IMMIGRATION ECONOMICS

new New Australians

It’s not Your Father’s Australia

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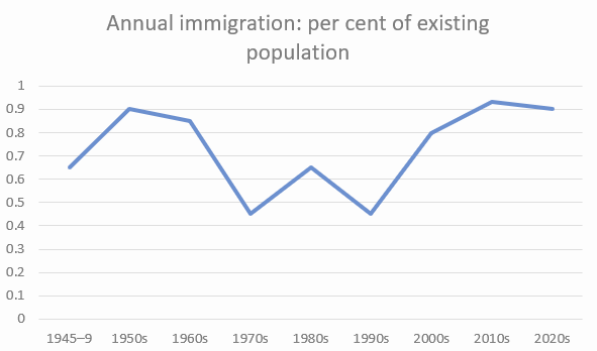
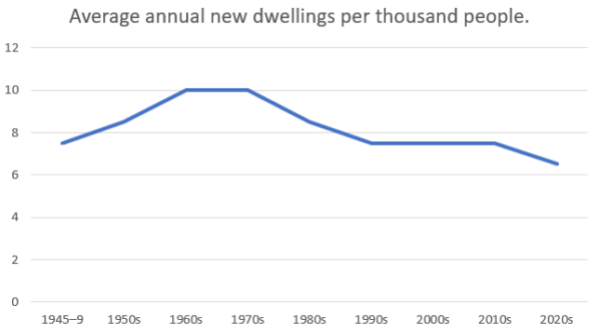
Immigration has become one of the top four or five election issues facing Australia. Current immigration outcomes are opposed for two reasons. First, they are said to be reducing the availability of housing and other infrastructure. Second, there is hostility against immigrants deemed likely prone to incivility – especially Muslims, and others conditioned by living in countries where conflict is endemic.

Since 1945, Australian levels of immigration in relation to the population have, by the standards of almost all other nations, been very high. Compared with the existing population, new arrivals over the past 25 years are higher than in

most earlier periods, though not markedly above those of the 1950s and 1960s. Contrary to popular perception, the share of skilled migrants has increased and now amounts to over 70% of permanent migrants.



One measure that has departed markedly from earlier periods is new dwelling construction in relation to the population. New dwellings averaged about 9 per 1000 people up until the 1970s but have declined markedly, reaching only 6.5 per thousand people in the present decade. The nature of dwellings has also changed over time, with apartments now comprising a quarter of new dwellings, more than double their share 50 years ago.



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The cost of *building* homes has not risen, but the regulatory environment – especially in obtaining access to land for urban development – has massively raised the total cost of a home. In relation to incomes, new homes have doubled in price since 1990. In Sydney, the median house, which cost five times average annual income in 1965 and 6.5 times average income in 1985, was running at 17 times average annual income in 2025.

The housing trend may also be reflected in other infrastructure measures. In the case of roads, a lack of upkeep is the lived-experience of Victorians and, across Australia, road space itself has not kept up with the growth of vehicles;

it is now about half its 1960 level. Similarly, hospital beds per capita are about one-third of their 1960 level, though this reflects, at least in part, faster patient release and more day surgery.

If infrastructure isn't keeping pace, Australians are voting for governments that prioritise increasing the number of public servants, regulatory controls, and welfare spending over building things!

Actually, politicians constantly promise much with respect to new housing and other infrastructure but fail to deliver. Thus, the Commonwealth ALP had a comprehensive housing plan in 2023, including $10 billion for an affordable housing fund and a $2 billion payment to state governments.

Institutional barriers may make it difficult for politicians to develop appropriate policies. Kerry Wakefield refers to Pournelle's Iron Law of Bureaucracy, under which institution-driven elements within a bureaucracy win out over the mission-driven, increasingly controlling and running the organisation for its and their own benefit, as opposed to its declared aims. This, along with the highly motivated support bases necessary for election, creates a potent brew inhibiting the implementation of voter-oriented reform. Such factors are doubtless at play in the regulatory arrangements underlying the low rate of new housing and other infrastructure construction.

Competition for infrastructure aside, suspicion of newcomers is never absent. Even the "New Australians" arriving from Britain at the beginning of the twentieth century often faced some gentle derision, and into the 1960s, British-born children like Julia Gillard faced peer group pressure to rid themselves of their pommy accents, often adopting broader accents than the locals.

But as a settler nation that saw itself as threatened by powerful near and distant neighbours, Australia has, until recently, always welcomed and absorbed new arrivals into the national culture while watching them change it. About half of the current population was either born overseas or has at least one overseas-born parent.

Hostility to particular immigrant groups has rarely been more than superficial, especially as successive waves have either been from a similar background to that of the “currency lads” or because they have shown a level of industriousness and been as law-abiding as the native born. The only real exception was during the gold boom, when the Immigration Restriction Act 1901 blocked Chinese, an exclusion that doubtless had racial as well as economic bases.

Over the last half century, the origins of newcomers have changed markedly. European immigrants dominated until policy changes in 1966 and 1973, which paved the way for non-Europeans to become the majority by the 1980s. Non-Europeans now make up over 90% of the total. Over half of immigrants came from India, Sri Lanka, Bhutan, China, Vietnam and the Philippines. The 1980’s Vietnamese were wryly stigmatised as poor drivers (perhaps correctly since many had spent years in refugee camps) but were also quickly recognised as high achievers, as signalled by the joke:

> “We were burgled last night. They were Vietnamese.”
>
> “How could you know their nationality?”
>
> “Because they ate the dog and did the kids’ homework.”

Acceptance of high levels of immigration is changing. Some of this may be due to pressures it places on asset prices – pressures that can be relieved, albeit with difficulty, by regulatory and other measures. But there is also a widespread perception that many new arrivals are free-loaders, hostile to the existing citizens’ political standards, and inclined to violence. Many consider that Muslims fall into this category, a view amplified as a result of the Bondi massacre, constant pro-Palestine demonstrations, and disturbances in Europe.

The alleged would-be assassin of Helen Haines personifies an alliance of the hard and environmentalist left, including a focus on the anti-West issue of the day, a ‘river-to-the-sea’ Palestine that eliminates the one successful democracy in the Middle East.

US Vice-President J.D. Vance made his own position clear: ‘Western liberals imported the Third World into France and other countries in the name of diversity and compassion.’ Having an Indian wife, he is more able than others to be frank about the detrimental effects of a lack of assimilation. Such concerns about certain immigrant groups are unlikely to decline, and are already extending to calls for selective admissions (code for excluding Muslims) and even repatriations.