

Great leaders knew immigration truth: populate or perish



Migration is critical to building the nation. Picture: RTA archives

The Australian
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The will to build a nation is slowly collapsing in Australia and with it perhaps comes a question mark over our will to thrive and even to survive.

The latest portent of this decline is the decisive turn by conservatives and some of their icons against a substantial immigration program.

There are two problems with the immigration program. One is that under the refugee and humanitarian program a small number of people — but nonetheless too many — have come in whose values are antithetical in some key respects to modern Australian values.

I think the public would bear the cost of this small group if it were confident that the problems were being tackled and if it were offered leadership. But the presence of these problems creates fertile ground for ruthless populists.

The second problem is the colossal failure of state and federal governments to build infrastructure. It is a telling, devastating sign of our national decline that the response is not to tackle infrastructure directly but to blame migrants and hope that with fewer people our pathetic shortcomings in infrastructure will be less obvious to ourselves.

In reality, a sharp cut in the immigration program will make all our problems worse.

Once we were led by nation builders, now our national response is cringing paralysis. Our immigration program has always been central to our nation building. Our program was proportionately much bigger under Robert Menzies than it is today and is about the same, proportionately, as it was in John Howard's later years, after he had restored border security.

Menzies and Howard and even Malcolm Fraser were nation builders. This often required leadership. These conservative leaders understood all the reasons we had to build our nation.

One of those reasons is security.

We are, overall, severely underpopulated. With a land mass the size of the US, we have a paltry population of just under 25 million (compared with America's 326 million). In our region we look across the water at Indonesia with 250 million, at The Philippines with more than 100 million, at Vietnam with nearly 100 million, at China with 1.4 billion.

Australia's national leaders have always understood, as Kim Beazley has occasionally reminded us in sober reflections on national security, that our survival as an independent nation is not assured.

This sense lies behind all of our greatest leaders. The act of Federation in 1901 was an act of national security, a bold, brilliant, brave and by no means assured decision to bring together a population a little over 3½ million to unify and rule and build a nation from Perth to Sydney, a distance greater than London to Moscow.

We have always understood, at some level, that population and immigration are matters of national security. Since World War II we have had four distinct phases of government, two good and two bad. Under Ben Chifley and Menzies we knew, after our near-death experience in World War II, that we had to "populate or perish".

As Home Affairs Minister Peter Dutton commented in a speech in London late last year: "Postwar immigration had a clear purpose — to build our population to give Australia strategic weight in a region beset by post-colonial instability and communist threat."

The program under Menzies was proportionately much bigger than it is now. In 1950, under Menzies, Australia welcomed 153,000 migrants. Our population then was eight million, so this was close to 2 per cent of the population. Our intake now is much less than 1 per cent. And in 1950 we were much poorer, had very little social welfare and also had a much bigger natural population increase through our then high fertility rate. There were lots of things for people to moan about, but also lots of things to be grateful for. In any event, Menzies was a nation builder.

The first and immensely successful period of postwar government had been the Chifley-Menzies-Holt years. The second, catastrophic period had the John Gorton-Billy McMahon-Gough Whitlam debacles. Whitlam, by a long margin Australia's worst prime minister, nonetheless was a man to win the hearts of contemporary Australian conservative activists, for he so comprehensively trashed the economy that he effectively suspended the immigration program. In his last year in office there was net emigration from Australia. We were so miserable that more people wanted to leave than to come here.

Fraser had a foot in the poor government camp and a foot in the recovery camp. He certainly rebuilt immigration. In those days, when he was deeply concerned for national security, Fraser advocated Australia aiming for a population of 50 million, saying at one point: “A population of 50 million will boost the economy, promote national stability and increase Australia’s influence.”

The third phase of postwar government, which was very good, was the Hawke-Keating-Howard-Costello continuum, the nearly quarter-century from 1983 to 2007. Bob Hawke and Paul Keating were nation builders and so were John Howard and Peter Costello. Once Howard re-established control of our borders and reinforced in the public’s mind the integrity of our immigration program, he moved deliberately to increase the program, which in his last years reached record levels.

That is why to talk about the average immigration intake under Howard is so misleading, as is so much rhetoric on immigration. Once Howard got his hand firmly on the tiller, and restored fiscal solidity and secure borders, he wanted a bigger Australia.

Costello, who within the government pushed the immigration program, urged families to have three kids — “one for mum, one for dad and one for the country”. He introduced pro-natal policies that increased our birthrates, one of his numerous, remarkable policy successes.

The fourth phase of postwar government is the decade since Howard, which has been beset by vicious and mostly pointless political infighting, policy paralysis, declining economic performance, radically increased debt, failure on infrastructure, failure on energy policy, failure on education and a profoundly dangerous loss of the vision of nation building. Because the Hawke-Keating-Howard years left us in such good shape, however, we have been able to live off our wealth. And while our politics has been rotten, we are still a very good society underneath.

There is also a certain happy inertia about some of our policy settings — immigration chief among them. But before we leave security, consider just some of the basic equations of defence. A couple of decades ago our economy alone was bigger than all the Southeast Asian economies combined and we enjoyed a huge regional technological edge in military hardware. Now we are much smaller than the Association of Southeast Asian Nations economy and several of its member economies will soon overtake ours.

Throughout our region there is a vast investment in armaments of all kinds and military modernisation. To be able to defend a nation like ours, to be able to look after ourselves in a region of burgeoning military heavyweights, requires a certain fixed amount of kit, whether we are a nation of 20 million or 40 million.

In 2009, when we had a population much nearer to 20 million than the 25 million we are now approaching, Kevin Rudd could declare in his defence white paper that we urgently needed a defence force of 12 long-range submarines and probably 100 joint strike fighters and this later came to include nine anti-sub frigates with missile capabilities and three air warfare destroyers.

If our immigration program were to stay at its current proportionate rate we would get near to 38 million — just about Canada’s population today — by 2050. We should then be able to envisage a defence force of 24 long-range subs, 18 frigates, six AWDs, 200 state-of-the-art fast jets and so on. To possess a force like that would not be militaristic. We would not threaten any of our vastly populous neighbours.

But we would have the kind of force, as that great defence analyst Ross Babbage once described it, that could rip the arm off even a great power that chose to act against us. Having that kind of force is the best guarantee that you won't have to use it. If we are a nation of 40 million with a median age of 39 and a productive industrial capacity we will be able to cope with whatever challenges we face infinitely better than if we are a chronically indebted, enfeebled nation of 28 million, with a median age of 57, and no industry.

The loss of the car industry was a huge failure of conservative government in this country, in service to a foolish interpretation of economic theory. For the amount of money a government loses down the back of a couch, and certainly the lowest subsidy per car paid by any nation with a car industry, we lost our industrial base.

Christopher Pyne is trying to resurrect an industrial base through defence expenditure. But it's awesomely difficult. And it's not yet baked in. I don't know that the Defence Department or the Defence Force itself is institutionally fully committed to the idea.

Labor will certainly want a domestic industry, but there always comes a time in the life of a Labor government when it feels it needs just a few billion dollars more of social spending to get across the next electoral line, and the defence budget, on the basis of "delaying" a program rather than announcing its abolition, is typically the fall guy.

Cutting immigration will make all these problems worse. Almost everything you've heard about immigration in recent weeks is wrong. By any conceivable measure the program is an immense success and gives great economic benefits to all Australians. There are widely cited economic models that purport to show that the economic benefits go mainly to the migrants and that while the size of the economy increases, per capita income stays the same.

However, one of the nation's most renowned economists who works in this area, Glenn Withers, points me to a more sophisticated model — more sophisticated because it adds in a few more variables — which shows big per capita income gains from Australia's immigration program.

In any event, we shouldn't be in thrall to the voodoo of modelling, as likely to get real-world predictions as wrong as ancient soothsayers. Let's be empirical. The three OECD countries with the highest proportion of foreign-born people are Switzerland, Luxembourg and Australia, and they are among the three highest per capita income nations in the world. Canada is not far behind. Immigration doesn't guarantee success, nor is it remotely inconsistent with the best economic performance in the world.

Withers points out that it is more instructive to look back and try to apply modelling techniques to Australia's past. Then you do see the strong economic pay-off of immigration. He also thinks it retards the ageing of society more than most economic models suggest. Most forecasts of immigration's impact on ageing underplay its significance because they assume a constant immigration number rather than assuming the program remains a percentage — like it is now perhaps somewhat less than 1 per cent — of the population.

You then get a very big pay-off in delaying ageing. This delivers billions upon billions of dollars in savings because a smaller proportion of the population is in old-age dependency.

Modelling also does not capture the financial capital that migrants bring, the huge benefits of economies of scale or the unpredictable but almost invariable economic pay-off of having a lot of smart people living close together.

Innes Willox, of the Australian Industry Group, told me: “When you get a properly planned city that grows to eight or nine million you get enormous economic opportunities, customer bases, skills bases, supply chains, business ...”

In the argument between quality and quantity, Joseph Stalin is alleged to have quipped that “quantity has a quality all of its own”. Just as in security terms a nation of 40 million is fundamentally different from a nation of 20 million, the same is true in economics.

Part of the problem for Australia’s bad-tempered, out-of-government conservatives — who are in danger of becoming a force that stands only against things, not for things — is that they are apeing European and American rhetoric when our experience has been so different. Europe has been swamped by unskilled, unregulated Muslim immigration. The US program is heavily biased to low-skilled immigration and has huge illegal immigration.

In contrast, Australia admitted 183,000 permanent settlers last financial year. Fully two-thirds of this intake are skilled immigrants. Counting skilled migrants, according to a speech by Alan Tudge, the Citizenship Minister, there is no difference in their unemployment rate as opposed to native-born Australians. Many more than a million Australians work for businesses founded by migrants. A third of our small businesses were created by migrants. Half of working-age migrants have a university degree compared with 30 per cent for the Australian-born.

What the critics of the program do so dishonestly is take the far more challenging settlement figures for refugees and imply that they apply to migrants overall. Last year we took 22,000 refugees and special humanitarian entrants. This figure was increased under Tony Abbott but goes back to 16,250 in the current year.

Because net overseas migration now counts long-term students, who make our education sector our third biggest export earner, and most of whom in due course go home, the total number of all long-term entrants, which also includes New Zealanders, is 245,000. But unless you want to destroy our universities or impose new controls on Kiwis, any big cut to immigration will inevitably cut the skilled migrant intake.

All the figures are slippery in immigration. The government loves to cite the blowout in 2009 under Kevin Rudd when the figure was 300,000 but this resulted almost entirely from a new method of counting long-term arrivals.

Donald Trump wants to reform the US immigration system. As he has said, he wants to make it just like Australia’s.

Once conservatives were the greatest nation builders in Australia. Destroying our immigration program would be a step along the path to national suicide.