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Should Australia increase its population to 36 million?

It is much easier to manage population in Australia than in some other countries as the main source of population growth is immigration rather than a high birth rate. But when pressed on this issue recently, the Prime Minister admitted that he didn't really have an opinion. The problem is, whether he has an opinion or not, the population will continue to rise until his government acts accordingly.

Two main arguments are advanced to support Australia's maintaining a high rate of migration. The first is that it's "good for the economy" and the second relates to humanitarian concerns. These are discussed below.

The most simplistic "good for the economy" argument is simply that big is better; if more people come here, Australia will produce more and consume more and Gross Domestic product (GDP) will rise. If state and commonwealth governments make a virtue out of their ability to create economic growth, the addition of large numbers of new workers and consumers provides a quick and easy way to achieve that goal.

But if the goal is to improve the standard of living rather than the size of the economy, it is GDP per capita, not the absolute size of GDP, that may be of some interest. For example, the absolute size of China's population means that their GDP is much larger than Australia's, but their GDP per capita, on the other hand, suggests that in material terms Australians have a much higher standard of living.

Of course, the material standard of living, as measured by indicators such as GDP per capita, paints an incomplete picture when it comes to the standard of living of people in developed countries such as Australia. Indeed, one of the most common concerns with the objective of growing the economy via population increase is the obvious impact of a much larger population on the amenity of cities and the natural environment.

The way Australia's national accounts are constructed and the way politicians define progress mean that the value of peace and quiet, space, lack of congestion, biodiversity and air quality are all ignored when claims about the 'economic benefits' of rapid population growth are made. While there can be no doubt that the presence

of such amenities is of immense value, there is also no doubt that the difficulties associated with placing clear dollar values on them makes it difficult to incorporate these issues into the 'economic' debate around population.

Some proponents of rapid population growth do rely on more nuanced economic arguments than simply saying bigger is better. For example, some claim that there are 'economies of scale' associated with a larger economy or that increased migration results in an increased propensity to export goods and services back to the countries of immigration origin. While these arguments are more sophisticated, they are also much harder to prove. Indeed, the Productivity Commission concluded in a 2009 study of these effects that:

Australia's migration program is increasingly focussed on skilled migration, which is generally improving the labour market outcomes for immigrants. However, the annual flow of immigrants is small compared with the size of the population and the workforce, so a relatively small contribution to the economy is to be expected. Furthermore, there are economy-wide consequences that can offset the labour market effects of immigrants.

The humanitarian arguments for immigration are, for many, much more persuasive than the economic arguments, such as those described above. The need to accept refugees, to open to other countries and cultures, and to ensure that Australian residents with families overseas can reunite on Australian soil if they wish to are all consistent with the values espoused by a large number of Australians.

Fortunately, a close examination of the immigration figures for Australia makes it clear that it is possible for Australia to actually increase its intake of refugees, humanitarian migrants and family reunions without placing any pressure on the total population.

Debate in Australia typically focuses on the fact that so many people want to move here and tends to overlook the implications of the fact that each week around 1,600 people leave. In 2009, there were 82,710 permanent departures from Australia. At present, around 14,000 people come to Australia each year as part of our refugee and humanitarian programs and some 60,000 more move here as part of the family reunion intake. Combined, these figures suggest that given the rate of outward migration the current level of humanitarian and family reunion intake would result in a slight but steady decline in the Australian population.

It is also important to note that while the "skilled migration" category of migrants is by far the largest (around 108,000 this financial year), the skilled migrants themselves account for less than 40 per cent of the intake, with the majority of those coming in under this category actually being the immediate families of the skilled migrants. That is, most of the skilled migrant intake is simply a form of simultaneous family reunion.

The large flow of outward migration each year, combined with the relatively small inward flow of humanitarian and family reunion refugees means that it is possible for Australia to significantly reduce its population growth without shutting the door on those in other countries. Indeed, it is even possible for Australia to increase its humanitarian intake without putting pressure on the population as long as the country is willing to rein in the very large skilled migrant intake.

Australia is a nation of migrants; the first intake sought no permission to settle here. Migration is, and is likely to remain, an important part of what makes the Australian

population the diverse and dynamic society that it has become. But the benefits of migration should not be conflated with the benefits of an ever-increasing population. As the data presented above show, there is no reason for Australians to be forced to choose between being open, inclusive and rapidly growing or being closed, exclusive and stable.

The onus of proof should be on those who wish to see our population burgeon to make the case for it. Similarly, if we are to increase our population by 60 per cent in the next four decades we should invest in the infrastructure we will need before we invite new citizens, not after they arrive.

In this era of evidence-based policy, it seems strange that for all the government inquiries that have been held there is yet to be a major scientific, social and economic analysis of the impact of rapid population growth in Australia. While it might be hard to agree on exactly how many people Australia can handle, it may be much easier to agree that much of our infrastructure, natural, physical and social, is already showing signs of stress.

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