labor's priority to shape an environment that would allow this debate to occur.

These words by Kim Beazley proved to be prophetic and I am absolutely convinced that now, a year after this seminal speech, all the elements and the components for a meaningful and progressive approach to population and immigration have converged and the time is right.

Why is the time right now and not then? Like the cliché that states that a week in politics is a long time, a year can be considered a virtual lifetime.

The Hanson phenomenon seems to have finally dissipated following the initial lacklustre reaction by the Prime Minister in opposing

One Nation's ideas. The policies and the solutions promoted by One Nation were not right—they were merely a cynical attempt by an opportunistic party to capitalise on the dissatisfaction of a lot of people with the political system. The bigotry and racial intolerance released by One Nation has now been largely killed off, but we must remain vigilant and not fall into complacency.

Until the last election, the Howard Government openly flirted with the views of One Nation and downplayed the role of immigration and multiculturalism in Australia today. It abolished the Office of Multicultural Affairs and relegated the Immigration and Multicultural Affairs portfolio to the outer ministry. Today, the Prime Minister, without a doubt encouraged by opinion polls, has had a reluctant change of heart and even launched a recent report on the benefits of multiculturalism—an unthinkable act only a year earlier.

Since November, in my capacity as Shadow Minister for Immigration and Shadow Minister Assisting the Leader of the Opposition on Multicultural Affairs, I have been setting the scene for our policy and have travelled and consulted widely to gauge the views of all sectors of society.

In late February, I announced my view, which I will argue within my party, for an increased migration program and I have since addressed a number of associations to explain in broad terms the approach I hope to achieve. By and large, my goal has been well received politically, in the media and by most sectors of society.

The battle is far from over, however. Detailed explanation of my proposed policies over the coming months will go a long way towards allaying the fears—some well-founded, some not—that many people still harbour towards a higher immigration program.

My aim here is to provide a guide to the Labor Party's thoughts on the matter. It is by no means exhaustive and should be seen as only a prelude to what will be presented in approximately twelve months time to the Australian people, along with a broader population policy developed in conjunction with my colleague Martin Ferguson.

The need for nation-building

The contribution that migrants have made to Australia over the last hundred years, both economically and culturally, is undeniable. Take population figures. At the end of World War II Australia numbered a mere 7 million. Over the next forty years, more than 5.6 million migrants reached our shores and set to building a modern developed nation.

Projects such as the Snowy Mountains Scheme, which employed over 100 000 migrants, have entered the history pages, as have the contributions made by migrants in agriculture, building, retailing and architecture. Today, we are a combination of people from over 200 nations living in harmony and our labour force is 60 per cent the product of migrants.

Migration is the Australian way and yet a change for the worse has crept in, partly because of the political direction imposed by the Government over the last few years and partly because of the globalisation of trade, the ease of travel and the increased personal opportunities available overseas.

Australia is no longer the country of first choice for migrants, especially for those who will bring the most benefits to our life and our economy—those very same migrants who made Australia their home for over fifty years: the educated, the skilled, the enterprising and their families.

Last year, over 25 000 people left Australia to seek better opportunities and to further their careers overseas. When this figure is extrapolated against the skilled migration intake for the year, about 34 000, we are barely replacing our brain drain.

If I succeed in arguing my vision and we embark on a program of not only higher immigration but also, as the Leader of the Opposition has stated, nation-building, we will need to stem this outward flow and once again become the country of first choice, not only for those who wish to come here but also for those who contemplate leaving.

This sad loss of enthusiasm for immigration and multiculturalism in general and the collective amnesia about the prosperity that was brought by migrants in the aftermath of both the Great Depression and World War II have led not only to aberrations such as One Nation but also to the negative signals that are being sent out by this Government to our neighbours and the rest of the world.

What has changed from those years when we all knew that we needed migrants is that we now have new challenges to face. No longer are we attracting migrants to help us rebuild a nation exhausted by war and depression. Today we need migrants to help us move forward and to keep pace with the rest of the world.

Managing the future, not the numbers

The migration program is the basic building block for any immigration policy. It is the foundation upon which all other migration-related programs and schemes are developed. It is here that a fundamental change has to occur in order to provide more relevance and more stability, and to depoliticise the processes of the migration program.

Great importance is placed on the annual announcement on the size of this or that category, which in reality merely amounts to the fiddling of figures on a piece of paper.

True change, which would go a long way towards assisting with planning a relevant population policy, can only be achieved by introducing a system that is impervious to economic cycles and political sensitivities. An intelligent migration program must entail planning five or even ten years ahead, overriding economic and political cycles, in conjunction with appropriate population forecasts, projections and vision.

In the United States, the world's largest immigrant nation and the undisputed economic powerhouse of the world, programs such as immigration have been removed from the political process and are administered in an independent, bipartisan way on a long-term basis. That is where we should be aiming.

Selling migration to the mainstream

Changes in demography and the societal make-up of our nation have led, unfortunately, to what I referred to earlier as collective amnesia with regards to the benefits that immigration and multiculturalism have brought Australia. These benefits have to be resurrected and effectively re-sold to that elusive group known as mainstream Australia. Mainstream Australia no longer centres around the northern suburbs of Sydney or regional Queensland, where migrants have not traditionally settled. Neither is mainstream Australia exclusively Anglo-Saxon in origin. Some of the more settled migrant communities, such as Italians, Greeks and Lebanese, also need to be re-educated about the value of increased immigration and the benefits that can be derived from new waves of migrants.

Therefore, mainstream Australia is that large group of people who have no stake in either a higher or a lower migration program but rather will decide rationally and objectively based on issues such as national interest, employment, the ageing of our population, economic growth and environmental considerations.

Immigration, the ageing population and dependency ratios

Australia, like most other developed nations, has encountered the societal problem of declining fertility rates and a rapid ageing of the working population. In European countries, such as Italy and France fertility rates are now measured in negative terms and Australia is not far behind.

Many factors have contributed to this shift in society's choice towards smaller families: uncertainty in the workplace, increased cost of living, changes in workplace and lifestyle patterns—longer hours and dual income earners.

Whatever the reasons, a disturbing dependency pattern is developing in Australia, and it needs to be addressed without delay. According to recent figures, there is currently 1 Australian of retire-

ment age for every 5 Australians of working age. In 2021, assuming net migration remains the same, there will be 1 retired Australian for every 3.5 workers, and by 2051, the ratio will have deteriorated to 1 retired Australian for every 2.5 workers.

These figures could have a devastating effect on many facets of society, both economic and cultural. As the fertility rate continues to decline and policy decisions are unlikely to reverse this societal trend, at least in the short term, quality immigration must be considered as at least part of the solution, if only for its offsetting effect on dependency ratios.

Decentralisation of migrant settlement

Carrying capacities of cities such as Melbourne and Sydney are reaching their limit while at the same time some of our regional centres are depleted of population and resources.

Until now, the focus in attempting to encourage migrants to settle away from major centres has been via the points system. A number of migration schemes administered by the Department of Immigration and Multicultural Affairs aim to encourage potential skilled migrants to move to regional centres by skewing the point system in favour of regional settlement. At present these incentives are not having much impact or success in addressing this issue.

Schemes such as the Regional Sponsored Migration Scheme, State/Territory Nominated Independent Scheme, Regional Linked Category and the Regional Established Business in Australia Category all gravitate around the provision of additional points to facilitate the permanent residence of skilled migrants and their settlement in a regional centre.

Associate Professor Peter Murphy of the School of Town Planning at UNSW has examined the reasons why migrants traditionally tend to gravitate towards Sydney and Melbourne. His findings are that the major factor is the prospect of employment and business opportunities. The second factor is cultural, including cultural diversity

and the presence of an existing community. The third factor is prior knowledge of their city of destination.

In addition, Murphy's research shows that simply changing the points systems for migrants in the various 'regional-linked' schemes already in existence will never in itself solve the problem of how to encourage skilled migrants to locate outside Sydney and Melbourne. While significant improvements can be made in achieving a more desirable distribution pattern by using the points system, these advantages are likely to remain marginal.

A concerted effort focusing on the provision of long-term incentives for migrants, local infrastructure projects, financial and fiscal incentives for new activities and multicultural services is required to attract skilled migrants and their families to regional centres. Less emphasis must be placed upon the bureaucratic process of 'people choosing' and more provided at the final or desired destination.

A project currently being planned, which could be a model for the sort of infrastructure projects needed to revitalise and repopulate regional Australia, is the proposed Melbourne to Darwin railway line. This incredible engineering feat, presently undergoing a feasibility study, would revitalise northern Australia, bringing employment and prosperity for hundreds of thousands of people. In time, I believe that such a project could equal in scope and symbolism the Snowy Mountains Scheme.

The project, which has bipartisan support, is also championed by major unions and business groups. A $10 billion endeavour, the railway would see the re-establishment of many regional settlements as focal points for the provision of goods and services. The sheer size of the Melbourne to Darwin Railway project would require human resources, infrastructure and the provision of services on a scale not seen since the major projects of the 1950s.

Major projects such as this will necessitate an effort by the government of the day to invest heavily in regional centres, both financially and demographically, by providing adequate service levels in all areas of society.

Following this period of regional reconstruction, a process of marketing the particular centres to the desired audience will need to take place. Like promoting a holiday destination, regional centres should be marketed in overseas locations as alternatives to the major established centres of Sydney and Melbourne.

Revitalising regional centres and reversing the trend of depopulation in states such as Tasmania and South Australia, and in regional Victoria and New South Wales is a critical step in ensuring that a higher population policy is both accepted and sustainable in the long term.

Furthermore, it is necessary to ensure that settlement in regional centres provides the maximum benefit where it is most needed, in terms of job opportunities for migrants and locals alike, training programs and quality of life. Any strategy aimed at decentralising migrant settlement must provide appropriate social and economic incentives.

Such incentives will ensure that the children and grandchildren of migrants continue to contribute to their regional community and reap its benefits, and that they are not lured into returning to the larger cities by traditional factors such as a more established ethnic infrastructure and proximity to a broader range of ethnic goods and services.

Migration and the environment

One of the most widely repeated arguments against a higher population and higher immigration policy has been the perceived damage that could be caused to the environment. Recent books such as Tim Flannery's *The Future Eaters*, Mark O'Connor's *This Tired Brown Land* and Paul Sheehan's *Among the Barbarians* perpetuate a view that, ecologically, Australia's population has already reached unsustainable levels.

I have serious doubts about these theories, and while I acknowledge that land degradation and high salinity are serious problems that need

to be addressed, I am convinced that proper land management and investment in new technology can remove many of the risks of soil stripping, increased salinity and diminishing water supplies.

The highly regarded Jones Report of 1994 rejected the argument that Australia has reached or is close to reaching its population carrying capacity or that any increase in population would necessarily lead to increased pollution and an adverse impact on the environment.

The report further stated that, while increased population can have an impact on the environment, particularly on non-agricultural land, air quality and marine habitats, this impact can be abated through appropriate environmental policies and technological innovation.

I recently heard a speech in Parliament by someone I wouldn't normally quote: the National Party Member for Kennedy, Bob Katter Jnr. In his speech, Mr Katter stated that the rainfall runoff from inland North Queensland last year totalled about 126 million megalitres. This area covers thousands of square kilometres of rich, black, fertile and arable soil and according to Mr Katter there is only a handful of farmers taking advantage of this situation. To put these figures into perspective, Mr Katter stated that the thousands of farmers in the Murray–Darling Basin who produce about 40 per cent of the total agricultural output of Australia only use about 20 million megalitres of water per year.

While I cannot guarantee the accuracy of Mr Katter's figures, they nevertheless provide anecdotal evidence of the level of exaggeration and scaremongering contained in some of the more extreme environmentalist theories about carrying capacities and environmental damage. They also challenge the often quoted premise that Australia is a predominantly dry continent.

In formulating a population and immigration policy, Labor will ensure that appropriate options are considered for minimising environmental impact and favour will be given to measures that will minimise environmental damage, such as appropriate urban

planning and design, resource management, environmental protection and pollution abatement measures.

The Australian Democrats and the environmental movement, along with its political arm, The Greens, are important stakeholders in Labor's quest to design a long-term environmentally sustainable population policy. A broad consultative approach will have to involve each of these parties to ensure that our position is clearly defined and that any objections or suggestions for alternatives that might arise are given due consideration.

I believe this brief outline of the thoughts that I am promoting within my party in the area of immigration will provide a sufficient preliminary vehicle for discussion until the major platform is unveiled. In the meantime, I will continue to consult widely over coming months.

There are so many new challenges facing our nation and so many opportunities. I am proud to have recently reopened the immigration debate, because only by conducting an informed, intelligent and robust debate will we be able to meet these challenges.

The development of an integrated approach and a comprehensive policy is above all a team effort. I will continue to work with my colleagues, my party and my leader to ensure that the vision and the policies we take to the next election will be endorsed by most Australians.

I wish for the Labor Party to be remembered as a nation-builder and, ideally, I would like the Government to understand that only a bipartisan approach will solve the many questions and the many challenges that we face as a nation as we enter the new millennium.

4

Immigration and social cohesion

Stephen Castles

Critics often argue that immigration undermines social cohesion and may lead to tensions in Australian society. Similarly, people opposed to multiculturalism believe that it weakens 'Australian' identity and divides the nation into competing ethnic groups. Such concerns became prominent in 1984 when the Melbourne historian Professor Geoffrey Blainey claimed that 'everyday Australians' felt threatened by Asian immigration, and that serious conflicts were likely if such influxes continued. Fears about the social effects of immigration have been a recurring public theme. Some observers claim that immigration is a threat to the jobs and conditions of Australians; others argue that immigrant groups form 'ethnic enclaves' or 'ghettos'. Certain groups believe that 'ordinary Australians' feel disadvantaged through privileges supposedly given to minorities. Such feelings of resentment were effectively mobilised by Pauline Hanson's One Nation Party.

But is there any real evidence that immigration has made Australia a less cohesive and peaceful society? Do international comparisons show that monocultural societies are more harmonious and successful than culturally diverse ones?

From white Australia to multiculturalism

There is nothing new about fears of immigration and ethnic difference. In the late nineteenth century many Australians thought that workers from Asia and the Pacific Islands would push down wages and conditions. Movements for immigration restriction took on a racist character, with the Chinese in particular being blamed for disease, gambling, crime and immorality. One of the first laws passed by the new Federal Parliament in 1901 was the Immigration Restriction Act which established the White Australia Policy.

The post-1945 immigration program was designed not to create a culturally diverse society, but to prevent it. Policy-makers believed that a larger population was essential to safeguard Australia against a potential threat from populous Asian countries. The aim was to recruit British immigrants and other Northern Europeans. Later recruitment was extended to include Eastern and Southern Europeans. The White Australia Policy was rigorously enforced, while the principle of assimilation was applied to European migrants: they were to live and work among Australians and rapidly become citizens. Their children would grow up speaking English, and imbued with Australian values.

But by the 1960s, it became clear that assimilation was not working: there was considerable segregation with regard to work and housing, immigrants were maintaining their languages and cultures, and ethnic communities were forming. The result was a shift to multiculturalism, which was based on the idea that ethnic communities were legitimate and consistent with Australian citizenship, as long as certain principles (such as respect for basic institutions and democratic values) were adhered to. Another important change was the abolition of the White Australia Policy. Since the 1980s, Asian immigration has made up 40–50 per cent of all entries. An immigration policy designed to keep the country white and British has achieved the opposite, turning Australia into one of the world's most culturally diverse societies.

Defining social cohesion

Although there is widespread support for a non-discriminatory immigration policy and for multiculturalism, there has always been a substantial minority of Australians who are not comfortable with these policies, and see them as a threat to social cohesion. Unfortunately, such critics rarely say exactly what they mean by cohesion. This is not surprising: social cohesion is a fairly vague concept, mainly based on subjective perceptions. The general view seems to be that a cohesive society is a peaceful one, without high rates of crime or social disorder. In addition it may be marked by a fair degree of consensus on basic values and the mode of government. Finally, one could add such aspects as willingness to help others and feelings of belonging together.

On all these criteria, Australia appears to be a highly cohesive society. However, those who claim that immigration (particularly from Asia) is a threat believe that social cohesion is on the verge of breaking down. When asked why this should be so, when the immigration of the last fifty years has clearly not had such consequences, they answer that economic, social and environmental conditions have now deteriorated to the point where further immigration and diversity is unacceptable. To examine such claims we need to find indicators of social cohesion, and see whether there are signs of impending breakdown. Many such indicators are conceivable, but here I will focus on just a few.

Residential concentration

A frequent claim by opponents of immigration is that immigrants of certain backgrounds—especially Vietnamese, Chinese, Lebanese and Turkish—settle in specific neighbourhoods and remain separate from the rest of the population. This was what Blainey meant in 1984 when he spoke of a 'nation of tribes'.

Discussions on spatial concentration of immigrants are not new: in

the past, fears were expressed that European settlers would cluster together rather than mix with the existing population. However, over time it became clear that clustering was a transitory phenomenon: as immigrants got better jobs and learnt English, their housing tended to become more dispersed. This applied especially to the 'second generation'—children of immigrants, who grew up and went to school in Australia.

However, Monash University sociologist Robert Birrell claims that recently arrived groups are concentrating in certain neighbourhoods, such as Cabramatta in Sydney's West and Springvale in Melbourne. Birrell ascribes such trends partly to the presence of migrant hostels and public housing, but mainly to the employment opportunities available in ethnic businesses. The jobs in these areas are typically low skilled, poorly paid and offer little prospect of training or promotion. Separation from mainstream society develops as Australian-born people move out of such areas. Birrell believes that 'Asian enclaves symbolise a new Australia marked by separate and "visible" minorities'. He states that 'the Vietnamese enclave in Fairfield [Sydney] is developing the characteristics of a "ghetto"'.

Such claims have received considerable publicity. Birrell and authors of similar persuasion use data on the smallest possible areas to emphasise the degree of concentration. The picture looks different when a broader view is taken. Nancy Viviani has shown that about two-thirds of Vietnamese-Australians are dispersed throughout urban Australia. Most started out in fairly low status jobs, due to their lack of resources as refugees, and lived in poorer urban areas. Over time, many have achieved upward and outward mobility. Only a minority of Vietnamese people remain concentrated in areas of initial settlement. Vietnam-born people make up only about 10 per cent of the population in such areas, but share them with other low income groups, both immigrant and Australia-born. The situation is thus one of concentration of disadvantaged groups, rather than ethnic concentration.

Similarly, social geographer Ian Burnley found strong residential concentrations of certain recently arrived groups including those from Vietnam, Lebanon and China. However, this did not mean that the recently arrived groups were segregated from the rest of the population. Most immigrants lived in an ethnically mixed environment and there was no parallel with the almost complete segregation of African-Americans and Hispanics in some US cities. Burnley concludes unequivocally that there are neither ethnic enclaves nor ghettos in Australian cities.

The typical situation in our cities is thus one of ethnic mixing, rather than segregation. One obvious reason for this is that we have immigrants from over 100 countries, rather than just a few large groups. Apart from the UK-born (6 per cent of Australia's population in 1996), only the New Zealand-born and Italy-born make up over 1 per cent of Australia's population. Groups that account for less than 1 per cent of the population are never likely to become highly segregated.

A common language

Australia today has many languages. The 1996 Census found that 2.5 million people aged 5 or over (18 per cent of the population) spoke a language other than English at home. The most common were Italian (2.2 per cent of the total population), Chinese languages (1.9 per cent) and Greek (1.5 per cent). All other languages were spoken by well below 1 per cent of the population. English is therefore uncontested as the language for work, business, education and general communication. Research has shown that most descendants of immigrants shift away from use of the ancestral language in the second and third generations. The National Languages Policy adopted by the Commonwealth Government in 1987 recognised the crucial role of languages both in relation to cultural diversity and for their value in international trade. However, there seems very little risk of cultural fragmentation though linguistic diversity.

Public disorder

Very little research has been done on the relationship between immigration and public disorder. This probably reflects the perception that levels of disorder are very low in Australia and that intergroup conflict is not a real problem. A study by Robert Holton of Flinders University in 1994 found 'little connection between the incidence of overt acts of public disorder or intercommunal violence and levels of immigration in general or Asian immigration in particular'.

Fears of intergroup disputes have surfaced in the context of overseas conflicts. One example was the dispute between Greece and the former Yugoslav Republic of Macedonia on the use of the name Macedonia in the early 1990s. A number of demonstrations by Greeks and Macedonians took place in Australia. There were also a few cases of violence—mainly damage to property. In the long run, however, such conflicts were not sustained and had little impact on the situation of the groups concerned or on Australian society in general.

Violent conflicts in Bosnia, Kosovo and other parts of former Yugoslavia have also affected ethnic communities in Australia. Community organisations sent aid to their compatriots, organised rallies and sought to influence Australian policy on the conflicts. However, such action only rarely got out of hand, and soon died down. Again, no lasting damage was done. This is a testimony to the strength of multicultural policies, and indicates that the main loyalty of most immigrants is to Australia.

Racism towards minorities

Hostility towards minority groups can undermine the social fabric. In 1991, the Human Rights and Equal Opportunity Commission's *National Inquiry into Racist Violence* found that the majority of Aboriginal Australians had experienced intimidation, abuse, discrimination or violence, often from people in authority, such as police or prison officers. Many immigrants, especially those who

were 'visibly different', had also had experiences of such behaviour. Reports by state Anti-Discrimination Boards suggest that abuse and even violence towards minorities tends to increase if public figures make statements that seem to blame minorities for social problems.

In recent years, many European countries have experienced the growth of extreme-right parties hostile to immigrants. Australia has been generally free of such extremist organisations. In the late 1980s and early 1990s, there were attempts to build up racist groups, such as National Action in New South Wales and South Australia, and the Australian National Movement in Western Australia. The media gave considerable coverage to these groups, in some cases uncritically reproducing their claims to having large numbers of supporters. However, they never had more than a few members, and lost momentum after their leaders were prosecuted.

The emergence of Pauline Hanson and her One Nation Party as a focus for anti-minority feelings is thus a new phenomenon. It appears that anti-immigrant feeling is symptomatic of a wider malaise felt by many people, especially those in insecure jobs. Racism is often connected with fear of drastic change resulting from globalisation and structural transformations in our economy and society. The idea of 'pulling down the shutters' on immigration, foreign investment and outside cultural influences, and returning to a self-sufficient national society has become increasingly attractive to some sections of the population. Government and other opinion leaders have not been very successful in explaining the new forces which shape our lives, nor in devising strategies to increase the security of the groups concerned.

Cultural and national identity

Some people fear that immigration could undermine Australia's identity. It is very difficult to define that identity precisely, for Australia has always been subject to varied influences. An important tension running through our history is that between British heritage

and a specifically Australian culture. Such debates have become more complicated through the recognition of the importance of Aboriginal Australian culture, as well as through the immigration of people from all over the world. Many people may not have very fixed or coherent views on the topic of identity, and may express a variety of sentiments in different contexts. Some indication of feelings of identity may be provided by research on attitudes, although even well-conducted surveys always contain elements of subjectivity in the way questions are constructed and answers interpreted.

Sociologists Betts and Rapson used the 1996 Australian Election Study to examine attitudes towards patriotism and immigration. They conclude that 'patriotism is widespread in Australia and it is linked with support for nationalistic policies', which include opposition to immigration and multiculturalism. However, the data presented indicate that only a minority of respondents (20 per cent) are 'strongly patriotic', and that only a third of the 'strongly patriotic' group actually support what the authors see as nationalistic policies. The evidence for strong nationalism does not seem overwhelming.

Australian National University sociologist Frank Jones analysed national identity using data from the 1995 National Social Science Survey. He divided respondents into two main categories: 'Australian nativists', who emphasised the importance of being born in Australia, having lived most of one's life in Australia and being a Christian; and people committed to 'civic culture', who emphasised the importance of respect for Australian laws and institutions, and feeling Australian. He found that about a quarter of respondents were strongly committed to nativist views, while over half subscribed to civic cultural ideals. Nativists tended to be older (over 64), church-going Christians with relatively low levels of education. Supporters of civic culture belonged to all demographic groups but were highly represented among younger and better-educated groups. Such evidence does not indicate a high degree of fragmentation on issues of identity. There are differences, but few people have extreme views on the topic.

But this is only part of the picture: what do people really feel about the society they live in? What are their ideas on their own identity? There are no objective measures for this. Perhaps the most useful indicator is how people actually behave in a variety of situations. It seems that most people, whatever their origins, identify as Australian in some situations, but more as members of a specific group in others. For instance people may emphasise Australian belonging when abroad, or at sporting events. They may act as members of a local community in the event of natural disasters (such as floods or fires). They may identify with an ethnic community during festivals or family occasions.

Sometimes people do seem to break up into tribes: for instance supporters of specific football teams, types of music or other cultural symbols. Such groups have their own rituals, forms of behaviour and styles of dressing. In a complex modern society, most people have multiple identities, which they choose in certain contexts. This type of identification has little to do with ethnicity, and does not undermine national identity.

Are monocultural societies more cohesive?

So far we have looked at only a few possible indicators of social cohesion. Many others are possible. Some immigrant groups tend to marry within their own community in the first generation, but intermarriage with other groups increases in later generations. If one looks back a few generations, it becomes clear that most Australians have mixed ancestry. Once could also look at crime rates, for 'ethnic gangs' are one of the main spectres that haunt those opposed to immigration. In fact, most immigrant groups have below average rates of criminality, although there are exceptions. High rates of certain groups are linked to unemployment and poor educational opportunities in specific neighbourhoods—which require government and community responses. Religious diversity is also increasing in Australia, but there is no evidence that this leads to conflict.

Opponents of immigration seem to believe that monocultural societies are somehow superior to multicultural ones, but is this really the case? Many people would say that today's Australian culture is far more attractive and creative than the rather insular society of the 1950s. The USA provides an example of a highly diverse society that is culturally vibrant and economically dynamic. On the other hand, crime and intergroup conflict are prevalent. The USA has never fully overcome the legacy of racism resulting from slavery. Its individualistic philosophy has prevented the development of an effective welfare system, so that disadvantaged groups are often excluded and resentful.

All European societies are the result of past migrations and ethnic mixing. This does not undermine their cultural identity, their economic strength or their democratic institutions. The most obvious example is Britain, which is based on highly diverse ancestral roots and on the union of at least four distinct peoples. The fact that many people identify as Welsh or Scottish or Irish did not undermine Britain's enormous economic and political success in the past. Today, there is a move towards a form of decentralisation which recognises existing ethnic diversity—a tendency that is throughout the European Union.

The society closest to a monocultural society is that in Japan. However, even here there are trends towards greater cultural diversity through immigration and increasing experience of Japanese abroad. Many Japanese have seen the country's relative homogeneity as a strength in achieving rapid economic growth, but others believe that it leads to a conservative society which is slow to innovate—a cause of the current economic stagnation.

The problem is not really whether a country is monocultural or diverse, but whether its leaders are capable of finding appropriate ways of including everyone in society. The worst scenario is when politicians try to impose the rule of a single ethnic group on a multicultural society. This is what has happened in former Yugoslavia, where leaders have whipped up nationalism to further their own

ambitions. In the end, the result has been ethnic cleansing and untold misery. Ethnically diverse societies need to recognise the values and cultures of all their members, and multicultural policies are the best way of doing this.

Conclusion

Immigration has been one of the major forces for change since 1947. It has reinforced the effects of other factors of change, such as electronic media, easier travel, economic globalisation and greater cultural interchange. Australian society and culture have become much more diverse and sophisticated. Some people see such change as negative, for it may erode certain traditions and communities. Others believe that diversity gives citizens greater choice and opportunities in many areas of life. International mobility of people is an integral part of the contemporary world, which is likely to grow rather than decrease—indeed, increasing numbers of Australians spend time abroad, and find the experience enriching. The point is not to restrict immigration for fear of social and cultural problems, but to manage it effectively in order to maximise the positive effects and reduce any negative consequences.

The overwhelming majority of the world's 190-odd nation states contain more than one ethnic group. Building a united and successful nation on the basis of diversity is one of the great challenges everywhere. Australia's multicultural model has been one of the most successful. The recent report by the Government's National Multicultural Advisory Council, *Australian Multiculturalism for a New Century: Towards Inclusiveness*, underlines this fact. The report, which has been endorsed by the Coalition Government, stresses that it is important to maintain an explicit commitment to social justice and cultural acceptance for all groups within our society. In Australia this has a special aspect: the need for reconciliation with indigenous people and recognition of their special situation. Multiculturalism must relate not just to immigrants and their descendants, but to all

Australians. This requires both leadership and explicit policies to include everybody in our society and culture.

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5

Creating a dynamic Australia

Glenn Withers

Australia has a choice. We can be a small economy or a big economy. We can have a large growing domestic base for our global integration or we can hold back and fall steadily behind.

For the first time in two centuries Australia is facing the prospect of population decline. Under present settings the population will peak at around 23 million in 2050 and decline gradually thereafter. However, if fertility continues to fall, even if only to levels already common in Europe, and if migration is held back further than at present, we could peak at a mere 20 million by 2030 and decline fast as deaths exceed births. Tasmania and South Australia will most likely have declining populations even earlier in the new century.

Indeed, as the eminent Australian demographer J. C. Caldwell has recently made clear, total global population too is peaking in the next century and then declining. In all cases the cause is common: women's work, education and contraception have allowed fertility to fall below replacement.

A growing population for a developed economy such as Australia will actually constitute a crucial source of competitive advantage. This is therefore an option Australia can and should pursue—both through family policy and through migration policy.

Open systems

To those influenced by Malthusian concerns, enhanced peopling of Australia will seem completely wrong-headed. For Malthus taught that the more people there were imposing on a fixed stock of resources, the less prosperous we would be. Call it 'capital dilution', 'crowding out', or the 'law of diminishing returns', the outcome was to be the same: economic retardation. According to Malthus: 'Population, when unchecked, increases in a geometrical ratio. Subsistence increases only in an arithmetic ratio. A slight acquaintance with numbers will show the immensity of the first power in comparison of the second'.[1]

But Malthus was neither a good historian nor a successful forecaster. Malthus had missed the fact that historically the Black Death was hardly a source of European prosperity. Writing just at the time Australia was first being settled by Europeans, he completely missed the fact that the structural change and investment associated with the industrial revolution was ushering in a prolonged era of progress in living standards accompanied by rising population which actually proceeded for two centuries, boosted further by a renewed phase of technology and education-led growth, perpetually fending off the immiserisation he had seen as inevitable.

Moreover, and most importantly, the new growth theory in economics ('endogenous growth') helps us understand that this process is not merely good fortune but can be a self-sustaining process associated with a growing educated workforce, infrastructure investment, research and development and experience in industrial production and service provision.

To scientists immersed in their study of the physical universe the second law of thermodynamics applies: there are concrete limits to processes of transformation. Yet this law is suspended for the social universe. Economically, we live in an open or unbounded system not a closed system.

Certainly, in the short run, there is fixity and finiteness, but human

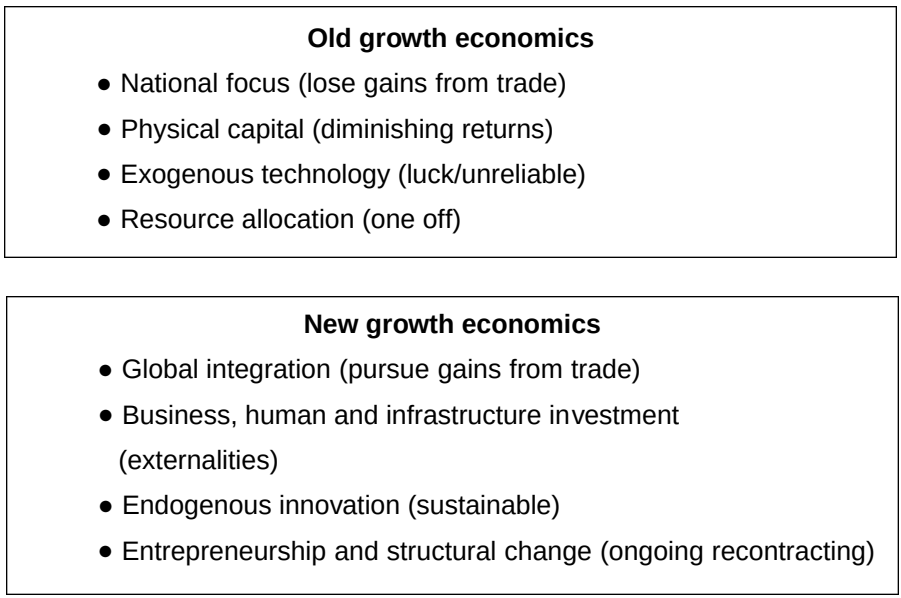
ingenuity, learning and emulation, induced by challenges and opportunities, continuously transcend the previous boundaries through more ideas and more experience. In relation to population, Malthus would have been closer to history had he attended more to his predecessor by a century, William Petty, who wrote: 'It is more likely that one ingenious curious man may rather be found among 4 million than 400 persons'.[2] Petty was hinting at how ideas are what modern economists would call a 'public good', with more of such readily accessible goods being produced by more people, particularly when those people are educated, cosmopolitan and experienced in the business of production—a process sometimes termed in part 'learning by doing' as well as also resulting from simple 'economies of scale and scope'.

Modelling and evidence

Something has been made by opponents of population growth of studies showing a limited positive link from population to economic growth, at least in per capita terms. In particular, simulation modelling using the Orani and Murphy models has found small positive, small negative or neutral impacts of immigration on per capita income. Critics have chosen to portray the results of such studies as undermining claims that immigration has major economic benefits for Australians.

The problem here is that such characterisation is wholly based on models built on 'old growth economies'—ignoring entrepreneurship and innovation, taking technology as given like manna from heaven and ignoring urban location as a source of growth. The models are 'simulation' models: they rebuild the economy in the image of their theory, rather than directly estimating the actual outcome of the economy. But with new knowledge we can now move beyond the limitations of 'old growth economics' and its associated simulation modelling, to 'new growth economics' approaches.

Figure 5.1: The policy paradigm shift



Two ways forward are possible. The first is to build better dynamics in the simulation models. For example, industry studies show that productivity goes up with the square root of output, that is, if you quadruple the size of an industry, you may expect to double the output per worker and per unit of capital employed.[3] Such increasing returns come from learning by doing, economies of scale and scope and greater specialisation and division of labour and are net of congestion pecuniary diseconomies.

The second way forward is to directly estimate the historical experience of the linkage between population growth and per capita income (rather than use artificial simulation), controlling for other influences using standard statistical methods, for example, regression or time series techniques.

In fact, there are a number of studies of this kind already available

in Australia, each finding major benefits for per capita income from population growth. J. W. Nevile, for instance, found that Australia's actual population growth, compared to one based on zero net migration, increased per capita income growth by 40 per cent in the post-World War II period.[4] Direct estimation using formal endogenous growth modelling was provided in 1995 by Withers and Pope with similar results.[5]

Figure 5.2: Post war immigration and GDP

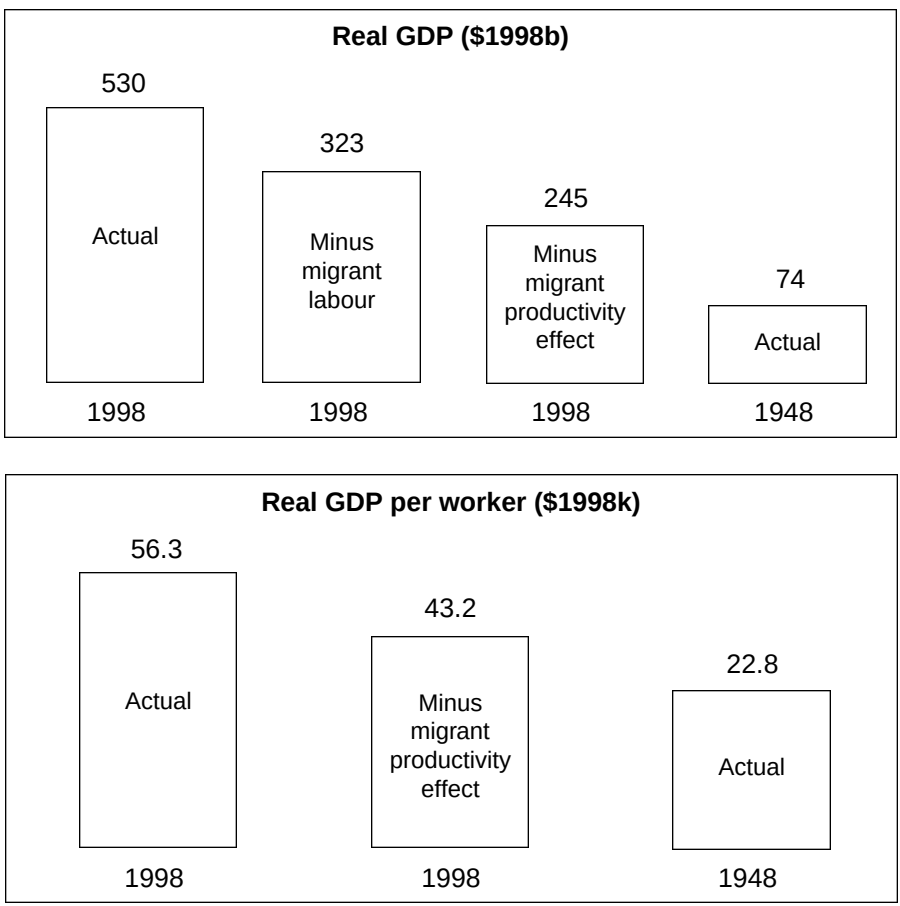


Figure 5.2 summarises the implications of the Nevile work for Australian post-war growth. New work would update this further, identifying the increasing role also being played in growth by temporary migration, and recent work by Access Economics[6] also graphically illustrates the spillovers from business migration for innovation and export orientation, key elements of the new growth approach.

A new population policy

Lord Keynes felt that a major reason for the economic ascendancy of the United States was its population expansion. This is neither necessary nor sufficient. Small countries can prosper and populous countries can be poor. There are numerous associated factors required for benefits to be likely.

Yet Boulding's Law has it that 'if it exists, it is possible'. And this is highly relevant because Australia in the nineteenth century achieved world best practice on the basis of rapid population growth and global integration, with a key extra condition being a major investor in schooling, skilled migration, infrastructure and urban consolidation. Australia had the world's highest per capita income and it was not simply an artefact of natural resource endowment.

In the twentieth century Australia 'dumbed down' and overprotected itself. For population growth to pay off properly in a newly globalised environment, investment in people and infrastructure is once again needed. Under those conditions, population growth will again pay handsomely.

An Australia more squarely based on investment in people will grow more rapidly both in aggregate and in living standards. It will also be a younger, more lively and innovative society, fully participating in the global knowledge economy while still able to provide adequate social protection for its own older population.

An appropriate population policy would then emphasise both the size of the population and the characteristics of that population. A

goal based on historical levels of migration-based population growth would give Australia a population of 30 million by 2050—around the size of Canada's current population in a country with similar land area to Australia.

For this to be feasible what is required is to maintain migration at around 0.5 per cent of population, which represents around 100 000 currently, growing in line with total population. It also requires policies that inhibit further decline in fertility. Fortunately European experience shows that supportive and efficient female education provision, childcare and flexible workplace arrangements are precisely the policies most conducive to fertility maintenance within developed nations. Once down, it is difficult to restore earlier levels of fertility but it is possible to stabilise or slow further reduction in fertility. Hence a renewed focus on supporting good work practice emerges as a key partner to immigration as a basis for ensuring that Australia's population future is a buoyant one.

The further key condition for this to pay off is that the associated policies to maintain or enhance population skills and the supply of population-sensitive physical capital are needed. Fortunately the expansion of such investment becomes self-funding—as its combination with population growth increases revenue bases more than commensurately.

A holistic population policy is needed for Australia to better secure its long-term future. In the hands of some ecologists, 'population policy' has unfortunately become code for no growth. But a properly balanced population policy can be constructed which means precisely the opposite: economically and environmentally sustainable growth.

Global cities

Some believe that one absolute bottleneck to this process is Sydney. And, certainly, New South Wales Premier Bob Carr has been a proponent for low migration, standing alone among his fellow premiers.

He believes that higher immigration in particular would place too great a burden upon Sydney. He has expressed broader ecological concerns too, but the pressure on Sydney is a core concern. And superficially this seems correct.

After all it is indisputable that Sydney receives the lion's share of new arrivals. In 1998, 41 per cent of settlers chose Sydney. Yet Sydney is hemmed in physically and faces rising costs of expansion because of narrow development corridors. Ozone levels are under pressure, pollutant flow is damaging water systems and traffic congestion is bad. There are also complaints by some of multicultural overload and ethnic crime.

But a closer look at the facts shows something different. The first fact is that Sydney in 1998 received 1 125 000 overseas tourists and only 31 694 settlers. Much of any observed 'alien' impact is that of tourists out and about—visitors, who spend an average of $200 a day or more on Australian goods and services.

A second fact is that Sydney's population growth rate has actually been below that of cities such as Brisbane and Perth. As migrants have purchased property, other residents have taken the opportunity to sell up and move on. There is a resulting degree of automatic regulation of Sydney's population growth. Sydney has grown only a little more than natural increase, and natural increase is falling.

Indeed, in the decade to the last Census, the Brisbane region grew by 3.4 per cent annually compared to 1.6 per cent for the Sydney region. The Brisbane region actually increased absolutely by more people in total than did the Sydney region: 512 000 versus 477 000. On this basis, Sydney's pre-eminence may be under challenge. Its growth rate is falling and the chance to sell up property on a rising market for a comfortable retirement will mute before too long.

There is therefore misplaced anxiety over too much migration. The growth in Sydney's demand for infrastructure, and increases in congestion and pollution are actually less than for the Brisbane region and relatively less than for Perth.

Numerous studies show that tax revenues from migrants fully pay

the way for their use of services and infrastructure. Crime rates are lower than for Australian-born. The studies also show that migrants create at least as many jobs as they take and, indeed, that the funds they bring with them actually reduce local unemployment levels. Refugees and humanitarian arrivals are the exception to these statements, but there seems general agreement that it is important for Australia to take its share of such people irrespective. They therefore should not be used as hostages for false arguments directed at other arrivals.

A further fact is that while Sydney is now host to residents from over 150 countries, the dominant migrant inflows remain Anglo-Celtic. And, for all the fear of ethnic enclaves, the biggest concentrations of overseas born are the UK-born on the North Shore and the lowest take-up of Australian citizenship is from the UK-born and New Zealand-born. Even in the Cabramattas and among refugees, steady dispersal by residents is common, as is intergenerational advance. Vietnam-born have one of the highest community unemployment rates, yet their second generation has twice the tertiary education participation rate of English-speaking migrants, which is itself, higher than Australian-born.

World cities located in countries with very low population are not immune to urban problems. Populations in Europe and Japan are stable or falling and yet congestion and pollution are rife, whether in London, Paris, Rome or Tokyo. Of course serious problems do exist. But these are problems of modern cities generally, and of poor urban management policies in particular, not migration.

In Sydney, blaming immigration levels distracts attention from the real issue—the need to improve urban policies. It provides a scapegoat to cover for a failure of understanding and leadership in the urban area. Faintheartedness in reforming New South Wales local government, for instance, contrasts poorly with Victorian achievement. The twenty local governments in Sydney, not migration, are the surest recipe for urban traffic problems.

Concern is also expressed over the impact of the population on the

broader fragile Australian ecology. But this is a product of global demand for our exports, including tourism, not our local population. Indeed, as a nation, we are worrying continuously about the depopulation of rural and regional Australia. These sorts of contradictions also raise further worries about the level of understanding by both the federal and New South Wales state governments of Sydney's future itself. Sydney is Australia's pre-eminent global city. It is a vibrant, exciting metropolis and this is why people come from regional Australia to live in Sydney, just as they do from overseas. In the global knowledge economy that drives the world today, cosmopolitan cities are the nodes of development. Immigration is a key link that keeps a geographically challenged Sydney plugged in.

The alternative is parochialism. Hobart is a small, beautiful city which cannot provide jobs for its children and Tasmania is a state whose population will soon be falling, to be followed in short order by South Australia. Country towns with declining population are in trouble. These are not the models for Sydney. Sydney needs its migrant inflow to sustain its economy and to render it cosmopolitan, not parochial.

Singapore now has income levels well in excess of Australia's. It is a nation smaller in land area than Sydney and yet it now seeks more skilled migrants annually (100 000) than does Australia as a whole. Our future is compromised if government continues to limit the payoff to Australia from the unique opportunities provided by immigration. Nostalgia and timidity are a poor basis for the creation of a future for our children.

Certainly some frustrations of city living and the 'footprint' on Sydney's surrounds may be compounded by having more people. But these costs can be ameliorated by better funding and better institutions and better policies for transport and for the environment. The funding comes from a vigorous economy, and policy improvement comes from policies that are directed at the behaviour of all residents and not simply at keeping out the newcomers.

Notes

[1] Thomas Malthus, (1798), *An Essay on the Principle of Population,* Penguin, Harmondsworth, 1970.

[2] William Petty, (1682), *The Economic Writings of Sir William Petty*, C. H. Hull (ed.), 1899.

[3] J. Simon, *The Economic Consequences of Immigration*, Blackwell, Oxford, 1989.

[4] J. W. Nevile, *The Effect of Immigration on Living Standards in Australia*, AGPS, Canberra, 1990.

[5] G. Withers and D. Pope, *The Role of Human Capital in Australia's Long-term Economic Growth*, Seminar Paper, Department of Economics, RSSS, ANU, 1995.

[6] Access Economics, *Evaluation of the Contribution of Business Skills to Australia*, Department of Immigration and Multicultural Affairs, Canberra, 1998.

6

Immigration and the Australian population

Peter McDonald

Australia is an immigrant country. Since 1788, about 32 million people have lived in Australia, consisting of 22 million (69 per cent) who were born in Australia and 10 million (31 per cent) who emigrated to Australia on a permanent or long-term basis. Of course, aside from the Aboriginal population, all of the births were the descendants of the 10 million immigrants.

Historical background: 1788–1947

While the stream of immigrants to Australia has been unceasing since 1788, there have been periods when the level of immigration has been very high and periods when it has been low. Of the 10 million immigrants who have come to Australia, just over 2 million (including convicts) arrived in Australia before Federation in 1901. Of these, 625 000 arrived in just one decade, the 1850s, stimulated by the discovery of gold. The 1880s was another period of high migration, when about 400 000 settlers arrived in Australia, this time in response to rapid industrial and urban development. There had also been a short period of large-scale migration from 1839 to 1842. Most of the immigrants in this period were agricultural labourers and domestic servants from the British Isles who came under assisted

passage schemes to work in the newly opened pastoral areas of the country.

The depression of the early 1890s brought immigration to a standstill and it did not recommence until 1909. About 300 000 settlers then arrived in the five years of 1909 to 1913, with almost 100 000 arriving in 1912 alone. Immigration again fell to very low levels during the years of World War I but began again in the 1920s, reaching a peak of about 50 000 in 1927. Except for a short burst at the end of the 1930s, immigration largely ceased in that decade and during World War II. In all, from 1901 to 1946, just over 1 million new settlers arrived in Australia.

The post-war immigration program

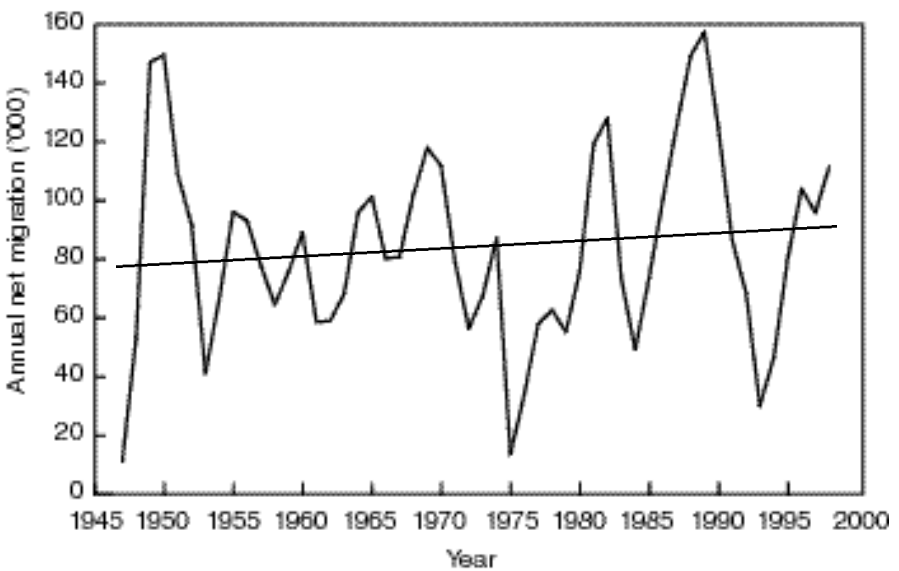
Two-thirds of the 10 million immigrants who have come to Australia since 1788 have arrived since 1947. This major upsurge in the number of immigrants is due to the development in the early post-war years of an immigration program as an integral part of Australia's development policy. Charles Price has provided four reasons for the development of this policy in the late 1940s.[1] First, there was the 'populate or perish' notion that Australia could only defend itself if it had a much larger population. Second, immigration of as many white people as possible was seen as the best answer to the cry from Asia that Australia's unused lands and resources should be opened up. Third, projections of the population based on the low birth rates of the 1930s indicated that Australia's natural population growth was slowing rapidly, and thus immigration was a necessary component for future population growth. Fourth, the Labor Government of the time, as part of its post-war reconstruction strategy, came to believe that immigration was not a threat to employment or wages.

Initially, the program aimed to achieve an annual net migration equivalent to 1 per cent of the total population. When the program commenced, this meant about 70 000 immigrants per year. In the early years, however, Australia was under pressure to take immi-

grants not just from its traditional British sources, but also from among the vast numbers of displaced persons in Europe, particularly Central and Eastern European refugees in the camps of the International Refugee Organisation. Thus, early in the program, in 1949 and 1950, annual net migration reached 150 000. According to Price, there was a view that immigration levels would fluctuate from year to year and this very large-scale migration was seen at the time as a buffer for years in which the level would fall below the 1 per cent target. Between 1947 and 1971, net migration came close to the target of the program, averaging 0.9 per cent of population.

In the 1970s, however, the long economic boom ceased and migration levels dropped considerably. The annual average level of net migration fell to only a little over 0.33 per cent of the total population. While migration from non-European sources had grown from

Figure 6.1: Annual net migration, Australia, 1947 to 1998



the mid-1960s, in the 1970s the White Australia Policy ended. From that point, race or ethnic origin was removed as a criterion for the selection of immigrants. In place of race, from the 1970s, skill level became the principal basis for selecting immigrants. While the terminology and conditions have often changed, immigrants in the post-1970s period have entered under three main sub-programs: skilled migration, refugee (humanitarian) migration and family reunion. There has always been a relatively free level of movement between Australia and New Zealand, especially since the Common Economic Relations treaty in 1983. Thus, movement from New Zealand constitutes a fourth major flow of immigrants to Australia. In 1998, about 340 000 people born in New Zealand were resident in Australia.[2] In comparison, in 1996, there were about 55 000 people born in Australia who were resident in New Zealand.[3] At the 1996 Census of Australia, there were another 200 000 people who had at least one parent born in New Zealand.

Throughout the post-war years, annual net migration remained well below the record levels of 1949 and 1950, except in 1988 and 1989 when the level again averaged about 150 000 per annum. The fluctuations in annual net migration in the post-war period are shown in Figure 6.1. The figure also shows the trend line fitted to the annual level of net migration. The trend line indicates that, rather than increasing as the population has increased, the annual level of net migration has tended to remain almost constant on average at just over 80 000. Nevertheless, because the rate of natural increase of the population has been falling throughout most of the post-war period, the proportion of the Australian population who were born overseas has increased during this period. This proportion of the population is illustrated in Table 6.1.

Settlers and visitors

The first European immigrants to Australia were settled here as part of the British Government's transportation policy. Few of the con-

Table 6.1: Percentages of Australia's population who were born overseas, 1861 to 1998

Year	Born overseas (%)	Year	Born overseas (%)	Year	Born overseas (%)
1861	63	1911	17	1961	17
1871	47	1921	16	1971	20
1881	37	1933	14	1981	21
1891	32	1947	10	1991	23
1901	23	1954	15	1998	23

victs returned to Britain and most became permanent settlers of Australia. The agricultural labourers brought out around 1840 received assisted passages and were always seen as being permanent settlers. In the gold rush years of the 1850s, many of the immigrants were temporary. They were fortune seekers who moved on to other countries once the gold supply had depleted. Nevertheless, most of the gold-diggers also remained in Australia as settlers. Hence, even from the earliest times, the focus in Australian immigration was upon settlers, people who would move to Australia permanently and who would transfer much of their loyalty to their adopted country. They would have their children in Australia and their children in turn would have their children in Australia.

The official immigration program that commenced after World War II also had permanent settlement as its basis. Between 1947 and 1971, 65 per cent of the new arrivals in Australia received assisted passages. And, again, most of those who arrived during the 1947–71 period remained in Australia as permanent settlers.

In the past two decades, however, the number of people arriving in Australia not as permanent settlers, but as long-term or short-term visitors has increased dramatically. The number of overseas visitors arriving in Australia for a long-term stay (twelve months or more)

reached 104 000 in 1998, passing 100 000 for the first time. Twenty years ago, in 1978, the number was 28 000. There is a mistaken impression that, in measuring the size of the Australian population, the long-term movement of people into and out of Australia can be ignored because those who arrive later depart. The movements into and out of Australia are thought to balance each other. In fact, when the long-term movement continues to increase in size, as it has done over the past twenty years, then the number of long-term arrivals is greater than the number of departures each year. In other words, the stock of long-term visitors in Australia continues to grow. In the period from 1978 to 1998, the number of long-term visitors arriving in Australia has exceeded the number of long-term visitors departing by 346 000. This large stock of long-term visitors in the country has not been offset by an equivalent movement of Australian residents to other countries on a long-term basis. Indeed, in the same period, there was a net gain to Australia of 73 000 Australian residents through long-term migration. Thus, in total, from 1978 to 1998, the long-term movement of people into and out of Australia has added 420 000 people to the population.[4]

Those coming to Australia as long-term arrivals include overseas students, working holiday-makers, business people on long-stay visas, New Zealanders, and other smaller groups. Because they remain in Australia for twelve months or more, they are counted by the Australian Bureau of Statistics as part of the Australian population. Besides this long-term movement, about 3 million short-term visitors entered Australia in 1997/98. These were mainly tourists, but they also include people visiting relatives or doing business. Short-stay visas for business purposes were issued to almost 220 000 people in 1997/98.[5] These short-stayers are not counted in the Australian population unless they change their status on-shore. Those who change status are called 'category jumpers'. In 1998, category jumping added 23 000 people to the Australian population.[6]

Thus, we can no longer consider the impact of migration on the Australian population only in terms of the arrival of permanent set-

tlers. The movement of people is now much more diverse and this has tested the policy concept of 'permanent settlement' to its limits. In recognition of this new complexity, the United Nations has recently recommended the adoption for statistical purposes of a new category called short-term migrants. Short-term migrants are those who enter another country for less than twelve months for purposes other than tourism. The United Nations recommends that the country of residence of short-term migrants be considered to be the country of destination during the period they spend in it. If these short-term migrants were to be included in the count of the Australian population, our population would be much larger than we now count it to be.

Immigration and Australia's future population

Recently, former Prime Minister Malcolm Fraser was quoted as saying: 'Australia's population has grown two and a half times since 1945. There is no reason at all why we could not grow two and half times again by the middle of the next century'.[7] Mr Fraser is not correct. There is a very good reason that our population will not be able to grow two and a half times in the next fifty years, namely, our present and likely future low birth rate. In the first fifteen years after the end of World War II, women were having on average twice the number of children they are having today. The fall in the birth rate has meant that our population has been ageing, leading to an increase in the numbers of deaths. On present trends in fertility and mortality, with zero net migration, Australia's population will grow from its present level of just under 19 million people to a maximum of only a little over 20 million people within about twenty years.[8] After that, the population will begin to fall, slowly at first but later much more rapidly. Rather than the post-war policy target of a 1 per cent rate of natural increase of the population each year, the present trends in fertility and mortality will lead to a negative rate of natural increase of 0.7 per cent per annum in fifty years time. In this context, Mr

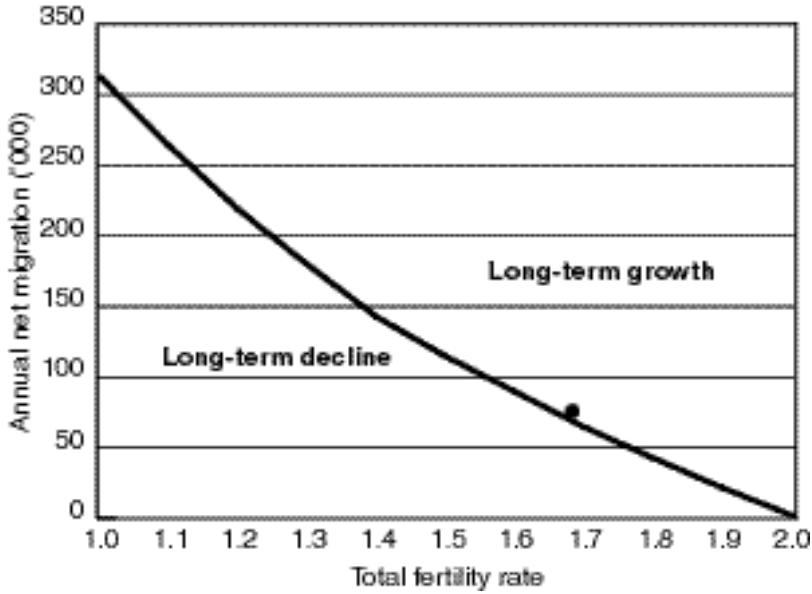
Fraser's target of two and a half times growth of Australia's population in the next fifty years could only be met by net migration levels approaching half a million people every year for the next fifty years, an impossible level.

A population will replace itself in the long-term if its fertility rate (the average number of children born to women during their lifetime) is a little above two children per woman. Australia's fertility rate fell below this level in 1977 and has been below that level ever since. Until around 1990, however, the fertility rate averaged about 1.9 children per woman, only a little below the replacement level. At that level, a relatively small net migration (about 30 000 per annum) would be sufficient to ensure that the population did not decline in the long term. However, during the 1990s, our fertility rate has fallen. In 1998, it was 1.73 children per woman. Fertility levels in most other industrialised countries are even lower than this with the lowest rates of 1.2 to 1.3 children per woman applying in Southern and Eastern Europe. For the time being, we can predict that Australia's fertility rate will fall over the next ten years to 1.65 children per woman. This is the level that already applies in the combined metropolitan cities of Australia.

As fertility falls further below replacement level, increasingly higher levels of annual net migration are required to maintain a target of even zero population growth. Based on the present likely trends in fertility and mortality, a net migration level of 80 000 per annum is now required to prevent long-term decline in the size of the Australian population. If fertility should fall to, say, 1.5 children per woman, then net migration would need to be almost 120 000 per annum to prevent population decline. The combinations of fertility and net migration that would lead to zero population growth for Australia are the points along the line shown in Figure 6.2. The dot on the line is the likely future based on present trends.

With Rebecca Kippen, I have argued that it is not sensible to aim for population decline in the context of below-replacement fertility because all of the decline would be concentrated at the young ages.[9]

Figure 6.2: Combinations of fertility and migration leading to zero population growth by 2050



The result would be substantial absolute falls in the size of the labour force at a time when the numbers in the older age groups would be increasing rapidly. Population decline would also produce an age structure with a momentum for future population decline that would be difficult to reverse. We also argue that substantial population growth would be out of the question because it would imply levels of immigration considerably higher than any we have ever experienced. Thus, after the positive momentum of our present relatively young age structure is exhausted (within about twenty years), the viable options for population growth range from zero growth to low positive growth—low, that is, relative to our experience over the past fifty years.

Immigration in the future will once again take on a major role in population policy. It will be important to set immigration targets that will prevent population decline in the long term. Traditional immigrant receiving countries, especially those with somewhat smaller population sizes, are in the favourable situation that they can employ immigration in this way, that is, as a policy mechanism to avoid falling numbers in the working age groups as the numbers in the retirement age groups increase. However, because of the low fertility rates in all industrialised countries, we can expect growing competition between these countries for skilled migrants. In a highly competitive market for skilled workers, lifestyle will be an important selling point.

In Australia, business interests have been very vocal in recent times in lobbying for higher levels of migration, but, at the same time, they have displayed no interest in the continuing downward slide in the birth rate. A fairly good argument can be made that the fall in the birth rate is at least partially related to the less than family-friendly work policies of business and the lobbying of business to reduce government expenditure, including programs that support families with the costs of children.[10] Even the last bastion of publicly funded primary school education has been brought under attack.[11] Business recently has called for net migration levels of around 120 000 to 130 000 per annum, but if fertility fell to around 1.5 births per woman, this level of net migration produces only zero population growth. If fertility in Australia fell to the levels now occurring in southern European and Germanic countries, the levels of net migration required simply to achieve zero population growth would be well beyond levels ever experienced in Australia's history. In sum, those who are interested in continued population growth in Australia cannot continue to ignore the fall in fertility.

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7

Immigration and unemployment

New Australian evidence

Deborah Cobb-Clark

A lot of the current debate about the impact of immigration on the Australian labour market is really about employment opportunities—both for Australian residents and for immigrants themselves. Often it is suggested that, by adding to the supply of labour, immigration necessarily leads to additional unemployment or wage reductions for resident workers. At the same time, there is a fear that immigrants lack the skills—in particular English language ability—necessary to compete in the Australian labour market. They may themselves suffer from high unemployment rates and ultimately become a burden on the public purse. Both these concerns can give rise to anti-immigration sentiment that may run higher during economic downturns than during economic expansions.[1]

Immigration research can tell us a great deal about the relationship between immigration and unemployment. Because the topic is vast, it is generally useful to divide the existing research into two streams: one that assesses the ease with which immigrants enter the labour market and find employment; and one that attempts to measure the impact of immigration on the labour market opportunities of residents.

New Australian data are providing researchers with an opportunity to advance our understanding in each of these areas. In considering some of this new Australian research I will pay particular attention to the issue of unemployment and the implications for Australian immigration policy.

The unemployment of migrants

Do immigrants selected for their skills have better labour market outcomes? Immigration policy is generally concerned with two related questions:

- what is the appropriate level of immigration?
- what criteria should be used to select among potential migrants?

Answers to these questions are usually contentious and a matter of great public debate. In particular, concerns are often raised about whether the appropriate balance has been struck between skilled and family migration with many people suggesting that there should be a greater emphasis on labour market skills in the selection process.

In light of these concerns, it is perhaps not surprising that skills appear to be increasingly important in the procedures used to select immigrants in many countries. For example:

- in 1992, the number of employment-based immigrants entering the United States increased 95 per cent from just under 60 000 in 1991 to more than 116 000;[2]
- Canada increased its intake of skilled independent migrants almost five-fold between 1984 and 1995;[3]
- the Howard Government has moved to increase the number of places for skilled migrants—who will in the future be subjected to even tougher entry requirements—while at the same time cutting the overall size of the immigration program.

These policy changes stem in large part from the widely held view that immigrants selected on the basis of their labour market skills find the transition into the labour market easier, have lower unem-

ployment rates, and make a greater economic contribution than immigrants selected on the basis of their family relationships.

Oddly enough, however, the superior performance of skill-based immigrants may not necessarily be a foregone conclusion. Sponsoring family members can often provide a great deal of support and information that may facilitate job search, while highly skilled migrants may have difficulty transferring their skills into the Australian labour market. As a result, the jobs held by family- and skill-based immigrants are often similar. It is an open question then whether immigrants selected for their skills have better labour market outcomes, in particular lower unemployment rates.

Previous Australian and international evidence

Given this, researchers have begun to explicitly examine whether immigrants selected because of their labour market-related skills do in fact make an easier transition into the labour market than immigrants selected on the basis of their family relationships. The difficulty is that the data researchers often turn to may identify the foreign-born, but typically provide only limited information about the immigration process itself. In general researchers do not know which immigrants were selected on the basis of their labour market skills and which immigrants were selected because of their family relationships or out of humanitarian concerns. Principal applicants are usually indistinguishable from the family members they bring with them.

In the past, some researchers have tried to get around these data limitations by exploiting the dissimilarities in immigration policy and the similarities in labour markets in Canada and the United States to assess the role of selection criteria in facilitating immigrant settlement. In addition, a limited number of US studies use data for individual immigrants to evaluate the impact of changes in the ways that immigrants are selected on immigrants' ability to find jobs after migration. Finally, there have been a handful of Australian studies

addressing the unique experience of refugees in the Australian labour market.

The results have been mixed and often have provided only indirect evidence on the question at hand. For example, relative to the United States, Canada has given more weight to labour market skills in selecting immigrants. While this policy appears to have led to Canadian immigrants having more education with higher language ability and a different national origin mix, these differences do not appear to translate into a consistent earnings advantage for Canadian immigrants relative to natives.[4]

While immigrants entering as spouses of US citizens appear less skilled at labour market entry than skilled immigrants to the United States, over time the occupational distributions of the two groups of migrants converge.[5] Thus, skilled immigrants may have only a head start in the labour market rather than a persistent long-run advantage.

Given the Australian evidence it appears that refugees are more likely to have difficulties in finding employment than non-refugees, though the gap narrows somewhat over time. Apart from refugees, however, there appear to be few differences in the employment status of migrants in other categories.[6]

New evidence

The Longitudinal Survey of Immigrants to Australia (LSIA) provides us with a new opportunity to assess whether immigrants selected for their skills have better labour market outcomes. In the first round of LSIA interviews, adult principal applicants arriving in Australia between September 1993 and August 1995 were interviewed five to six months after arriving in Australia. These same individuals were re-interviewed approximately twelve months later. For the first time, LSIA data make it possible to separately identify family, skilled and humanitarian immigrants.

Non-humanitarian immigration to Australia is separated into two components: one based on close family relationships (preferential

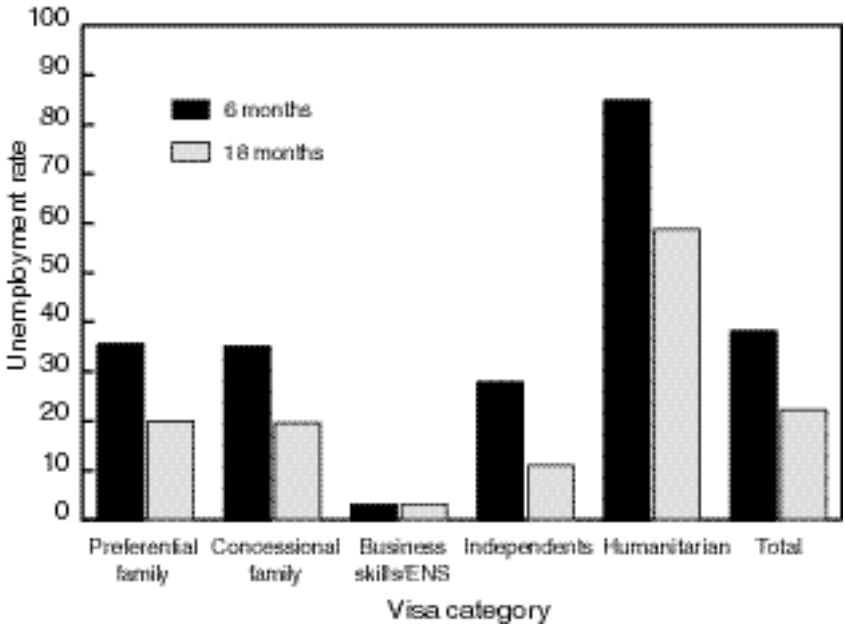
family) and the other based on potential labour market contributions. Skill-based migration includes independent migrants without family relationships who are points tested (independents), migrants with pre-arranged offers of employment (Employer Nomination Scheme), and migrants intending to establish businesses in Australia who meet certain capital requirements (business skills). The concessional family program lies between the family-based and skill-based migration streams and assesses potential migrants on both skills and more distant family relationships.

In light of the different rules used to select immigrants in each of these different visa categories, it is not surprising that immigrants in different categories have different skills. As a result, they do not find it equally easy to enter the Australian labour market and find a job. The unemployment rates of male principal applicants in different visa categories are given in Figure 7.1, while those of female principal applicants are shown in Figure 7.2. In each figure, the first bar shows the unemployment rate six months after migration, while the second bar gives the unemployment rate eighteen months after migration.

Several things stand out when looking at these figures. First, there are large differences in the unemployment rates of immigrants in different categories. Second, over time there are large improvements in the unemployment rates of immigrants in all categories. Third, the pattern of unemployment rates is reasonably similar for both male and female principal applicants.

Humanitarian immigrants have unemployment rates that are much higher than for immigrants in other categories. This is not surprising because humanitarian migrants are not selected on the basis of their labour market skills like skilled immigrants are. Nor do humanitarian migrants necessarily have family members in Australia who are able to provide help and support in finding employment. As a result, many humanitarian migrants have to work to learn the skills necessary to be successful in the Australian labour market. More than 40 per cent improved their English language skills in the twelve

Figure 7.1: Unemployment rates by visa category for male principal applicants

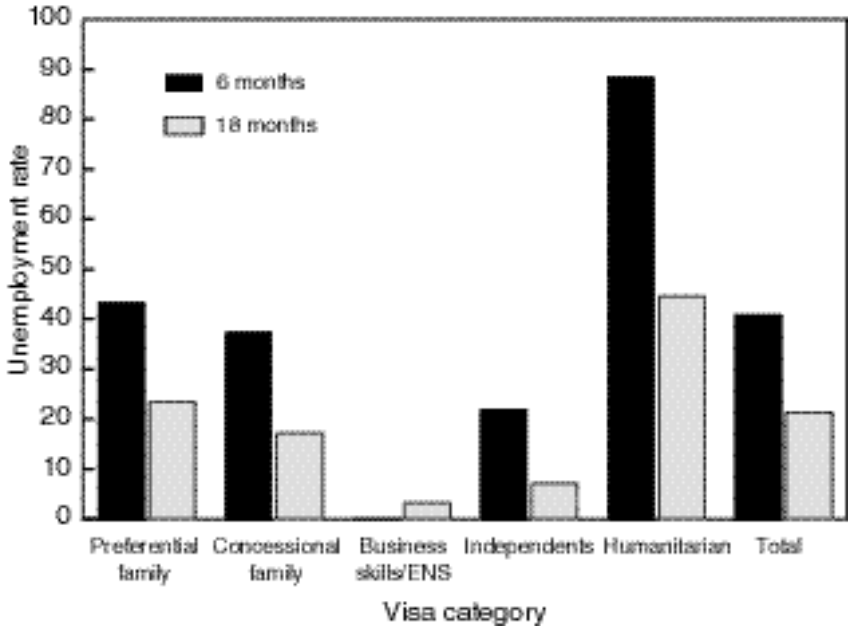


months between the first and second LSIA interviews. Still, eighteen months after migrating to Australia less than half of humanitarian immigrants say that they can speak English well.[7]

Immigrants in the preferential family and concessional family categories have very similar unemployment rates. This occurs despite the fact that those entering Australia in the concessional family category were selected in part for their skills, while those in the referential family category were selected solely on the basis of their close family relationship with others in Australia.

Even independent immigrants, who were chosen solely for their labour market skills, in particular English language ability and edu-

Figure 7.2: Unemployment rates by visa category for female principal applicants



cational qualifications, have relatively high rates of unemployment six months after migration, though their unemployment rates fall quickly over time. Only those immigrants who are sponsored by Australian employers (the Employer Nomination Scheme) or who are selected for their anticipated ability to generate jobs (the business skills category) have very low unemployment rates immediately after migration.

The results highlight the importance of an individual's visa category in predicting the likelihood that an immigrant is successful in finding employment in the Australian labour market. For the most part, migrants selected for their labour market skills have better

labour market outcomes, at least initially. The results also highlight the importance of time. Successful entry into the Australian labour market is a process that occurs only over time.

Immigration and opportunities for residents

Understanding the unemployment experience of immigrants themselves is certainly important, but it is equally important to address the larger question: does immigration lead to higher unemployment rates for resident workers?

Unfortunately, it is not possible for economic theory to predict whether immigration improves or worsens average employment prospects because there are two competing effects. On the one hand, by adding to the overall supply of labour, immigrants compete with resident workers for existing jobs. On the other hand, immigrants also create new jobs because they bring with them savings that are spent—possibly quite quickly—on domestic goods and services. To understand the overall relationship between immigration and unemployment we need to answer the following question: which of these two effects is larger?

Putting the question in an international context

Economists have spent a great deal of time and effort attempting to sort out the relationship between immigration and job prospects. Most of that effort has been directed towards understanding the effect of immigration on the aggregate unemployment rate—which includes both resident and immigrant workers—in Australia, Canada, and the United States, the major immigrant-receiving nations. While some researchers have analysed data on unemployment and immigration over a number of decades,[8] others have based their conclusions on models of the economy.[9] Despite differences in data and methodology, the almost consistent conclusion is that, in

these three countries at least, higher levels of immigration have not been associated with higher levels of unemployment.

This is not to say that specific groups of immigrants never have negative effects on the employment prospects of selected groups of resident workers. But, at the national level, immigration does not appear to lead to higher levels of unemployment.

So why does the concern that immigrants 'rob' jobs figure so prominently in the populist debate? Most likely the answer stems from the fact that, while many people easily understand that immigrants increase job competition, the implications of immigration for job creation are much harder to understand and measure. Many people seem to feel intuitively that the job competition effects of increased immigration outweigh the job creation effects and they conclude that overall job prospects must be diminished as a result of higher immigration levels.

The Australian experience

New research attempts to revisit this issue for Australia by considering a narrower question than has previously been asked. Rather than focusing on the aggregate unemployment rate, the focus is on the impact of immigration on the probability of an unemployed resident finding a job.[10]

A simple economic model is developed in which the chances of an unemployed resident finding a job in the short run depend on the number of jobs available (indicated by job vacancies) relative to the number of unemployed people looking for work. Immigrants improve the job prospects of unemployed residents because their spending creates new vacancies, but worsen job prospects by competing for employment.

Australian data on vacancies, unemployment and the level of immigration between 1978 and 1997 are then used to answer the 'which is bigger?' question. Because there is good information about

the fraction of immigrants who choose to enter the Australian labour market immediately after arrival, it is a straightforward matter to work out how immigration adds to labour supply. Working out how many job vacancies immigration creates is much more difficult. Still, we know that between 1993 and 1995 adult immigrants to Australia brought an average of $15 000 with them. This, along with a rough measure of the amount of spending necessary to create a job, makes it possible to approximate the fraction of a new job that each adult immigrant is likely to create.

The bottom line is that under the majority of Australian labour market circumstances between 1978 and 1997 immigrants probably improved rather than worsened the job prospects of unemployed residents.

This new research sheds light on the overall relationship between immigration and unemployment in Australia. First, immigrants selected for their skills have lower unemployment rates after migration, and second, overall immigration probably improved rather than worsened the job prospects of unemployed Australian residents. These findings have important implications for public policy. Still, the research has its limitations and leaves many important questions waiting to be answered.

The immigration–unemployment relationship

Perhaps the most serious limitation of this new research is that it focuses heavily on the short term and tells us very little about how the relationship between immigration and unemployment changes over time.

We know, for example, that an immigrant's visa category is closely related to the probability that he or she is unemployed immediately after migration. However, we also know that over time the relative gap in unemployment rates begins to close. This raises the possibility that given enough time family and humanitarian migrants may catch up to skill-based immigrants. Whether the gap in unemploy-

ment rates will ever be completely eliminated is an issue that must await future research.

Similarly, while immigrant spending immediately after migration seems to create more jobs than immigrants initially take, over the longer run this may change as spending tapers off and immigrants move into employment. In the future, more complex models will need to be developed in order to assess how quickly this might occur.

Households and other factors

Most immigration research focuses on individual immigrants and ignores the role that other people in the household play in facilitating entry into the Australian labour market. While there is some international evidence of the importance of household members in the settlement process, there is very little evidence specific to Australia.

Australian immigration policy is, however, really focused on selecting households rather than individuals. Once an individual principal applicant applies for and is granted a visa, dependent family members are automatically granted visas as well. Immigration research, therefore, needs to move beyond a simple analysis of individuals to consider the entire immigrant household.

Additionally, the focus on unemployment, while important, is itself somewhat limited. There are a host of other factors that should be considered when determining the optimal size and mix of Australia's immigration flow. These include, for example, the effects of immigration on government spending, taxes, investment and the environment.

In some cases, the arguments for or against immigrants, particularly those in humanitarian or family reunion programs, are not really economic arguments at all. Rather, they should be based on notions of social justice and global responsibility.

Notes

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8

East Asia's labour market and Australian immigration

Charles W. Stahl

The spectacular growth, structural change and increasing integration of the East Asian economies,[1] fostered by the progressive liberalisation of trade and investment, have given rise to another trade flow—that of labour services.[2] Although it is a far less important factor in the structural change and integration of the region's economies than commodity trade and foreign direct investment, international labour migration within the region is playing a key role by helping to correct labour market imbalances and providing alternative employment opportunities for workers at all skill levels.

The driving forces behind this intra-regional labour migration are a combination of economic, demographic, political and associated factors. Economic growth within East Asia has been decidedly uneven over the last three decades. Ignoring Japan, the growth was initially sparked by the Asian tigers—Singapore, South Korea, Hong Kong and Taiwan. Somewhat later, the accelerated growth of Thailand and Malaysia placed them in the tiger club.[3] However, other parts of the region lagged behind, particularly the Philippines, Cambodia, Burma, Vietnam, China, and Sumatra and Kalimantan within Indonesia.

As a result of their economic success, Japan and the East Asian tigers, with the exception of Malaysia, experienced a significant

decline in the growth rates of their population and labour force. Combined with a rapid growth in the demand for labour needed to fuel their unprecedented growth rates, the result was significant labour shortages in particular industries and in particular locations. In contrast, the lagging economies of East Asia could not absorb all of the additions to their labour force. Extensive unemployment and underemployment led workers, with assistance from labour recruiters and government policy, to search out employment opportunities abroad.

While economic and demographic factors are the fundamental forces driving intra-regional labour flows, these forces have been augmented by a number of factors that facilitate and channel migration, such as rising household income, readily available information about potential destination countries, historical ties between immigration and emigration countries, reduced transportation and communication costs, the development of migration networks based on kinship and locality ties, the growth of an immigration industry, and the internationalisation of education and training. Migration flows are also shaped by governments of labour-importing countries that often base decisions on international political strategies.

In reviewing the trends in intra-regional labour flows in East Asia, the impact on these flows of the Asian crisis is of particular interest. On the other side of the scale, the failure of international and regional organisations, in charge of revising the architecture of world trade, to deal seriously with the phenomenal growth in the trade of low and medium skilled labour services is of particular concern. This failure spills over into another important issue, that of the protection of migrant workers. A further issue that merits consideration is the extent to which the Asian crisis has clarified to the labour-importing countries the permanency of their reliance on foreign labour, and the implications of that realisation for changes in immigration policy. A final and somewhat vexed issue is the extent to which Australia, a recent convert to and champion of free trade, should engage in the

regional labour market by allowing for the importation of migrant labour, whether for large-scale infrastructure development projects or for domestic service.

The East Asian regional labour market

Before the Asian crisis, it was estimated that there were 4.5 million mainly low and medium skilled Asian migrant workers residing in East Asian countries. Their employment is in those sectors and occupations avoided by locals—agriculture, construction, personal services and low wage manufacturing firms unable to move abroad. The money they send home bolsters family income while augmenting foreign exchange reserves. Highly skilled and professional (HSP) workers—expatriate managers, administrators, professionals and technical personnel—are also on the move within the region, usually attached to transnational companies but increasingly as freelance workers. They are estimated to number around half a million.

While HSP workers do encounter some obstacles to their movement throughout the region, the barriers facing the low and medium skilled workers are formidable. Nonetheless, in every country in the region facing sector specific shortages of low and medium skilled labour, foreign workers immigrate either legally, through such policy measures as training schemes or industry quotas, or illegally through various networks.

In East Asia, the net labour receiving countries are Malaysia, Thailand, Singapore, Hong Kong, Taiwan, Japan and South Korea. We say net because Malaysia and Thailand also experience some degree of labour emigration. The principal labour-sending countries are Indonesia and the Philippines, and to a lesser extent Vietnam and China. The migration between the Philippines and other countries is largely lower skilled workers in the occupational categories of service workers and production and related workers.[4] The other major East Asia labour exporter, Indonesia, sends predominantly low and medium skilled workers abroad as well, although more recently it

has adopted a policy aimed at shifting the skills profile of its emigrant workforce towards the semi-skilled and skilled in order to maximise remittance income.[5]

Table 8.1 provides information about the stock of migrant workers in other East Asian countries and the Middle East. It is low and medium skilled workers who overwhelming dominate trade in labour services in the region, comprising at least 90 per cent of the total number of workers. Table 8.1 also indicates the approximate number of expatriates from (predominantly) Western countries residing in East Asia. These are principally HSP workers. To this figure should be added the numbers from Japan who are also usually HSP workers.

The comparison is stark. The labour-importing countries of the region host around half a million HSP expatriate workers compared with 4.5 million low and medium skilled workers. These figures also make it abundantly clear that Japan and the tigers, despite being economies that are becoming increasingly technologically sophisticated and in need of skills upgrading, still find it difficult to fill the gaps in the lower skilled end of their labour markets.

The Asian crisis and the regional labour market

The rapidity with which the 1997 crisis enveloped the Asian countries caught their governments on the back foot.[6] As they searched for policies to remedy their desperate situation, it was not long before the issue of labour migration came under scrutiny. The labour-exporting countries began to intensify their search for overseas labour markets to assist in reducing unemployment and bolster their foreign exchange position to offset the massive outflow of foreign exchange following the financial panic. Evidently, this strategy met with limited success. For example, the deployment of Filipinos to Asian countries declined from 235 129 to 221 257 between 1997 and 1998. However, overall deployments from the Philippines rose from 747 696 to 755 684.[7] Thus the Philippines was more than able to

Table 8.1: Migrant workers in East Asia by source and destination countries/economies (thousands)

Host / Origin	Brunei 1996	East Malaysia 1998	West Malaysia 1998	Singapore 1997	Thailand 1997	Hong Kong 1997	Japan 97/98	South Korea 1998	Chinese Taipei 1998	East Asia Total	GCC[3] Total	Country Total
Asia Total	69	478	779	452	943	438	410	159	283	4516	2987	7503
South Asia	6		505	68	50	35	10	18		692	1400	2092
Indonesia	2	290	695	18		37	3	2	23	1070	500	1570
Malaysia	26			194		15	60		1	296		296
Philippines	10	179	21	77		134	60	10	118	609	1022	1631
Singapore	1									1		1
Thailand	22		18	68		25	45	5	138	321	45	366
PRC					200	170	66	89		525		525
South Korea							70			70	20	90
Japan						21				21		21
Other Asia[1]	2	9	45	27	693	1	96	35	3	911		911
Western countries[2]	1	5	41	55	32	121	177	n/a	n/a			

Notes

1 Principally Burma, Laos and Cambodia.

2 Western countries are not added into the Asia total.

3 Member states of the Gulf Cooperation Council (GCC) are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

For several countries/economies, published numbers refer to total foreign population, including dependents. In these cases, it has been assumed that the labour force participation rate in 55 per cent.

For Korea, the country source distribution of legal workers is an estimate based on the country distribution of overstayers.

Sources

Brunei: Pejabat Buruh; Malaysia: Institute of Strategic & International Studies, A. Kassim 1998, 'The Case of a New Receiving Country in the Developing World: Malaysia', Technical Symposium on International Migration and Development, The Hague, 1998; Singapore: W.T Hui, 'The Regional Economic Crisis and Singapore: Implications for Labor Migration', *Asian and Pacific Migration Journal,* vol. 7, no. 2–3, 1998, pp. 187–218, country distribution of Singapore's foreign workforce is based on D. Wong, 'Transience and Settlement: Singapore's Foreign Labour Policy', *Asian and Pacific Migration Journal,* vol. 6, no. 2, 1997; Thailand: Y. Chalamyong, 'The Impact of the Crisis on Migration in Thailand', *Asian and Pacific Migration Journal,* vol. 7, no. 2–3, 1998, pp. 297–312, National Statistics Office; Hong Kong: Census and Statistics Department; Japan: S. Watanabe, 'The Economic Crisis and Migrant Workers in Japan', *Asian and Pacific Migration Journal,* vol. 7, no. 2–3, 1998, pp. 235–54, *Asian Migration News* 15/3/99; South Korea: Y. Park, 'The Financial Crisis and Foreign Workers in Korea', *Asian and Pacific Migration Journal,* vol. 7, no. 2–3, 1998, pp. 219–34; Chinese Taipei: Employment and Vocational Training Administration, J. Lee, 'The Impact of the Asian Financial Crisis on Foreign Workers in Taiwan', *Asian and Pacific Migration Journal,* vol. 7, no. 2–3, 1998, pp. 145–69; GCC: newspaper reports, country statistics, ILO.

offset the decline in demand in Asia. Nevertheless, the overall increase of labour exports of just over 1 per cent did little to solve the problems of growing unemployment and poverty directly attributable to the crisis. Indonesia also made efforts to expand its overseas markets. Figures for 1998 indicate that overseas placements for that year numbered 182 574, which appears to be somewhat down on previous annual figures.[8] Thailand also is attempting to expand its exports with the government targeting to send 210 000 workers abroad in 1998, though recent data indicate that the actual number was 191 735.[9] As unemployment in the Asian labour importing countries continues to mount, it is likely that labour export opportunities within that region will continue to abate.

Within the Asian labour-receiving countries, a number of measures have been taken to reduce their reliance on imported labour. Among these have been stricter immigration controls in an attempt to reduce the extent of illegal migration. This has been particularly true of Malaysia, Thailand, Korea and Singapore. Repatriation has also been employed, but to a much lesser extent than originally mooted. For example, Malaysia initially spoke of the repatriation of some 1 million workers, 200 000 of whom it was anticipated would be laid off from the construction sector and another 700 000 whose permits would not be renewed. However, the policy was reversed in mid-1998 as the government came under increasing pressure from all sectors of the economy that have come to rely on foreign workers because Malaysians are unwilling to take the jobs they fill. Nonetheless, controls have been tightened and the number of new workers admitted has declined substantially, while the number of irregular migrants deported has reached over 200 000.[10]

Thailand also had ambitious plans to deport over a million irregular migrants. However, with complaints from employers of labour shortages in specific industries, by the end of 1998 between 230 000 and 240 000 had been expelled.[11] Further repatriations appear to have been put on hold for the time being. With all indicators pointing towards a recovery in the Thai economy, it is unlikely that the

expulsions will occur. In fact it is more likely that within a few years numbers will be back up to a million.

As part of their repatriation programs, the governments of Malaysia and Korea offered amnesties to irregular migrants. This netted some 53 000 workers in Korea in early 1998, but over 95 000 remain in the country.[12] Malaysia's amnesty program has also been less than successful. Clearly, migrants prefer to work illegally than to return to unemployment.

Malaysia and Singapore have also instituted policies in relation to their worker's superannuation schemes that effectively raise the cost of labour to employers as well as reducing the incomes of workers. Whether such policies will actually discourage workers when there is extensive unemployment in their homeland is a moot point.

So the countries of East Asia are using a variety of policies, alterations to policies, sanctions, and so forth in an attempt to adjust the international flow of workers' current circumstances. Despite these marginal adjustments to policy and despite the attempts to round up a few illegal workers, it is clear that even a crisis as severe as that currently being experienced by the Asian economies has had only a marginal impact on the demand for migrant labour. This fact provides the clearest of indications of the importance of migrant labour to Japan and the tigers of East Asia.

Trade liberalisation and labour services

The Uruguay Round negotiations on trade in services (General Agreement on Trade in Services—GATS) addressed for the first time in GATT's history the movement of physical persons as a prominent factor in trade and its growth. However, the GATS accords are restricted to the movement of highly skilled/professional workers deemed to be 'service providers'. According to the GATS, a service provider is characterised as: (1) having been sent by his/her employer to a foreign country in order to undertake a specific assignment of duty for a restricted and definite period of time; or (2) being

engaged in work that requires professional, commercial, technical or other highly specialised skills for a restricted and definite period of time, or (3) upon the request of his/her employer in the country of employment, being engaged in work that is transitory or brief for a restricted and definite period of time.[13]

It is clear that low and medium skilled seasonal workers and contract workers have been excluded from the GATS category of 'service providers'. It was argued that these workers are engaged to carry out predetermined, specific project-tied jobs that are output-oriented and hence are not considered to be involved in service-oriented transactions. Yet service occupations such as domestics, medical and paramedical staff, and entertainers are all providing traded services that rely on the movement of physical persons and their temporary stay. Nor are such persons entering the territory of a country to seek employment; that employment is provided prior to entry. Such workers also meet the GATS criterion that they are not competing with locals in the labour market.

The GATS criteria are based fundamentally on skill levels, and as such are biased in favour of highly skilled/professional workers who are predominantly from the industrially advanced countries. However, the definition also closely matches the role that labour-receiving countries would like foreign labour ideally to play in their economic development. However, there is a chasm between what is perceived to be ideal and what is reality. The reality is that low and medium skilled migrants comprise by far the greatest proportion of international labour migrants in the East Asian region. As shown in Table 8.1, these low and medium skilled workers far outnumber the more readily accepted highly skilled/professional 'service providers', who are increasingly being given relatively smooth passage between countries under the GATS accords. On this issue, policy is being driven by perceptions of what is ideal and politically acceptable, rather that what is reality, much to the detriment of ordinary international migrant workers.

It has not escaped the attention of those countries that export low

and medium skilled labour that the GATS accords on service workers are disproportionately beneficial to the industrially advanced countries. Indeed, the accords appear to be designed to support those countries' ventures into other less-developed countries' economies. However, the concern over the discriminatory nature of the GATS accords by those countries exporting low and medium skilled workers should not be interpreted as an objection to enhanced international capital flows through liberalised movement of highly skilled/professional workers. These countries, however, rightly believe that their migrant workers also play an important role in the development and integration of the global economy and that they too should be given formal recognition through WTO accords. This recognition would be a major step in ensuring that their workers are protected and that their role in the development of the world economy is duly recognised.

Protecting migrant workers

The dependence of Japan and East Asia's tigers on migrant labour needs to be formally recognised and provisions need to be made for migrants to have the same rights and conditions as domestic workers. For example, migrant workers are essentially indentured to a specific employer. No matter how they are treated by that employer, they are not allowed to leave to look for another job. If they do so they risk deportation.[14] Clearly such a situation can and does lead to a denial to migrant workers of what would be inalienable rights if they were domestic workers. While a number of measures need consideration, the most pressing are:

- work permits should be granted on an industry (quota) basis with migrant workers being able to move from one employer to another;
- migrant workers should automatically become eligible to join industry- or occupational-based unions;
- migrants should have the same privileges as domestic workers in

relation to superannuation schemes, and these schemes should be made portable between countries.

In view of the paucity of international accords or bilateral arrangements for the protection and facilitation of low and medium skilled workers, the labour-exporting countries have introduced a number of unilateral policies aimed at protecting the welfare of their overseas workers. However, these are not a substitute for bilateral or multilateral policies that include both the labour-importing and labour-exporting countries of the region. It is in this regard that thought has periodically been given to the formation of an organisation of labour-exporting countries within the region. The specific purpose of such an organisation would be to gain co-operation with the labour-importing countries in the design of appropriate institutional mechanisms and legislation to ensure the adequate protection of the migrant workers and facilitation of their movement. Initially, such an organisation could use various international forums to push for its right to negotiate basic conditions for migrant workers and to ensure that negotiated conditions are adequately enforced. Members of the organisation would have to accept that they are in competition with each other for a share of the labour export market. However, even with such competition there is considerable scope for co-operation on matters relating to migrant workers' rights.

Labour migration and immigration policy

For years the labour-importing countries of East Asia have been ambivalent towards their guest-workers; they want their labour but they do not want them to be part of their society, despite the crucial role they have played in the development process. The view has been that reliance on migrant labour is a transitory phenomenon, and that need of it will subside as economic development brings about capital-labour substitution. Singapore made the claim in the early 1980s that it would have no need for migrant workers by the mid-1990s. In fact, Singapore's reliance on migrant labour increased

annually up until the Asian crisis. This was also the case in Hong Kong, Japan, Korea, Malaysia, Thailand and Taiwan. Even the Asian crisis has not put a serious dent in the number of foreign workers in the labour-importing countries. What these facts point out clearly is that the economies of East Asia are structurally reliant on imported labour.

If the economies of the Asia-Pacific region are to take part fully in the economic opportunities offered by trade liberalisation, growth and economic integration, traditional attitudes towards migration will have to change. Much of this migration will be on a temporary basis, but many migrants will aspire to permanent residency with a view towards eventual citizenship. The governments of the region must recognise that this is inevitable and start putting into place policies which will facilitate this process while ensuring that immigration and permanent settlement remain consistent with broader social objectives.[15]

Broadly, what the immigration countries of Asia are concerned about is that uncontrolled immigration of the uneducated and unskilled from other Asian countries could lead to the formation of a socioeconomic underclass and of ghettos with the broader social problems they would entail. On the other hand, the permanent settlement of selected persons and their families would be of considerable social and economic benefit to those economies of the region that are faced with labour shortages that are structural in nature.

Liberalising labour flows into Australia

Australia is a country of planned immigration leading to permanent settlement. The policy was conceived of as one which would promote the country's economic development while meeting its humanitarian ideals. Unlike our Asian neighbours, temporary immigration for purposes of employment has been deliberately avoided.[16] However, it is arguable that if Australian immigration policy is to continue to play an important role in economic development then a

major rethink of the strategies underpinning that policy is needed, along with a change in society's attitudes towards immigration.

One of the major consequences of trade and investment liberalisation and economic integration has been a massive increase in temporary migration for business purposes throughout the world. Indeed, the whole purpose of the GATS accords on trade in labour services was to explicitly incorporate this reality into the trade liberalisation agenda so that progress in commodity and services trade and financial liberalisation would not be hampered by restrictive immigration regimes.

The importance of temporary migration to Australia's future growth cannot be underestimated. Already, well over 100 000 people come to Australia each year for temporary employment, most from Europe, principally from the UK, with over a third coming from Asia, principally from Japan. A similar situation has been observed in the other traditional migrant-receiving countries. At the same time, Australians in substantial numbers also leave temporarily to accompany education, foreign investment and aid flows. It can be anticipated that these figures will only increase.

We can expect a significant growth in short- to medium-term immigration that relates to the trade and investment liberalisation growth path to which the government appears firmly committed. In fact, Australia has endorsed the GATS accords and has scheduled a wide range of business support occupations as being ones that merit an expeditious treatment by immigration authorities. This, however, does not extend to low and medium skilled occupations.

Could Australia benefit from a more liberal policy towards temporary low and medium skilled migration? Where would such people work? Would they displace Australia workers? Wouldn't they overstay illegally once here, creating a policing headache for the immigration authorities? Is not the payment of wages lower than those prevailing in Australia tantamount to exploitation? These are the usual first questions that arise when such a policy is mooted.

First, such temporary immigrants would work where policy deci-

sions allow them to work. Presumably, that would be in industries, occupations and locations where it is considered they could be of benefit to the country's development.

Second, there are currently two areas where deployment could do much to enhance Australia's overall productivity. The first is in major infrastructure developments in locations where the costs of using local labour is prohibitive.[17] Australia's massive land area relative to its population size financially precludes, given current costs, many infrastructure investments that could be beneficial to overall productivity. For example, a modern and sophisticated road and rail transport system connecting the country's major cities is sorely needed to enhance the efficiency of Australia's distribution system. Other projects might be a gas pipeline from the northwest shelf across the continent, or new port facilities in several of the east coast's minor cities connected into modern road and rail transport. Such projects would not displace local workers since they are projects that could not be undertaken anyway given their current price tag. By using foreign contract labour, such projects could be completed for half the cost in half the time.

Such infrastructure developments need to be viewed as measures that will enhance the productivity of private investment, and hence expand economic activity, employment opportunities and the real wages of Australian workers. That countries such as Singapore, Malaysia, Hong Kong, Taiwan and even Japan use foreign labour extensively in infrastructure development should be indicative of its strategic value in overall economic development.

Another area in which foreign contract workers could improve Australian productivity is in the area of domestic service. Many women choose to stay at home to look after children because acceptable child care facilities either cannot be found or are too expensive relative to earnings potential. If Australian households, like those in Hong Kong, Taiwan, Singapore, Malaysia, Brunei, and elsewhere, were allowed to hire foreign domestics then Australian women would be free to pursue employment and enhance family income. It

may not be a policy that accords with the apparent values of the current government, but it is certainly a policy that would be welcomed by those Australian women currently precluded from entering the labour force because of inadequate and expensive child care facilities.

Third, overstaying among contract workers can be minimised by the use of incentives in the form of deferred pay. Given that contract workers, whether in the infrastructure development or domestic service, are provided with international transport, room and board, a considerable proportion of their salary can be held in trust to be paid by the appropriate Australian agency upon their return home at the end of the contract. In short, it should not be a major concern.[18]

Fourth, with regard to the concern of exploitation it needs to be pointed out that foreign contract workers generally receive rates of pay (almost all of which can be saved) anywhere from three to seven times what they can earn at home, if they can find employment at home.[19] Thus to the typical contract worker, overseas employment offers a chance to improve, perhaps significantly, the material well-being and financial security of his/her family. Rather than being viewed as exploitation, perhaps a more objective view would see it as a form of highly effective foreign aid.

Conclusion

International labour migration is playing a key role in rectifying imbalances between the supply and demand for labour across East Asia. While immigrants find employment across the various sectors of the labour-importing countries, it is the construction sector and domestic service that have been the principal employers of foreign workers. The particular attraction of these sectors is their ability to contribute to overall national productivity by bringing forward vital infrastructure investments that would otherwise have to be delayed or shelved for cost considerations. Also, access to domestic servants augments the national labour force participation rate by freeing res-

ident women from household and childminding responsibilities, thus increasing national output per capita.

Although Australia is committed to the facilitation of the international movement of highly skilled and professional workers under the GATS agreements, it too has been mute when it comes to international accords that would facilitate and protect low and medium skilled migrant workers. Given that this type of migration is so pervasive and of such magnitude in the Asia-Pacific region, perhaps it is time for forums such as APEC to formally recognise its importance and take measures to regularise and facilitate it, and provide an institutional structure that would protect these migrant workers and facilitate their movement.

What is needed at this point in time is the political will to squarely address the policy issue of labour importation. Failure to do so will compromise future economic growth. It will also tarnish the international reputation of the labour-importing countries of the region as the pervasive problems of low and medium skilled foreign workers come under increasing international focus.

Finally, if Australia is to avail itself of the opportunities presented by trade and investment liberalisation and regional integration, then it needs to address its serious deficiency in physical infrastructure. Of assistance in rectifying this deficiency would be the use of foreign contract labour. However, such a policy will require a paradigm shift in Australian attitudes and policy towards immigration.

Notes

[1] By East Asian economies I refer to both Northeast and Southeast Asian economies.

[2] I use the term 'trade in labour services' more broadly than it is defined under the General Agreement on Trade in Services (GATS), which reserves it for the movement of highly skilled and professional workers.

[3] Although it was growing rapidly prior to the recent crisis, Indonesia is a class below Malaysia and Thailand in terms of its economic structure and per capita income.

[4] Over the period 1992–98, the Philippines deployed 685 670 workers to 17 East Asian countries. Of these, 196 778, or 28.7 per cent were deemed to be professional and technical or administrative and managerial workers: see Philippine Overseas Employment Administration (POEA), 1999, unpublished statistics. However, this latter figure is significantly inflated by the inclusion of entertainers (for example, singers, dancers) within this category. If entertainers were excluded from the professional and technical category then Filipino migrant workers in this category would be around 2 per cent.

[5] G. Hugo and C. Stahl, 'Labour Export Strategies in Asia', in D. Massey, et al. (eds), *International Migration at Century's End: Trends and Issues*, International Union for the Scientific Study of Population, Liége, forthcoming, 1999.

[6] The most recent review of the effects of the crisis on migration in Asia can be found in G. Battistella and M. Asis, *The Crisis and Migration in Asia*, Scalabrini Migration Centre, Philippines, 1999.

[7] Philippine Overseas Employment Administration (POEA), 1999, unpublished statistics.

[8] Unpublished statistics from Department of Labour.

[9] Unpublished data from Department of Labour.

[10] P. Pallai, 'The Impact of the Crisis on Migrant Labour in Malaysia: Policy Implications', *Asian and Pacific Migration Journal*, vol. 7, no. 2–3, 1998, pp. 255–89.

[11] Battistella and Asis, *The Crisis and Migration in Asia*, p. 30.

[12] Y. Park, 'The Financial Crisis and Foreign Workers in Korea', *Asian and Pacific Migration Journal*, vol. 7, no. 2–3, 1988, pp. 219–34.

[13] P. Garnier, 'International Trade in Services: A Growing Trend Among Highly Skilled Migrants with Special Reference to Asia', *Asian and Pacific Migration Journal*, vol. 5, no. 4, 1996, pp. 367–97.

[14] Of course, workers do leave their specified employer and do find alternative employment. However, their illegal status leaves them highly vulnerable to continued exploitation and, in some countries, severe punishment if apprehended.

[15] C. W. Stahl, 'Low-Level Manpower Migration to Japan: Trends, Issues and Policy Considerations', *International Migration*, vol. 31, no. 2–3, 1993, pp. 349–60.

[16] There is a minor exception in the form of 'working holiday' visas for young travellers from several countries with which Australia has reciprocal arrangements. The Northern Territory's experiment with a free trade zone that allowed the import of foreign labour was a failure.

[17] Such projects are often called 'turn-key projects'. Under such projects, overseas contract workers come as part of a package of project inputs. When the project is complete they return home as a group.

[18] This is not inconsistent with workers being able to change employers. Appropriate procedures for such changes can be administered by a central authority with regional offices.

[19] C. W. Stahl, *International Labor Migration: A Study of ASEAN Countries*, Center for Migration Studies, New York, 1991.

9

United States immigration policy in transition

From admissions to regularisation

Gary P. Freeman

In the last few years Congress has passed two pieces of major legislation and a host of lesser laws affecting the country's immigration program. In addition, judicial and executive decisions dealing with asylum seekers and people facing deportation, and state efforts to regulate illegal immigrants have come in rapid profusion. These measures have, nevertheless, failed to address or resolve a number of nagging issues or to produce a stable consensus. They leave overall immigration policy in more rather than less disarray.

Problems at the southern border are unabated, though in new form despite the infusion of huge increases in personnel and moneys.[1] The Immigration and Naturalization Service (INS) has developed an innovative, business friendly strategy for enforcing employer sanctions against unauthorised work after it became clear that Congress was unwilling to create a fraud-proof identity document or to expand significantly the federal government's capacity to inspect US work places in the interior.[2]

Although the numbers of persons immigrating annually are at historically high levels, immigration boosters managed to kill legislation

in 1996 seeking to reform and constrain the legal program. Instead, influential new players promoting immigration have appeared on the scene, especially employers in the high technology sector which many analysts see as a principal engine driving economic expansion. These are contributing to growth in non-immigrant (temporary) entries for work. Moreover, critics of the trajectory of US immigration policy, whose numbers were on the rise in the mid-1990s after the success of the California popular initiative Proposition 187 in 1994,[3] and the installation of a Republican majority in both houses of Congress in 1996, appear to be running out of steam.

Numbers

The last published report from INS on legal immigration is for Fiscal Year 1997 (1 October 1996 to 30 September 1997). Table 9.1 summarises the main data and gives figures for FY96 for comparative purposes. Almost 800 000 persons were given permanent legal status to reside in the US in FY97, down 13 per cent from the previous year. This figure is misleading in a number of ways, however. First, the number of persons admitted would have been higher had not the INS experienced delays in processing persons seeking adjustments of status. The agency estimates that the backlog of cases pending suggests that in each year from 1995–97 as many as 150 000 more persons would have been eligible for residency status had their cases been completed.[4] In other words, the fall in overall numbers is not an indication that demand has declined, nor is it likely the start of a trend.

Second, Table 9.1 should not be taken to mean that 798 378 persons were granted visas to enter the US in FY97. Rather, the table paints an extraordinary picture of an immigration 'admissions' program that is now about evenly split between granting permission for new entries from abroad and regularising the legal status of persons already living in the country, often for many years. Over 52 per cent of all immigrants 'admitted' in FY97 received adjustments of status, which

Table 9.1: Immigrants admitted by major category: fiscal years 1996, 1997

Category of Admission	1997		1996	
	Number	%	Number	%
All Categories	798 378	100.0	915 900	100.0
New arrivals	380 718	47.7	421 405	46.0
Adjustments of status	417 660	52.3	494 495	54.0
Categories related to world-wide limits	675 816	84.6	772 737	84.4
Family-sponsored immigrants	535 771	67.1	596 264	65.1
Legalisation dependents	64	–	184	–
Employment-based preferences	90 607	11.3	117 499	12.8
Diversity programs	49.374	6.2	58 790	6.4
Categories not subject to world-wide limits	122 562	15.4	143 163	15.6
Refugees and asylees	112 158	14.0	128 565	14.0
Misc. (Amerasians, Indochinese, etc.)	2 622	0.3	3 225	0.3
Total IRCA legalisation	2 548	0.3	4 635	0.5

Source: INS, Office of Policy and Planning, *Annual Report*, January 1999.

means they were already in the US. This broad category covers a host of particular cases. Relatively few are part of the massive legalisation carried out pursuant to the 1986 Immigration Reform and Control Act (IRCA). As Table 9.1 shows, only 2548 persons were adjusted because they qualified for legal status under IRCA, and only 64 dependents of such persons qualified. Other cases involved persons who had been in the country illegally but had US-born children or a spouse who had documents. Such persons once had to leave the country and apply for a visa from the American embassy in their home country. Changes in

federal law allowed them temporarily to apply for legal status without leaving the US after paying a fine. In addition, large numbers of persons from Central America who were given temporary protected status due to political conditions in their home countries have been permitted by Congress to apply for permanent residency rather than return home when their status expired and the domestic political situation improved.[5] Finally, a significant proportion of persons holding non-immigrant (temporary) visas eventually adjust their status to permanent residency.

In all, the data indicate that legislative and administrative decisions are doing a poor job of managing migration to the US. Rather, prospective immigrants are shaping migration flows by taking matters into their own hands, entering the country through a variety of legal and illegal means, and then applying to regularise their status. While proposals to adopt a new formal amnesty for the undocumented are controversial, the legal admissions system is moving towards a *de facto* rolling amnesty program on both an individual and group basis.

Apart from the scale of entries, the characteristics of recent immigrant flows are interesting. The share of immigrant visas going to persons with family connections rose slightly in FY97, while the share going to persons with specific employment skills and their dependents went down (see Table 9.1). The INS classified only about a fifth of all immigrants aged 16–64 as white collar (professional/technical, executive/administrators, sales, administrative support staff). About 26 per cent were manual workers, skilled and unskilled, or were in the farming, agricultural or fishing sector. In fact, the manual category of operators, fabricators and labourers was the largest single occupational slot (12 per cent of the total). Forty-seven per cent of immigrants in FY97 were homemakers, unemployed, retired, students, or children under 16.[6]

The top nine sending countries are non-Western and developing countries. Mexico is by far the most important source country, its 18.4 per cent of the total being three times greater than runner-up

Philippines and eighteen times greater than that of Canada and the United Kingdom which are in seventeenth and nineteenth place, respectively.[7] Almost two-thirds of immigrants settle initially in just five states: California (25.5 per cent), New York (15.5), Florida (10.3), Texas (7.3), and New Jersey (5.2).[8]

Legal immigration is only part of the story, though as I have just shown a good deal of what passes for legal immigration is simply previous illegal entry and settlement put on an administratively legal basis. In addition, an unknown number of people continue to enter and reside in the US without changing their status. Figures on the total number of 'undocumented' living in the country are unreliable, as are estimates of illegal entries annually. The last official INS estimate of the size of the illegal population set the figure at 5 million in October 1996. No reliable studies exist on the basis of which one can evaluate the long-term effectiveness of recent border initiatives such as Operation Hold the Line in El Paso and Operation Gatekeeper in San Diego.[9] Although illegal entries appear to have been reduced in those metropolitan areas, crossings in more remote areas have increased and there have been more migrant deaths as a result.[10] No one seriously argues that illegal migration is under effective control although there may be a positive trajectory.

High immigration, legal and illegal, contributes to rapid population growth. According to the Census Bureau the US had 270.4 million residents on 1 July 1998, up 1 per cent from the previous year. The Bureau estimated 935 000 net immigrants in the twelve months to 1 July 1998. Between 1990 and 1998, the US population grew by 21.5 million, including 6.7 million net immigrants.[11]

The boundary between legal and illegal immigration appears to be disappearing due to the growing number of adjustments of status and despite renewed public commitments on the part of Congress and the INS to crack down on illegal entries. Will traditional distinctions between immigrant and non-immigrant visas remain viable? Non-immigrant, temporary migration is often overlooked in policy discussions. In sheer numbers, however, temporary migration

Table 9.2: Non-immigrant (temporary) visas issued

FY1995	6 181 822
FY1996	6 237 870
FY1997	5 942.061
FY1998	5 813 290

Source: Department of State, Bureau of Consular Affairs, Public Information Office (via telephone).

swamps the immigrant visa program. As Table 9.2 indicates, about 6 million non-immigrant (temporary) visas are issued annually. The numbers are declining slightly not because the number of temporary entries is going down but because of a visa waiver program by which nationals of countries whose refusal rate falls below 3 per cent may enter the country without visas. Some 26 countries currently benefit from this provision. In FY97 the State Department denied about 20 per cent of the 7.5 million applications it received.[12] Although there are 56 separate categories of non-immigrant visas, the three most important are B-visas for tourists and business visitors (roughly 78 per cent of the total), F-visas for students (about 4 per cent), and H-visas for foreign workers (about 3.4 per cent).

Recent policy developments

Legislative activity in the last few years reflects at least three different factors. The most obvious is Republican Party ascendancy in the Congress. Republicans have typically been more interested in controlling immigration than have Democrats, for whom immigrant Americans were a fundamental component of Franklin Delano Roosevelt's New Deal coalition. The sweep of both Houses in the 1994 election, therefore, seemed to set the context for a vigorous agenda on immigration issues. As it turned out, however, the Republicans were deeply split over immigration. Cultural conservatives and protectionists favoured restrictions, but business-oriented,

free market Republicans were often more enthusiastic about mass immigration than Democrats. Second, the nation's most populous state, California, was the most heavily affected by migration, much of it illegal. In the early to mid-1990s the state was undergoing a major recession, in part induced by federal government cutbacks in defence spending. The state-wide initiative leading to Proposition 187 had little eventual effect on the state's policies towards illegal immigrants, but it galvanised popular resentment over immigration nationally, aided by the state's 51 House members and a governor with presidential aspirations. At first, the Californian effect worked to strengthen advocates of restrictionist measures, but the perceived punishment meted out to 'anti-immigrant' Republicans by Latinos going to the polls in 1996 dampened enthusiasm for such efforts considerably.[13]

Finally, one needs to discuss immigration policy in the context of the economic transformation sweeping the United States. The national economic mood shifted palpably from fear over the loss of jobs overseas and chronic unemployment at the beginning of the 1990s to unbridled optimism, even euphoria, as the stock market boomed at decade's end. Concern that labour and skills shortages might derail expansion, which had been a subtext as early as the 1990 Immigration Act, moved front and centre. The case for cutting immigration was less compelling when the managers of the economy's most dynamic sectors complained of being unable to fill critical jobs and the American capitalist model, of which mass immigration was a major component, seemed to have triumphed over all alternatives.

These factors, among others, produced a spate of legislation that focused on illegal migration and welfare recipiency among legal immigrants, on the one hand, and the requirements of tight labour markets and the desires of persons living temporarily in the United States to stay permanently, on the other. Policy has been contradictory, directed at mastering the borders and eliminating immigrant access to publicly funded programs while making sure that employers have access both to cheap, unskilled labour and the best and

brightest the world has to offer. In other words, there are strong restrictionist and expansionist pressures at work, but the disjointed American political process, along with robust economic conditions that are creating huge numbers of new shareholders and legions of new millionaires, mean that expansionism is winning, at least for the time being.

The main pieces of legislation dealing with illegal migration were the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) and the Anti-Terrorism and Effective Death Penalty Act, both of 1996. The former included numerous provisions to strengthen border controls, improve the system for verifying authorisation to work, tighten provisions under which US citizens and legal aliens can sponsor the immigration of relatives, limit access of legal immigrants to public benefits, and facilitate the asylum process by limiting rights of appeal. The latter permitted asylum officials to exclude applicants who were without proper documents and did not have a credible fear of persecution or who had entered the US illegally.

Legislation amending the legal immigration program was proposed, but did not survive the legislative process in 1996. However, legal immigrants were the targets of welfare policy changes embodied in the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA). This law denied most legal immigrants who arrived after 22 August 1996 access to most federally funded benefits, except emergency health care and public education. In part because a high proportion of legal immigrants arrive via non-skills categories and because about 10 000 unskilled immigrants are granted visas each year, large numbers of immigrants were eligible for means-tested benefits such as food stamps and medical care, even when they had jobs. Many elderly immigrants moved immediately onto the state-provided, means-tested pension system.

At the end of 1996, then, it appeared that the Congress had taken a strong stand against illegal migration and, though it was unwilling to reduce legal flows, would nevertheless insist that new arrivals fend for themselves. This was not to be. As *Migration News* noted in

February 1999, combatants over immigration policy have three opportunities to contest it: at the legislative stage; after adoption when administrative regulations are written; and when it is finally implemented. In the months after 1996 many of the 'restrictive' features of the legislation were either repealed, watered down, or overturned by legislative, administrative and judicial means.

Moreover, proponents of freer access to American soil for foreigners won several other legislative struggles. One of the most important involved hundreds of thousands of Central Americans and Haitians who came to the US illegally during and after the 1980s and were denied asylum. They were instead given Temporary Protected Status, had that status repeatedly extended, and were finally granted the opportunity to become permanent residents.[14] Another example was the American Competitiveness and Workforce Improvement Act of 1998 (ACWIA). This law expanded the number of H-lB (temporary) visas for professionals and the highly skilled in specialty occupations from 65 000 to 115 000 in FY99 and FY00, and to 107 500 in FY01. Firms most likely to employ this measure are in the software, computer and internet sector. Ominously, as of June 1999, the available allotment for FY99 (ending on 30 September) had already been exhausted, provoking renewed arguments to extend and expand this temporary program.

A major exception to the pattern of special interest employers pushing through expansive programs involves agricultural growers. They and their Congressional allies supported legislation to ease access to temporary foreign farmworkers. The bill passed the Senate in July 1998 but the House never followed suit and the plan was deleted from the omnibus federal budget in October. Stimulus for reconsideration of the idea was provided in March 1999 when the Mexican Minister of Labor met with his American counterpart and called for a new agricultural guest worker program along the lines of one that exists between Canada and Mexico.

Conclusion

Even though policy-makers are actively seeking to reform and improve the US approach to immigration, there are growing signs that the objective of a coherent, well-managed immigration program is no closer at hand. This review has neglected entirely conflicts over multicultural education, the primacy of English, the naturalisation process, the application of highly contentious affirmative action programs to newly arrived immigrants, the costs of migrants to the nation's welfare system, their contribution to economic growth and dynamism. In other words, I have dealt only with aspects of immigration policy proper, leaving aside many ancillary topics. Nevertheless, these need to be incorporated into a comprehensive policy assessment.

The labour economist Phil Martin has recently noted that immigration policy-making is becoming more fragmented, narrow, and specialised. He had in mind the tendency of Congress to forgo complex, omnibus immigration legislation in favour of shorter, more specific bills dealing with particular issues. Recent events bear this out. Although comprehensive legislation was introduced, Congress split off discussion of legal immigration from that of illegal entries. Major legislation dealing only with the latter passed (IIRIRA), but many smaller pieces of legislation focusing on specific aspects of immigration also were adopted. These dealt with such matters as asylum seekers, high tech temporary workers, and terrorists. It now seems unlikely that the omnibus-style laws of the past that sought to encompass the whole range of immigration issues will be seen again. One unfortunate consequence of this procedural development is that more numerous but less ambitious bills attract less public debate and tend to be discussed in highly technical language by insiders with professional and concrete interests in the subject matter. For example, activists in the refugee arena have disproportionate influence over refugee policy, employers dominate the separate policy

processes for each of a profusion of work programs, the tourist trade weighs in on the visa waiver policy, and so on. The bigger picture tends to be lost along the way.

In practice, if not in public rhetoric and the language of the law, distinctions between legal and illegal immigration, permanent and temporary visas, and immigrants and refugees are breaking down. When over half of all new 'admissions' are persons who are already living and working in the country, the 'legal' program takes on the character of a charade. The attribution of temporary protected status and then permanent residency to Central Americans and Haitians, whatever the substantive merits of the decision, has the appearance of pressure politics. If Congress and the President succumb to the political clout of first one group and then another, they erode the idea of asylum as a principled obligation of states based on a close examination of the situation in home countries.

The fragmentation of decision-making and the dominance of highly interested organised groups over narrowly defined aspects of immigration law mean that the government seldom adopts policies tied to an explicit version of the national interest and, in the absence of a broad consensus, has difficulty enforcing those policies adopted.

Notes

[1] The Clinton administration's FY00 budget request calls for $4.3 billion for the Immigration and Naturalization Service (INS). In 1994 the INS budget was only $1.6 billion and there were only 4500 Border Patrol agents. Today there are 9000: *Migration News*, monthly, www.ucdavis.edu, March 1999.

[2] In 1997 INS had 1700 field investigators to enforce employer sanctions and locate and deport criminal aliens: *Migration News*, August 1997.

[3] Passed by 56 per cent of the California electorate, Proposition 187 prohibited illegal immigrants from receiving all public benefits but emergency health care. Only minor provisions of the initiative have survived court challenges.

[4] US Department of Justice, *Annual Report: Legal Immigration, Fiscal Year 1997*, Office of Policy and Planning, Immigration and Naturalization Service, Washington, DC, 1999, pp. 2–3.

[5] For a more detailed discussion of both the temporary provision allowing adjustment of status without leaving the country and the transition from temporary protected status to permanent residency, see G. Freeman, 'Reform and Retreat in United States Immigration Policy', *People and Place*, vol. 6, no. 4, 1998, pp. 5–7.

[6] US Department of Justice, *Annual Report: Legal Immigration, Fiscal Year 1997*, Table 5.

[7] Ibid., Table 2.

[8] Ibid., Table 3.

[9] F. Bean, et al., *Illegal Mexican Migration and the United States/Mexico Border: The Effects of Operation Hold-The-Line on El Paso/Juarez*, Population Research Center, University of Texas, Austin, 1994; J. Van Hook and F. Bean, 'Estimating Unauthorized Mexican Migration to the United States: Issues and Results', *Migration Between Mexico & the United States*, Binational Study, vol. 2, Mexican Ministry of Foreign Affairs and US Commission on Immigration Reform, 1998, pp. 511–50.

[10] F. Eschbach, et al., 'Death at the Border', *International Migration Review*, vol. 33, no. 126, 1999, pp. 430–54.

[11] US Census Bureau, *Population Profile of the United States: 1997*, 1998.

[12] *Migration News*, May 1999.

[13] G. Freeman, 'Reform and Retreat in United States Immigration Policy', pp. 4–5.

[14] Ibid., pp. 6–7.

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