



Immigrants Boost The Economy And Should Be Welcomed

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Populism is being mainstreamed in Australia. At a book launch former prime minister Tony Abbott set out an aggressive populist agenda for Australia – presumably a second Abbott government. Abolish the renewable energy target, abolish the Human Rights Commission, cut spending, reform the Senate, and cut immigration.

This from a man who couldn't amend a single section of the Racial Discrimination Act while PM. A man who increased taxes. A man whose government set the current renewable energy target. Good luck with that.

More concerning, however, is the increased antagonism towards immigration. To be sure, there is much to dislike about immigrants. I have loathed migrants ever since I became a citizen myself. They take our jobs, live in our houses, marry our women, deprive our children of jobs, and speak with strange accents. Most immigrants have the temerity to integrate into Australian society and come to think of themselves as being Australian!



Now Tony Abbott wasn't as crude as that in his call for restricted immigration but many would nod in approval while thinking those, or similar, thoughts. The official line for restricting immigration is to reduce house prices (at least until housing starts pick up). As if most new migrants to Australia could afford to buy a house upon arrival.

Abbott accuses the federal Treasury of having a "big is best" mode of thinking. Quite right. Most economists support free trade and have done so since Adam Smith. Economists understand that more trade leads to improvements in our standard of living and greater prosperity. This is the basis for promoting international trade.

What many people don't seem to realise is that domestic trade is good for prosperity too. We can trade with foreigners across international borders, or we can trade with immigrants right here at home. The case for free trade – an argument Abbott knows well – is also the case for immigration. We are better off when goods and services cross borders and when people cross borders, too.

International trade and immigration are not substitutes, they are compliments.

Arguments in favour of immigration usually emphasise diversity, food choice, and the like. These arguments are true, but trivial. The benefit of immigration comes from the fact that immigrants increase the size of the market.

Immigrants don't just increase demand for Australian goods and services, they also increase the supply of Australian goods and services. This is especially so given the fact that Australia's immigrant intake is skewed towards skilled migrants. People who are likely to quickly gain employment, start paying taxes, and making other contributions to Australian life.

A restriction on immigration is a restriction on economic prosperity – much like increased taxation.

If Abbott truly believes that housing starts are lagging population growth he should focus his attention on supply side barriers to entry and not on restricting the demand side of the economy. That means lowering taxation, cutting red tape, cutting green tape, and forcing the states to do so, too.

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