

## THE GROWTH LOBBY AND AUSTRALIA'S IMMIGRATION POLICY

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*Immigration boosts Australia's population growth. A growth lobby concentrated among interests based in housing, land development and construction profits from this and actively lobbies for it. During the early years of the Howard Government (1996 to 1999) the lobby faced the novel situation of a presumably pro-business government that reduced immigration. Eventually this induced the lobby to mobilise and to go public, rendering its activity more visible than before. From July 2000 the Government embarked on a series of steep increases in the intake.*

By the early 1990s immigration in Australia had become unpopular. In 1991, 73 per cent of voters said that the numbers coming in were 'too many' and, in 1996, 71 per cent were still of this opinion. After its 1996 election victory, the new Coalition Government led by John Howard embarked on a program of immigration reform. It reoriented the program towards skilled migration and away from family reunion, and cut down on fraud. It also reduced the numbers by 13 per cent, introducing a lull in the migrant intake.

The economy was buoyant and the reduction unexpected. In response business leaders mobilised for a return to high immigration. The growth lobby, as it is described in this article, justified high immigration and thus population growth on economic grounds, particularly a larger domestic market. Property developers were prominent within this lobby as were leaders from other industries that profit from a growing domestic market. The lobby may have been effective because, after June 2000, the number of migrants began to rise again.

This article analyses the growth lobby and its impact on immigration policy. First, it makes the point that immigration causes substantial population growth and describes the association between economic conditions and immigration policy from the mid 1960s to 2005. Second, it outlines the dimensions of the growth lobby. Third, it

identifies the available evidence on the lobby's responses to the uncharacteristic state of play in the late 1990s. Fourth, it outlines an alternative explanation for the increase in immigration: a growing need for skills. Finally, it summarises the circumstantial evidence for the lobby's role in ending the immigration lull.

### **IMMIGRATION AND POPULATION GROWTH**

Australians see the 25 years after 1947 as a time of mass migration. Indeed the number of settler arrivals in the immediate post-war decades was high, peaking at a record 185,000 in 1969-70. But departure rates were also high.<sup>1</sup> From 1947-48 to 1972-73 the net annual intake averaged around 85,000.<sup>2</sup>

This is a much lower figure than 185,000 but it had a strong impact. From 1947 to 1973 the population grew from 7.6 million to 13.2 million; without immigration the 1973 total would have been 9.9 million. Fertility was high in those years, especially among the native born. Despite this, migrants and their Australian-born children were responsible for an extra 3.3 million people, or 59 per cent of Australia's growth.<sup>3</sup>

The general public (and many political commentators) often do not understand migration figures. A net average annual intake of 85,000 does not sound very big. It's about the size of Bendigo or Ballarat

or a mid-size suburb in a capital city. But the numbers cumulate and the new arrivals have Australian-born children. Over time 85,000 (or 80,000) a year adds up to a lot of people.

Table 1 sets out recent population projections from the Australian Bureau of Statistics (ABS) with different fertility and migration assumptions. It shows that a steady net intake of 80,000 per year over the next fifty years would add over five million extra people (and would account for between 72 and 87 per cent of all the projected growth). And as Table 1 shows, net 110,000 a year, or net 140,000, adds up to even more—an extra 7.1 to 9.3 million.

Immigration has radically increased the size of Australia's population in the past and, as the projections show, would continue to do so in the future. Unlike the two other demographic variables—fertility and mortality—it is directly under the

control of policy makers. This means that federal politicians can choose whether the number of Australians reaches 32 million in 2050 or stays close to 21 million. The choices these politicians make will have a big effect on the way we live. For example, the ABS projection series B of net 110,000 a year (with a total fertility rate of 1.7 and a moderate increase in life expectancy) would add 1.3 million to Sydney, taking it to 5.6 million, and 1.4 million to Melbourne, taking it to 5.0 million.<sup>4</sup> Increases of this size may have advantages but they also have disadvantages, including congestion, escalating house prices, and pressure on open spaces, water, and other resources. It is also probable that the advantages and disadvantages would not be evenly spread.<sup>5</sup>

What are the factors that politicians may be taking into account as they make their decisions about immigration? This paper

**Table 1: Projected population of Australia, 2004 to 2051, with different levels of fertility and net overseas migration**

TFR	NOM	2005	2011	2021	2051
				Millions	
1.9	140,000	20.4	22.0	24.8	31.7
	110,000	20.3	21.8	24.2	29.7
	80,000	20.3	21.6	23.6	27.7
	0	20.2	20.9	22.0	22.4
1.7	140,000	20.3	21.9	24.5	30.1
	(B)110,000	20.3	21.7	23.9	28.2
	80,000	20.3	21.5	23.3	26.3
	0	20.2	20.9	21.7	21.1

Source: *Population Projections, Australia, 2004 to 2101*, catalogue no. 3222.0, ABS, Canberra, 2005, p. 80

Notes: The projections assume that life expectancy at birth increases from its current level of 78.1 years for men and 83.0 years for women to 84.9 years for men and 88.0 years for women. The ABS terms this the 'medium' assumption for life expectancy.

TFR stands for total fertility rate. (In 2004-05 the Australian TFR was 1.797. Replacement fertility is 2.1.) NOM stands for net overseas migration. This is net permanent and long-term migration adjusted for category jumping.

(B) The projection series with TFR at 1.7, NOM at 110,000 per annum, and medium life expectancy is the ABS series B, the medium projection of the three they focus on. (The others are series A and C. A has the TFR at 1.9, NOM at 140,000 per annum and higher life expectancy. C has the TFR at 1.5, NOM at 80,000 per annum and medium life expectancy. Neither A nor C are shown in Table 1.)

cannot provide a definite answer to this question but it can explore some possibilities.

### **FROM WHITLAM TO HOWARD**

The important story concerns the events of the last ten years, and thus what may continue to happen in the immediate future, but we need to put this period into context in order to show why it is important.

Averaging net migration over a period shows its demographic impact but gives a poor picture of the year-by-year history of immigration policy. The size of the program fluctuated between 1947 and 1973 and has continued to do so since. For example, when Gough Whitlam's Labor Government was elected in December 1972 it initially kept the intake high but, by 1975-76, had cut it to just 45,000. This restraint partly reflected the Government's concern about urban and environmental pressures but was also associated with rising unemployment (and high inflation). A few years after the election of Malcolm Fraser's Coalition Government (in December 1975) the numbers were pushed up again.

Figure 1 shows the pattern from 1959-60 to 2004-05.<sup>6</sup> While the net figures show an intriguing pattern of rises and dips, especially during the sharp recessions of the early 1980s and 1990s, the official program is more interesting as it is this that reflects policy changes.

The graph shows the build-up of the early Fraser years. This build-up is unusual because it was instituted during a period of rising unemployment. No government had done such a thing before. Fraser only began to rein the program in when unemployment headed towards 10 per cent, shortly before he lost office in 1983. The graph also shows the later and more considerable increase under Labor and Bob Hawke. Again this increase occurred in the face of high unemployment, and again the Government did not reduce the program until

unemployment began to reach 10 per cent. This reduction was followed by a rise after July 1994 (under Paul Keating, also Labor) as the recession eased in the sense that GDP began to grow (though unemployment remained high).<sup>7</sup>

From the end of the war to 1973 unemployment had been low, seldom over two per cent. It reached four per cent in 1974-75 and Whitlam cut the program back. However, the new pattern established in the 1980s and early 1990s was that high unemployment did not act as a brake on immigration until it approached double figures.

But in March 1996 John Howard defeated Keating and immigration policy changed again. Whereas Keating had been pushing the numbers up, Howard brought them down a notch. This introduced a lull in the intake which lasted from 1996-97 to 1999-2000. The lull is unusual because, unlike the two previous contractions, it did not coincide with a recession. The economy was buoyant; indeed GDP had been growing for some years.<sup>8</sup> Unemployment was still high (8.2 per cent in June 1996), but it was falling not rising. (In June 1999 it was 6.9 per cent.) Fraser, Hawke and Keating had raised the intake in less propitious circumstances, yet the new Government cut it from 98,000 (in 1995-96) to 86,000 in 1996-97 and then again to 80,000 in 1997-98. It kept it at around this level until June 2000.

From July 2000, as we can see, it embarked on a sharp series of increases. By 2005-06 the number of permanent visas issued had reached 155,930.<sup>9</sup> This was not as high as the 185,000 of yesteryear but, with lower rates of return, it is likely to lead to higher rates of net migration. (From 2000-01 to 2004-05 net overseas migration averaged 108,500 per year.) Current plans are for an intake of 157,000 in 2006-07.<sup>10</sup>

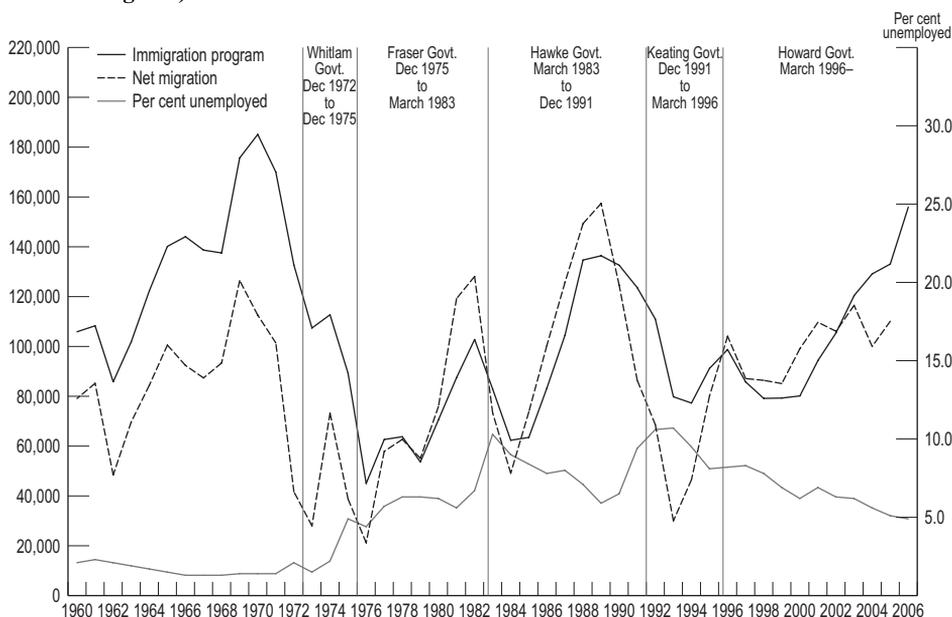
## THE GROWTH LOBBY

There are a variety of groups that press governments to increase immigration to Australia. The minority who argue for an increase do so for diverse reasons, including promoting family reunion and humanitarian migration. They operate within a climate of opinion characterised by ignorance of demography, general—though weakening—antipathy to immigration among the majority of voters, and strong support for refugees and asylum-seekers

among many new-class intellectuals.<sup>11</sup>

The term growth lobby describes those who want governments to increase immigrant numbers for economic reasons. Since the 1970s a number of researchers have emphasised the pivotal role of this lobby in shaping Australian immigration policy. Its core consists of business interests that profit from population growth, especially property developers and operators in the housing and construction industries.<sup>12</sup>

**Figure 1: Immigration program, net migration and unemployment, 1960 to 2006 (June figures)**



Sources: 1960 to 1974, net total migration and settler arrivals: *Australian Immigration: Consolidated Statistics No. 13*, Department of Immigration and Multicultural Affairs (DIMA), 1983; 1975 to 2005 net overseas migration data: Migration, various issues, ABS, catalogue no. 3412.0 and *Australian Demographic Statistics*, various issues, ABS, catalogue no. 3101.0. Program data: annual Immigration Department reports and *Population Flows: Immigration Aspects*, DIMA, various issues. They include the general migration and the humanitarian programs. They do not include New Zealanders.

Unemployment figures from June 1978 to June 2006: *Labour Force, Australia*, Spreadsheets, ABS, catalogue no. 6202.0.55.001 (September 2006); 1976 and 1977: McAllister et al. *Australian Political Facts*, Macmillan, Melbourne, 1997, p. 520; 1975: *Year Book Australia, 2001*, ABS catalogue no. 1301.0; 1972 to 1974: CES data from Hughes, 'The economy', in Patience and Head (Eds), *From Whitlam to Fraser*, OUP, 1979, pp. 15-16; 1961, 1966, 1971: McAllister et al. op. cit., with missing years supplied by Excel's fill function.

Note: Net migration figures are net total migration from June 1960 to June 1974, and net overseas migration from June 1975 to June 2005. Program figures are settler arrivals from June 1960 to June 1974, and Departmental program data from 1975 to 2006. The latter do not include New Zealanders; the former do.

The growth lobby is distinctive insofar as it has a vested economic interest in immigration, and its key players are rich and powerful.<sup>13</sup> On this account it has privileged access to government. In particular, it has privileged access to Coalition Governments for whom business is a key constituency.<sup>14</sup> The fact that key players in this lobby are rich and powerful also means that, unlike most of their fellow citizens, they are able to insulate themselves from the costs of population growth.

Growth lobbyists tend not to spend time advocating higher fertility, probably because policy decisions only affect fertility at the margin, and also because the impact of more babies on the demand for housing and construction is slow. In contrast new migrants stimulate demand almost immediately.

There are other industries closely associated with development and housing which also support the growth lobby. Most notably, the Australian media derive a large part of their advertising revenue from developers and real estate agents. And like the housing industry, the media have a limited capacity to export their products so an expanding domestic market suits them well. Media proprietors have supported immigration for a long time. In November 1986 Kerry Packer said: 'It's about time ... that we started to build this nation up to a country with 30 or 40 or 50 or even 70 million people. And it's going to require courage on everyone's behalf to turn around and say it's time we had an immigration policy ... It's time to realise we can't survive with just 16 million people on this enormous island—playing around among ourselves with no real care for the rest of the world'.<sup>15</sup> More recently, in November 1999, Rupert Murdoch commented: '[I]t is a pity to see immigrant numbers declining. Australia needs to recommit itself to the challenge and opportunity of large-scale immigration'.<sup>16</sup>

The media proprietors' vested interest is strategically significant. The country's major national broadsheet, *The Australian* (owned by News Corporation, and thus part of Murdoch's empire), proclaimed in 2003 that 'for years *The Australian* has called for a higher annual immigration intake'. In 2006 this record was extended to having supported 'high immigration for four decades'.<sup>17</sup> From January 2001 to October 2006 *The Australian* ran 18 pro-immigration editorials<sup>18</sup> and only one column questioning the environmental wisdom of more growth (by Bob Carr, then premier of New South Wales).<sup>19</sup>

The institutional framework for property development in Australia may go a long way to explain the fact that Australia still has a formal immigration policy with growth targets whereas most other countries do not. Sheila Newman has observed that, in France, the housing and land development industry is controlled by the state. In consequence few individuals can make a profit from speculative investments in urban development and housing and there is no French equivalent of the Australian growth lobby.<sup>20</sup>

Other businesses with a domestic market—ranging from gambling to financial services—can also expect to profit from the immediate spending power of migrants. In the course of 1999 one of the authors of this article (Gilding) interviewed 43 wealthy Australians drawn from the 'Rich 200' on the 1999 *Business Review Weekly's* rich list.<sup>21</sup> He focused on how they had made their money and what they intended to do with it, rather than on their attitudes to population growth. While it was not apparent at the time, in retrospect 1999 was a pivotal year for immigration policy. Now, in 2006, with the immigration program approaching record levels, it is worth returning to these interviews to analyse what the respondents said about population growth.

Gilding asked his respondents what they considered to be the most important issue facing Australia. Responses varied and it was hard to draw general conclusions, but one of the few repeated themes was the need for immigration to boost domestic consumption. Most notably:

The lack of migration. Also the deregulation of the labor market, particularly young people, juniors—excellent resource. (Entrepreneur in domestic services)

I suppose population and growth in population: anything you do here is a numbers problem. That's why you have to go overseas, because there aren't the people and so you've got to populate the place. I think that for local companies to survive, they need more people to bloody sell to. (Technology entrepreneur)

Immigration. One hundred per cent, because you can't go a step at all without immigration. We need a minimum—a minimum—of thirty-five million people in this country. (Entrepreneur in domestic services)

My view is population ... I just think, at the moment, we should have and be managing a population of twenty-five million which is an extra, I guess you could say, 30 per cent of what we have now roughly. We should really be going for it. (Entrepreneur in domestic retail)<sup>22</sup>

### **THE IMMIGRATION LULL AND THE GROWTH LOBBY'S RESPONSE**

Though immigration had become very unpopular in the early 1990s<sup>23</sup> it was not an issue in the March 1996 election. After its victory, however, the Howard Government embarked on a program of immigration reform, including a reduction in numbers.<sup>24</sup> By 1999, public hostility to immigration had eased considerably.<sup>25</sup> But the moderate decrease in migrant numbers meant that business leaders, long accustomed to high

immigration as a matter of course, found themselves in new territory. The advent of a non-Labor, presumably pro-business, government which reduced the intake in fair economic times was novel.

Disquiet in business circles was apparent in a 2001 interview conducted with Senator Nick Minchin, Industry Minister and a member of Howard's cabinet. The journalist, Maxine McKew, reported that Minchin was a convinced immigration skeptic and very aware of business pressure on the Government to increase migrant intake:

But he [Minchin] parts company [with business] on a key point that's advanced by many corporate leaders and industry bodies—the need to dramatically increase our population. Can a market of a mere 20 million, it's argued, ever really be taken seriously? Over and over the message from business is the same. Entrepreneurial cultures welcome immigrants on the basis of a simple proposition: who knows where the talent might be? Minchin clearly is unimpressed. 'With great respect to business, they speak, not unnaturally, completely out of self-interest. They want more people to sell more widgets to. But there is a world of 6 billion customers out there, so I say: "Get out there and sell to the world"'. It's time, Minchin says, that Australian business 'stopped trying to bully governments and the Australian people into a view that we should double our population'. This must go down a treat with assorted CEOs, I suggest. 'Whenever I have this debate with businessmen, I say, for God's sake, read Tim Flannery's *The Future Eaters*. The fact is there are severe physical limitations in terms of the population we can sustain on this continent'. You sound like ... Bob Carr. 'Bob and I have a lot in common on this issue. But it is all there in Tim's book. We made this mistake with European colonisation, we all tried to

believe we could live like Europeans and fare like Europeans. But this ain't Europe. It's a desert'.<sup>26</sup>

Similarly, Gilding's 1999 interviews uncovered frustration with government policy on immigration. The same entrepreneur who said that Australia needed a population of 35 million complained that it needed 'a Prime Minister with enough balls to make that hard decision'. One respondent observed that 'politicians won't take the hard decisions ... because their belief is that they won't be in power next time around'. Another unselfconsciously highlighted his ready access to political leaders, together with his insulation from the negative effects of immigration and population growth:

I'm very pro-migrants. In fact, I think that the number ... one thing—bring more migrants out ... I'm in favour of ... Beazley [Opposition leader], he wants to populate ... That's going to be a platform at the next election. I'll be totally behind him. I'll speak to Costello [Treasurer] on Wednesday night about that. Not that he'll take much notice of me, but I'll tell him. The Liberals are hopeless on migration. God! It's not very popular, that's why. It's not very popular with the Liberal governments. There are no votes in migration. Everyone feels insecure. The lower our socio-economic growth, the more insecure you feel. I don't feel insecure. For me, the more that come in, it's more business for me. It's slightly selfish, I suppose. But I really believe that we've got to populate, otherwise we're not going to keep pace.<sup>27</sup>

In this context, a couple of journalists (Grattan and Adams) described cautious mobilisation of business leaders around immigration. In 1997 Michelle Grattan described how some of Australia's 'biggest business names' (including Tony Berg of Boral, Frank Lowy of Westfield, Reg Clairs of Woolworths, and Fred Hilmer, then a

Director of Port Jackson Partners Limited, soon after CEO of Fairfax Holdings) met to discuss strategy. She also highlighted the secrecy in which they worked.

They agreed to what might be dubbed 'pyramid selling' of their viewpoint. They would individually host other lunches, tapping into a broader range of people, including academics, lawyers, community leaders and journalists, to both garner and spread views. So far, some half dozen lunches have been held. WMC's Hugh Morgan attended a Melbourne one; Sydney Committee chairman Rod McGeoch was among the guests at another in Sydney. But there is a strange twist to this emerging network ... Those involved are very reluctant to talk about their efforts to put the pro-immigration lobby on a more active and perhaps formal footing. They could as well be setting up a Masonic Lodge as simply organising to give greater currency to a mainstream, albeit currently unfashionable policy position.<sup>28</sup>

The Australian Chamber of Commerce and Industry was concerned as well.<sup>29</sup> More consumers were not the only problem; there was also a need to import skilled workers. Training locals was too difficult. As the chief executive officer (Mark Patterson) put it, many employers were reluctant to commit themselves to a three- or four-year training period for apprentices because of economic uncertainties.<sup>30</sup> But building and development require customers as well as workers. In May 1999 Wayne Adams wrote: 'Key business interests, including manufacturing, housing construction and a rump inside the Business Council of Australia, want a bigger home market to sell to. And they want more ready access to the world's pool of labour'.<sup>31</sup>

Berg had been reluctant to be named as a leader of the 'pyramid selling' group but he was clear about his reasons for supporting it: 'A faster growing population

increases demand and increases growth'.<sup>32</sup> His position also had a moral dimension: 'Do we have the moral right to try and keep our wealth ourselves?' he asked.<sup>33</sup> This illustrates the way that, from time to time, growth lobbyists borrowed the arguments of the humanitarian intelligentsia, and why few members of the intelligentsia criticised the increasing pressure for an increase.<sup>34</sup>

In 1999 the growth lobby gave up secrecy and formalised its position with the establishment of the Australian Population Institute, or 'APop'.<sup>35</sup> APop was set up under the patronage of the Urban Development Institute of Australia, a peak industry body, and of Richard Pratt, Chairman of Visy Industries, a manufacturing company producing packaging and paper (and also interested in recycling). The founding president was Albert Dennis. (With his family, Dennis owns the Dennis Family Corporation which 'develops around 700 lots per annum in Queensland and Victoria, and builds around 1,200 houses per annum in Queensland, New South Wales and Victoria'.)<sup>36</sup> At APop's launch Pratt told the gathering of business people that Australians 'should pursue a vision which looks ahead 50 years to a democratic, secure, prosperous, fair and pluralist Australia with a population of 50 million people'.<sup>37</sup>

APop enjoyed support from a raft of business leaders, especially in the property development, housing and construction industries. These included: Michael Hickinbothom, CEO of the Hickinbothom Group, a major South Australian land development and housing firm; Stan Wallis, Chairman of the finance firm AMP; Lindsay Fox, owner of the private trucking company Linfox; and Mark Liebler, a prominent tax lawyer. APop also acquired Steve Vizard, media personality and business man, as 'its public face' and began organising a population summit.<sup>38</sup> In Virginia Trioli's words:

The politics of this are intriguing. In one respect, the APop mob is the federal government's nightmare: an educated and commercially powerful bunch of businesspeople with unchangeable views on what makes their work successful, getting together to figure out how to increase Australia's labour force, distinct from any political party's policy. Signed off by one of the great Victorian rugged individualists, Dick Pratt—another person of dangerously firm views and deep pockets—the group has a significant membership of property developers, building industry members and opinion-makers.<sup>39</sup>

The current program is now large. But for some lobbyists the numbers will never be large enough. For example, in October 2006 Harry Triguboff, property developer and one of Australia's 10 richest people, called for a 'massive boost to immigration', aimed towards a population of 150 million by 2050.<sup>40</sup> To this end, he argued that national parks should make way for housing saying: 'You go north [from Sydney] and we have all these reserves and you go south and you have all the reserves, and they are the best part of the coast. This is crazy. We should be building on this area'. If people 'want to see trees, they can go to Katoomba, there are plenty of trees there'.<sup>41</sup> (Katoomba is a resort town in the Blue Mountains, 110 kilometres west of Sydney.)

This statement was sufficiently brutal in its self interest to provoke a media response. Triguboff had spoken openly of his (successful) efforts to lobby Bob Carr to permit more development, when Carr was premier of New South Wales (NSW),<sup>42</sup> and Paul Keating labelled all NSW Planning Ministers the 'mayor for Triguboff'. Keating added that the 'wall of money coming at a minister is phenomenal because, as you know, the industry is into political donations which in my opinion

should be outlawed'.<sup>43</sup> (Despite Triguboff's attentions, it is interesting that Carr maintained strong public opposition to high migration, if it were destined to end up in Sydney. His successor, Morris Iemma, is publicly more accommodating. Shortly after becoming premier in August 2005 he announced that 'NSW is open for business' and said: 'I am determined to keep business rolling. To listen and respond to the concerns of our business community'.)<sup>44</sup>

For Triguboff, Australia's economy 'is based on housing, which is based on a growing population'.<sup>45</sup> 'Growth begets growth' and cities 'must grow or die'.<sup>46</sup> And as Keating surmised, he was in a position to pay to make sure his views were heard. Research by the Australian Greens Party revealed that from 1998–99 to the present the NSW Labor Party has received \$8.78 million from developers and the NSW Coalition parties (which are in opposition) \$6.35 million.<sup>47</sup>

### **A NEED FOR SKILLS?**

By the time APop's population summit was held in 2002 the increase in the immigration program was well advanced. This increase occurred at the same time as an economic boom, lower unemployment and much talk of a need for skilled labour.<sup>48</sup> For example, Wilhelm Harnisch, the chief executive of Master Builders Australia, observed that the increase should 'provide the opportunity to alleviate some of the shortages of skilled trades in the building industry'.<sup>49</sup>

Yet the argument for immigration based on a need for migrant skills should not be taken at face value. The same case was made in the late 1970s when the Fraser Government justified its high migrant intake at a time of rising unemployment on the basis of skills shortages.<sup>50</sup> It is striking that the intervening 25 years have not been enough to remedy Australian training and education deficiencies. During

the ten years of the Howard Government employment has grown by 20 per cent, with particularly high growth in skilled and professional occupations. For example, the number of managers grew by around 46 per cent, professionals by 37 per cent and associate professionals by 39 per cent.<sup>51</sup> Yet education and training stagnated. Over these ten years the Government did not allow any increase in local government-subsidised university places, while at the same time it discouraged enrolments with HECS fees and very little income support for struggling students.<sup>52</sup> By 2006 shortages of professionals in health, engineering and accounting were serious.<sup>53</sup> These shortages are real but there has been no shortage of school leavers who could have been attracted to higher education in order to fill them. But despite increases in the cohort of school leavers, and despite growing demand for highly trained workers, the government has maintained a tight cap on university places for Australian students.

This restriction could have been a calculated strategy designed to create an artificial need for skilled migrants. Or it could have been the result of policy error. The Howard Government is reluctant to finance more subsidised university places for locals, hoping to swing tertiary education towards a user-pays approach. Under this model the cap on university places could have been breached by local students prepared to pay full fees. However the strategy did not work; very few local students took up the full-fee opportunity and almost all the growth in training in Australia over the last 10 years is due to full-fee overseas students. The attempt to redirect tertiary education further down the user-pays path has led, not to a privatised university system, but to the 'self-inflicted wound'<sup>54</sup> of labour market shortages. The Government then responded, as in the past, by pressing the immigration button. (In the

case of apprentices in traditional fields, it is employers who decide how many to take. They have responded to increased government inducements to do so with a big upsurge in the last few years—but too late to solve current shortages.)<sup>55</sup> Skills shortages exist but immigration is often an inefficient solution: many of the migrants brought in allegedly to fill skill gaps have been brought in in areas of oversupply.<sup>56</sup>

In those instances where there is a good fit between a migrant's skills and labour market demand, skilled immigrants are easier to settle. They also tend to be more acceptable to the general public than low-skilled family-reunion migrants and asylum seekers.<sup>57</sup> Bringing in skilled migrants may be a serious attempt to remedy the policy errors that have restricted education and training opportunities for existing Australians. Or it may be a convenient way of appeasing the growth lobby. But if the former explanation is valid, we would expect to have seen a strong push to boost local training at the same time as the migrants numbers were being increased. There is no evidence for this.<sup>58</sup> However, the two explanations may work together. The skills shortage was probably not engineered to justify an immigration increase, but once

it had been produced immigration was seized on as a happy solution.

## CONCLUSION

We cannot explain the Howard Government's immigration policy changes. Definitive answers may have to wait on the release of cabinet documents in thirty years. What we have been able to do is point to the consternation generated among business leaders during the lull, their strong feelings about immigration and population growth, and the extent to which they mobilised in order to promote their interests.

The public record shows that a member of Cabinet was concerned about pressure from the growth lobby, that growth lobbyists organised a pyramid structure to promote pro-immigration views, that they founded the Australian Population Institute, and that, at least in NSW, they gave large amounts of money to political parties. The interview data confirm that some of Australia's richest people are fervent supporters of immigration. The public record also shows that, no matter how high federal politicians push the numbers, some lobbyists will press for more. All of this may mean that, rather than having growth for growth's sake, Australia has growth for the growth lobby's sake.

## References

- <sup>1</sup> From 1946 to 1958 long term arrivals (temporary arrivals of people intended to stay at least 12 months) were included in with the permanent figures and this inflated the number of people presumed to be permanent immigrants. Charles Price writes that prior to 1959 three substantial non-settler elements were included in the so-called permanent arrivals: Australian-born residents returning after trips abroad of 12 months or more; foreign-born well-established settlers who'd made a trip abroad of 12 months or more; and visitors who were indeed long-term visitors. See C. Price, *Immigration and Ethnicity: The Work of Charles Price*, Commonwealth Department of Immigration and Multicultural Affairs, Canberra, 1996, pp. 2–3.
- <sup>2</sup> These are net total migration figures. They are based on all arrivals (short-term or less than 12 months, long term or 12 months or more, and permanent) minus all departures. The sources are *Demography Bulletin*, Bureau of Census and Statistics, Canberra, for immigration figures for 1947–48 to 1958–59 and *Overseas Arrivals and Departures*, Australian Bureau of Statistics (ABS), catalogue no. 3404.0 for 1959–60 to 1970–71. Differences in the way the statistics were kept before 1959 complicate comparisons between then and now.
- <sup>3</sup> See W. D. Borrie, *First Report of the National Population Inquiry*, The Government Printer of Australia, Canberra, 1975, pp. 101–102. The 1947 population figures are from p. 138.
- <sup>4</sup> *Population Projections, Australia, 2004 to 2101*, catalogue no. 3222.0, ABS, Canberra, 2005, p. 49. In June

- 2005 Sydney's population was 4.3 million and Melbourne's 3.6 million: *Australian Demographic Statistics (December Quarter)*, catalogue no. 3101.0, ABS, Canberra, June 2006, p. 16
- <sup>5</sup> See J. Giesecke, 'The economic impact of skilled migration', *People and Place*, vol. 14, no. 3, 2006, pp. 48–63.
- <sup>6</sup> The net figure shown in Figure 1 is net overseas migration (NOM) which is slightly different from the net total figures cited above for 1946–47 to 1972–73. Unlike the net total figure, NOM is based on net permanent and long-term movement. It is adjusted to take account of category jumping, the tendency of some movers originally counted as short-term to become long-term or permanent and vice versa. The category-jumping data are based on estimates and are subject to revision but they are widely used. However they are not available for years prior to 1975.
- <sup>7</sup> Growth in GDP was negative from the September quarter 1990 to the June quarter 1991, and hovered around zero for the next two quarters. By September 1992 to June 1993 GDP growth was fairly strongly positive. See *Australian National Accounts: National Income, Expenditure and Product*, spreadsheet, ABS, catalogue no. 5206.0
- <sup>8</sup> *Australian National Accounts: National Income, Expenditure and Product*, op. cit.
- <sup>9</sup> See <[www.immi.gov.au/media/statistics/statistical-info/visa-grants/migrant.htm](http://www.immi.gov.au/media/statistics/statistical-info/visa-grants/migrant.htm)>. This gives 142,930 for the general migration program. Together with an estimate of 13,000 for the humanitarian program this gives 155,930.
- <sup>10</sup> *ibid.* (This figure also includes an estimate of 13,000 humanitarian migrants.)
- <sup>11</sup> See K. Betts, *The Great Divide: Immigration Politics in Australia*, Duffy and Snellgrove, Sydney, 1999.
- <sup>12</sup> The originators of this thesis are Robert Birrell and Tanya Birrell. See 'The dynamics of immigration policy', in R. Birrell and C. Hay (Eds), *The Immigration Issue in Australia*, Department of Sociology, La Trobe University, Bundoora, 1978 and *An Issue of People (second edition)*, Longman Cheshire, Melbourne, 1987. See also J. Warhurst, 'The growth lobby and its opponents: business, unions, environmentalists and other interest groups', J. Jupp and M. Kabala (Eds), *The Politics of Australian Immigration*, Australian Government Publishing Service, Canberra, 1993. An earlier analysis can be found in M. Walsh, 'The politics of it all', in *How Many Australians? Immigration and Growth*, Australian Institute of Political Science, proceedings of the 37th Summer School, Angus and Robertson, Sydney, 1971. (Walsh defines the growth lobby more broadly to include the Immigration Department itself as well as manufacturers, some unions and local government.)
- <sup>13</sup> In 1971 Appleyard argued that, while immigration in the late 1940s and 1950s had been driven by labour shortages and concern about defence, by the mid 1950s both rationales had faded. However, immigration continued because 'the economy became well and truly conditioned to large intakes each year'. See R. T. Appleyard, 'Immigration and the Australian economy', in *How Many Australians? 1971*, op. cit., p. 3.
- <sup>14</sup> For the privileged position of business in relation to governments, see J. Warhurst, 'Interest groups and political lobbying', in A. Parkin, J. Summers and D. Woodward (Eds), *Government, Politics, Power and Policy in Australia* 8th edn, Pearson, Sydney, 2006, p. 335, and A. Parkin and L. Harcastle, 'Government-business relations', in *ibid.*, pp. 343–62. For the privileged position of business in relation to the Liberal Party, see R.W. Connell, and T.H. Irving, *Class Structure in Australian History: Documents, Narrative and Evidence*, Longman Cheshire, Melbourne, 1980, pp. 289–91.
- <sup>15</sup> Quoted in K. Childs, 'And after this break, another Packer drama?', *The Age*, 1987, 21 January, p. 11
- <sup>16</sup> Quoted in 'Murdoch urges Australia to boost immigration', Reuters, 1999, 8 November
- <sup>17</sup> Editorial, 'Migrants inspire us in racing and life', *The Australian*, 2003, 7 November, p. 12, and Editorial, 'Australian values on the front line', *The Australian*, 2006, 16 September, p. 18
- <sup>18</sup> See *ibid.*, and: 'Visas approved', 2006, 18 October, p. 13; 'Making the boom pay for all of us', 2006, 5 August, p. 18; 'Re-skilling Australia', 2006, 18 April, p. 11; 'Future of society', 2006, 20 February, p. 9; 'Inviting immigrants', 2006, 18 January, p. 13; 'A question of skill', 2005, 18 August, p. 9; 'Many more hands make lighter work', 2005, 5 March, p. 16; 'Guests cannot do all the work', 2004, 29 December, p. 12; 'Making the case for more immigrants', 2004, 21 August, p. 18; 'Populism on boatpeople will not wash', 2003, 7 November, p. 12; 'Population debate is about people', 2002, 9 November, p. 18; 'Wave goodbye to the fear of immigration', 2002, 13 July, p. 18; 'Migrants offer more than Carr', 2002, 10 July; 'Six million migrants making us proud', 2002, 19 March, p. 10; 'Let's welcome more immigrants', 2002, 27 February, p. 10; 'Federation a celebration of our nationhood', 2001, 1 January, p. 12.
- <sup>19</sup> B. Carr, 'Small and well formed . . . let's leave it that way', *The Australian*, 2002, 18 March, p. 13
- <sup>20</sup> S. Newman, *The growth lobby and its absence: the relationship between the property development and housing industries and immigration policy in Australia and France*, MA Thesis, Swinburne University of

- Technology, 2002 <<http://adt.lib.swin.edu.au/public/adt-VSWT20060710.144805/index.html>>
- <sup>21</sup> See M. Gilding, 'Entrepreneurs, elites and the ruling class: the changing structure of power and wealth in Australian society', *Australian Journal of Political Science*, vol. 39, no. 1, 2004, pp. 127–43; M. Gilding, 'Families and fortunes: accumulation, management succession and inheritance in wealthy families', *Journal of Sociology*, vol. 41, no. 1, 2005, pp. 29–45; M. Gilding, *Secrets of the Super Rich*, Harper Collins, Sydney, 2002.
- <sup>22</sup> From transcripts of interviews conducted by M. Gilding in 1999
- <sup>23</sup> In 1991, 73 per cent of voters said that the numbers coming in were 'too many'. See Saulwick Poll, published in *The Age*, 4 November 1991. In September 1996 this figure was still 71 per cent: Newpoll, published in *The Australian*, 4 October 1996.
- <sup>24</sup> See K. Betts, 'Immigration policy under the Howard Government', *Australian Journal of Social Issues*, vol. 38, no. 2, pp. 169–192.
- <sup>25</sup> See M. Goot, 'More "relaxed and comfortable": public opinion on immigration under Howard', *People and Place*, vol. 8, no. 3, 2000, p. 47.
- <sup>26</sup> M. McKew, 'Lunch with Maxine McKew: Senator Nick Minchin', *The Bulletin*, 6 November 2001, pp. 33–34
- <sup>27</sup> From transcript of interview conducted by M. Gilding in 1999
- <sup>28</sup> M. Grattan, 'People power', *The Australian Financial Review*, 1998, 3 July, p. 33
- <sup>29</sup> See M. Grattan, 'Keeping to a tight Australia policy', *The Australian Financial Review*, 1998, 16 November, p. 21, and J. Koutsoukis, 'Double our migrants: industry', *The Age*, 1999, 8 February, p. 3.
- <sup>30</sup> N. Bitá, 'Employers court skilled retirees to fill jobs vacuum', *The Australian*, 1998, 3 March, p. 3
- <sup>31</sup> W. Adams, 'Counting heads', *The Australian*, 1999, 4 May, p. 32
- <sup>32</sup> Quoted in *ibid.*
- <sup>33</sup> Quoted in B. Birnbauer, 'A land half-full', *The Age* (News Extra), 1998, 14 March, p. 4
- <sup>34</sup> See Betts, 1999, *op. cit.* for evidence of the way in which the intelligentsia's humanitarian ideals of international social justice, combined with their desire to be seen to be anti-racist muted the immigration debate in Australia in the 1980s and 1990s. See also sources quoted in W. Lines, *Patriots: Defending Australia's Natural Heritage*, University of Queensland Press, St. Lucia, 2006, pp. 128, 180–3, 220, 288–90, 311–2, 347–8.
- <sup>35</sup> See <<http://www.apop.com.au/home.htm>>.
- <sup>36</sup> National Planning Conference, 31 August 2006 <[http://npc.hia.asn.au/Speakers\\_B\\_Dennis.html](http://npc.hia.asn.au/Speakers_B_Dennis.html)>
- <sup>37</sup> Quoted in A. Hodge, 'Plea to populate to 50m or perish', *The Australian*, 1999, 25 November, p. 3
- <sup>38</sup> V. Trioli, 'The population agenda', *The Bulletin*, 2002, 19 February, p. 31. The papers from the summit were published in S. Vizard, H. Martin and T. Watts (Eds), *Australia's Population Challenge*, Penguin, Camberwell (Vic), 2003.
- <sup>39</sup> Trioli, 2002, *op. cit.*
- <sup>40</sup> A. Clennell, 'Triguboff: let's trade trees for homes', *The Sydney Morning Herald*, 2006, 11 October, p. 3
- <sup>41</sup> *ibid.*
- <sup>42</sup> See *ibid.*
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- <sup>44</sup> M. Iemma, 'The business of my Government is business', *The Australian*, 2005, 8 October, p. 29
- <sup>45</sup> H. Triguboff, 'The homegrown economy', *BRW*, 2006, 21 September, p. 20
- <sup>46</sup> H. Triguboff, 'Development should make the most of existing infrastructure', *The Sydney Morning Herald*, 2006, 24 October, p. 15. In this piece he also sets the record straight and claims that he loves trees and would not be able to sell his apartments unless he provided some green space. What he is opposed to is an 'unthinking love of trees'.
- <sup>47</sup> See J. Norrie and A. Davies, 'Cut the political cashflow', *The Sydney Morning Herald*, 2006, 2 November, p. 1.
- <sup>48</sup> See S. Marris, 'Howard to woo brightest migrants', *The Australian*, 2000, 11 December, p. 3; B. Norington, '20,000 foreign workers fill skills gap', *The Australian*, 2004, 28 December, p. 3.
- <sup>49</sup> Harnisch's words are a direct quote; Bethwaite's are indirect. See C. Banham, 'Door opens to 6000 more immigrants', *The Sydney Morning Herald*, 2004, 2 April, p. 1.
- <sup>50</sup> See Betts, 1999, *op. cit.*, pp. 195–197, 211–219.
- <sup>51</sup> B. Birrell and V. Rapson, *Clearing the Myths Away: Higher Education's Place in Meeting Workforce Demands*, Centre for Population and Urban Research, Monash University, Melbourne, 2006, p. 12

- <sup>52</sup> *ibid.* HECS stands for Higher Education Contribution Scheme. See <[www.hecs.gov.au](http://www.hecs.gov.au)>.
- <sup>53</sup> Birrell and Rapson, 2006, *op. cit.*, p. 3
- <sup>54</sup> B. Birrell, 'Skilled migration reflects our neglect', *The Australian Financial Review*, 2005, 15 April, p. 91; B. Birrell, J. Sheridan and V. Rapson, 'Why no action on engineering training?', *People and Place*, vol. 13, no. 4, 2005, pp. 34–47
- <sup>55</sup> See Birrell and Rapson, 2006, *op. cit.*
- <sup>56</sup> See, for example, B. Birrell, L. Hawthorne and S. Richardson, *Evaluation of the General Skilled Migration Categories*, Department of Immigration and Multicultural Affairs, Canberra, 2006, pp. 92, 108–109, 122, 160–169; B. Kinnard, 'Australia's migration policy and skilled ICT professionals: the case for an overhaul', *People and Place*, vol. 10, no. 2, 2002, pp. 55–69; B. Birrell, 'The business skills program: is it delivering?', *People and Place*, vol. 8, no. 4, 2000, pp. 36–42.
- <sup>57</sup> See K. Betts, 'Immigration and public opinion: understanding the shift', *People and Place*, vol. 10, no. 4, 2002, pp. 24–37.
- <sup>58</sup> Birrell and Rapson report that the small increases in university places for domestic students recently instituted are offset by a tightening up in the previous practice of universities being allowed to over-enroll. See Birrell and Rapson, 2006, *op. cit.*, p. 9.