



Joe Hockey says that superannuation and workplace reform were what would make the difference. PHOTO: GEOFF JONES

Immigration a 'lazy way to grow'

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Joanna Mather

Treasurer Joe Hockey says immigration is a "rather lazy way to try to grow your economy". Out to spruik the intergenerational report in Brisbane on Friday, he said tax, superannuation and workplace reform were what would make the difference.

But migration advocates reckon Mr Hockey has it wrong.

"I see it as a low-hanging fruit," said Patrick Carvalho, a research fellow with the Centre for Independent Studies and a migrant himself. "Skilled migration means Australia is importing free capital. And human capital is going to be, for the 21st century, the best performing type of capital."

That's not to say Mr Carvalho disputes the need for change in other areas. But he sees no sense in underplaying the economic benefits of immigration, particularly by young, well-educated foreigners.

The economists' mantra is that economic growth comes from the three Ps—population, participation and productivity. Long-range forecasts contained in the intergenerational report show Australia's reaching nearly 40 million by 2055.

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But there will be fewer people of working age compared with the very young and the elderly. That means more drag on the federal budget and less revenue generated by income tax.

Yet the report assumes migration will contribute proportionately less to the population—just 215,000 people a year—over the next four decades.

Asked whether the migration intake was underdone, Mr Hockey told ABC radio: "Immigration is a rather lazy way to try to grow your economy."

"What we've got to do is increase our output per hour," he said, adding technology, infrastructure and education had a big role to play in improving output.

Last Thursday, the same day the government released the report, the Migration Institute of Australia

released its own research about the economic contribution of migration. It said that by 2050, migration to Australia will have added \$1.6 trillion to GDP. GDP per capita will have been lifted by 5.9 per cent and labour force participation by 15 per cent.

"Our country has grown on the back of migration," said the institute's national president, Angela Chan.

"Politicians need to promote the economic benefits of migration to Australia but I think they often get scared, particularly in times where unemployment is high."

Peter McDonald, a professor of demography at Australian National University's Crawford School of Public Policy, said the report's migration assumptions were on the low side.

"In the short-term, it is highly likely that net overseas migration will be higher than assumed in the report," he said. "The department's projections are higher, for example. And the international student arrivals are rising."

"In addition, because many international students now have a right to remain in Australia after graduation for two years, international student departures will not be as large as they would have been otherwise."