

Private Submission to the Productivity Commissions Research Study on

**The Impact of Migration and Population Growth on
Productivity Growth in the Australian Economy.**

Several issues are associated with this research investigation.

Of prime importance is that Australia has no stated population policy. Without such how can bounds be established that allow the Productivity Commission so decide what variables can be addressed in a study of immigration and migration?

Associated with this is the issue of emigration and reverse immigration. For example, what are the variables that emigrants consider in their moves? Is it career advancement, could it be a HECS debt, could it be major firms exporting the best people so they can import people cheaper? The variables need to be established and addressed.

Assumptions as to the value of immigrants (and emigrants) to an economy must also be considered. An immigrant may have one value in a certain nation's economy but another value in another nation's economy depending of the Nation's social security system. The economic value is altered by the different values the social security provision of the recipient nation operates. For example, a study made in Australia in 1980's as to the value of immigrants at that time would have a different set of values to consider in 2005. Refer to papers by Storesletten (attached) and to associated works in political economy.

Assumptions as to productivity growth need to be addressed and defined.

How much growth is needed?

Is growth just economic or is growth also a social criteria?

How much growth is enough?

Are growth assumptions sustainable?

Do growth assumption need to be sustainable?

How long is the sustainability horizon?

Skill utilisation is one of the stated areas of investigation.

How valid is the claim of skills shortage?

Could the problem be framed in terms of existing skills under-utilisation?

Is the problem a function of business (and Governments) continuing to shed responsibility for skill provision from themselves onto any one that will assume

responsibility? Economics can address this major social problem, but not in isolation from other disciplines, especially demography.

At the moment the skills shortage is in the (over) high quality of skills that Human Resources offices expect to present themselves for employment, not necessarily the usage of skills in the workplace. The problem also incorporates skills under-utilisation in its various forms.

Consider, ten equally qualified people present themselves for a position. A decision is made that HR will pick the best, *to their specification*, and the cast off nine are told there is a skill shortage. Stiff that you assumed a HECS debt and that Government spent enormous funds in providing the balance of a University/Trade education. Thus, the reject persons are now faced with emigration as a potential job outcome. How does the society address that?

As a personal comment, I consider that the time of the term *multicultural* has past. I consider that *multi-heritage* is a far more suitable term to describe what is the fact of Australia's mixed heritage ethnic composition.

This objection to the use of the term multi-cultural is based on the premise that morality is a function of time and culture. Thus if a society is multi-cultural it is axiomatic that the society is multi-morality. Thus, the rule of law cannot exist.

Hence, the term multi-heritage addresses this concern. Culture is preserved in the term heritage but the rule of law can be consistent for all.

I have endeavoured to address the issues that I consider important and am available for further comment and input at a future stage.

Attachments.

<http://folk.uio.no/kjstore/>

Sustaining Fiscal Policy Through Immigration (pdf), Journal of Political Economy, 2000, vol.108 (2), pp. 300-23.

Fiscal Implications of Immigration - A Net Present Value Calculation (pdf), Scandinavian Journal of Economics. 2003, vol 105 (3), pp. 487-506.

The Survival of the Welfare State (paper and figures), American Economic Review, March 2003, vol. 93 (1), pp. 87-112, with Hassler, Rodriguez-Mora and Zilibotti.

The Cross-Sectional Implications of Rising Wage Inequality in the United States (pdf 01-2004), with Heathcote and Violante.

Insurance versus opportunities: The welfare implications of rising wage dispersion (pdf 01-2005), with Heathcote and Violante.

Geoff Dickinson submission to the Productivity Commission research into "The impact of migration and population growth on Productivity Growth in the Australian Economy" 22/9/05