

## **IDENTIFICATION**

I have been a FCPA for 30+ years, a Public Servant and a registered migration agent (20 years experience ) which can be confirmed from MARA web site. I am also a keen student of History and the rise, decline and fall of civilizations are a special interest.

My comments will be directed to your specific matters later, but I hope to raise some issues which may aid Senators in future policy directions.

Firstly The wisdom of the individual and is my opinion of value.

It is a truism that committees make safe decisions, and we are ruled by what Galbraith called “The Conventional wisdoms”, usually until such time a new truth emerges and the conventional wisdom is replaced. Individuals are often wise but ignored, but safety is by following current opinion , my contention is we face a future of increasing need to take risks. Some examples where individuals were emphatically right are ,

- In 1919 the world leaders met at Versailles to prepare a peace treaty which would ensure that a war as terrible as the first world war would never return. J M Keynes wrote a famous book “The Economic Consequences of the Peace” in 1919 and forecast that the treaty would not achieve this and there would be dark outcomes. And so World War II.
- In the early 30’s Winston Churchill warned of the dangers of a resurgent Germany and was ignored by Parliament..
- Recently Andrew Wilkie resigned from ONA on the basis the advice from intelligence on the WMD’s was faulty, he was right. And as is well known some of the relatives of the Australians killed in the Bali Bombings consider the Australia government guilty of incompetence for going into Iraq and many innocent deaths, links also seen to the Bali attack.
- To return to Keynes, his wisdom gave us the policies to fight the Great Depression and the great period of prosperity after WW2.

- I have always been a Keynesian and the policies of Milton Friedman on monetarism I always thought a disaster, and whilst like Keynes one could see tragedy looming, its shape was unknown, but along with many whose voices were unheeded one wishes the GFC was less tragic to so many. . An example where the individual was not wise , Friedman in some writings comes over as a demagogue, but how to repudiate when so many believed. And Australia was a willing convert. To give context to my thoughts the first two sections consider broader policy issues.

- 1 Paul Keating and the Big Picture**
- 2 The Lesson of the Irish famine & the Population Debate**
- 3 Comments as to Overseas Students**

## **1 Paul Keating and the Big Picture**

Paul Keating, love him or loathe him made the point that we can talk about the 3 X 3 picture or the 20 x 20 picture. In the last part of this submission (Part 3 ) I will return to the 3 x 3 snapshot, but firstly the 20 x 20 picture as I see it.

Barry Jones in Sleepers Awake, Donald Horne in “The Lucky Country”, and many other writers and commentators have made the point that Australia has never reached its potential. In 1900 we had the highest GNP per head in the world, we were also with votes for women, the 40 hour week and other measures at that time one of the most exciting countries in the world in which to live.

I have been unable to find the figures for 1900, but let us say that the GNP per head in Australia in 1900 was \$400, and for the USA 15% less, which I think are reasonable estimates, then as most people in Australia would feel that our living standards are comparable to the USA, being based on USA soaps, how do we compare, with the IMF figures for 2008 (US Dollars) ,

	1900	2008	Multiple
Australia	400	37299	93.2
USA	370	46859	126.7

Or an even more odious comparison with Singapore

Agreed GNP figures are notoriously inaccurate, but there are other statistics from the IMF which will support the above point. Let us take Singapore, and I would submit that no one would want their system of government in Australia, but nevertheless, why have they been so successful? What can we learn to our advantage?

GNP/Head	1969	1989	2007
Australia	2760	14440	33240
Singapore	840	10450	48520
Ratio	3.3	1.39	.70

Let us recall that Singapore has no natural resources, so where would we be if Bob Hawke had not made us the lucky country and we have also enjoyed a resources boom?

So my concern that we build an innovative economy , and in the time of climate change this will be difficult. For my own interest I am writing a business plan for Australia where in this I suggest that we have to grow real GNP by 20% over 20 years so that out living standards rise to what they once were.

Accountants/Business people use “inter-firm comparisons” to see how they measure up, Governments need to also use comparisons more positively. The Singapore figures for a Company would have led to the Board of Australia Pty Ltd being sacked, but as Hitler said , “What luck for the rulers that men do not think”.

The Wheel of history often goes full circle - in 1911 the then Labour Government gave us the CBA, a Peoples Bank - the lessons of the depression led Chifley to attempt Nationalization of the banks - before the CBA was privatized some Caucus members opposed, based I assume on a knowledge of past history and labour principles, but it was privatized - and on 09/07/2009 6 leading economists said the Government needed a “Peoples bank”. Think of the flexibility the Government would have had with a stimulus package via a government controlled bank. A major disaster from adopting the concepts of monetarism.

So we have been blinded by conventional wisdom, can we break out of our blinkered view?

## **2 The Lesson of the Irish famine and population debate**

A component of wisdom, especially community wisdom can be referred to as culture, the common folklore etc or in business/government the collective memory of the senior officers and their files. In a culture now obsessed with youth our ability to transfer what is referred to as the wisdom of the Elders is poor..

So it is an irony of history that in both the Liberal party and especially the Labour Party we have many descendents of those who fled the great Irish famine of the 1840's. A tragic lesson in relying on technology, a new technology, the Potato allowed the population to double or triple, then the blight and over 1 million starved to death (can we comprehend there were incidents of cannibalism in the British Isles), and another million migrated, of whom many came to Australia. The then UK government handled the matter dismally (again individual voices raised and ignored) and as a result the "Troubles" and nearly 150 years later it looks as though the Irish problem may be, at last resolved.

We have relied on fossil fuels to build up our agriculture, and there are warnings of peak oil, and issues as to the Murray Valley, we do not have a technological fix for the lower Murray lakes and so in the longer term our food production could be threatened, accordingly we know from the history of Ireland that the buildup of population allowed by high growth can mean a disaster even if we doubt, occur here? .See also "Collapse" by Jarred Diamond re the collapse of Easter Island.

The wheel of history turns mostly, extremely slowly, and causes and events can be separated by many years, and in the famous quote, we who forget are doomed to repeat.

In another essay I prepared an outline of a 2 weeks training course in history as related to Australia for aiding new members of Parliament to see “THE BIG PICTURE” before being bogged down in the pressures imposed on members. As an aside if you would like an extract please advise.

Tim Flannery in the “Future Eaters”, gave as his figure for a sustainable population for Australia of 10 million, I understand if there is agreement by many with this figure even although we have overshot, therefore welcoming overseas students and allowing easy access to permanent residency is an interesting and difficult question, but highly relevant to the population debate we are yet to have. But an important issue in discussing issues as to overseas students.

## **OVERSEAS STUDENTS**

### **1` The proportion who are Economic refugees**

We readily see some of the economic consequences of many thousands of overseas students, but fail to recognize there are two broad groupings. The first are those from wealthy overseas families, who cannot afford Harvard or Oxford, marks too low perhaps, and so Australia becomes a choice, they will return to their home country, and most will return as better English speakers, which being the international language of business is one of the major reasons to have come to Australia. This group as I see it have few problems apart from the small percentage where there are equity issues as I will discuss later.

In the case of the many students who study hospitality, hairdressing, multimedia and the other courses which lead on to permanent residence most are economic refugees whose parents want them to settle in an overseas country which offers a better lifestyle than country of origin.

Many students who had their visas canceled for working excess hours, have pointed out their parents have usually sold land or borrowed money to provide seed financing, and in

Australia have to work both to pay fees and survive. Many I have interviewed from India are remitting money home to either help their family or repay loans.

The integrity (?) of their applications is recognized by the fact that we have trained thousands of cooks, hairdressers, motor mechanics and similar and these trades are or were on the MODL list. It is obvious that these courses are a one-way track to residency and I hate to think how many of the students are still working as taxi drivers or security guards when should be working as cooks, motor mechanics etc. We have a refugee program of about 12,000 people pa, it is estimated that 3 million children die in Africa each year from poverty, war, disease, malnutrition and all the horrible things that are Africa. We did not care when 800,000 died in Rwanda, so whilst many get excited in Australia about refugee queue jumping, we are unconsciously via our international student program condoning queue jumpers whose needs are far less than many others.

Rwanda is important as the most obvious recent warning of population exceeding resources and exacerbating ethnic tensions. And in Sudan we see a failed state. The canaries?

I am a compassionate person, but there is the famous quote attributed to Stalin, but thought to originate from to one of his court, where the quote is “ one death is a tragedy, a million is a statistic” and the quote is thought to have emerged from discussions as to the millions who died in the Ukraine famine of the early 30s and a deliberate result of government policy. So we come back in this question of which policy level are we talking about?

In the Age on I think Monday 13/07/09 was a report that the monsoon was late in India, many of those I see advise that there are groundwater problems in the Punjab, and one futurologist has stated that a nuclear war is a possibility between India and Pakistan based on the needs for water. So people in India are reading the signs we are still debating if they exist.

## 2 SECONDARY ECONOMIC CONSEQUENCES

## First the concept of Marginal cost “Marginal Cost (MC) {Wikipedia ref}

*The marginal cost of an additional unit of output is the cost of the additional inputs needed to produce that output. More formally, the marginal cost is the derivative of total production costs with respect to the level of output.*

*Marginal cost and average cost can differ greatly. For example, suppose it costs \$1000 to produce 100 units and \$1020 to produce 101 units. The average cost per unit is \$10, but the marginal cost of the 101st unit is \$20*

*The EconModel applications **Perfect Competition** and **Monopoly** emphasize the roles of average cost and marginal cost curves. The short movie **Derive a Supply Curve** (40 seconds) shows an excerpt from the **Perfect Competition** presentation that derives a supply curve from profit maximizing behavior and a marginal cost curve.”*

The writer is a supporter of the concept of climate change, the old scientific theory, if a theory appears to fit, and no better theory, then use until a better one emerges. Evidence is mounting that the westerlies are moving southwards due to at least three recognized factors at this time, increasing El Niño's, both in occurrence and severity, the Ozone Hole, and the disappearance of the Indian Ocean monsoon. Perth has had a 30 year dry, and Melbourne 13 compared to previous averages, is it a drought or is it the permanent change? I consider it a permanent change and we know that a desalination plant has to be built. for Melbourne. With concept of marginal cost which migrant family brings the marginal cost of 4 billion? Thus a need for prudence in population growth. We do not know how the desal plant will alleviate the problem, but looking back which migrant family was the marginal arrival which made the building of extra trains or trams and a salinization plant a necessity. Should I as a citizen be happy at public debts arising from the need to build plants and other infrastructure because of our escalating population, I would estimate in looking at the state of Melbourne's public transport system that the . Citizen of Victoria have to find in the future possibly up to \$50,000 per head or more to help rebuild the network. Victoria does not even get a fee from each migrant, and the contribution to the federal budget for an application is about \$2500. My own opinion is they should be an infrastructure levy for every migrant visa of a minimum of \$30,000 as we do with the levy for parent visas to recognize the future Medicare liability falling on the community.

### 3 MULTICULTURALISM MAYHEM

V S Naipaul, the Nobe Laureate is quoted as saying

*“Nobel Prize winner author VS Naipaul has condemned terrorism and blamed Saudi Arabia for funding it. He has also attacked multiculturalism in Britain and said immigrants must integrate into their host country instead of demanding special privileges. Born in Trinidad of Indian origin, Naipaul calls multiculturalism "absurd" and a "racket" creating jobs for the race relations industry.*

*In an interview with Tatler he said: "What do they call it? Multi-culti? It's all absurd, you know. I think if a man picks himself up and comes to another country he must meet it halfway"*

I have found other critics of multiculturalism, as someone has pointed out the Roman and British empires were built on the citizens knowing very clearly what it was to be a Roman or Briton. We are I believe, after Canada, the country most owned by outsiders, and this as earlier is one of the reasons I consider for our declining Standard of living. We are an economic colony of others. What the SOL does not mention is the cultural factors in the employment market, I have been driven by several taxi drivers who hold degrees in accounting and architecture and cannot get jobs. But I would only get jobs if a very, very, severe shortage, these are the jobs for the old school tie network. Being Australian born and treated as 2<sup>nd</sup> class by members of the “wealthy Squattocracy” then how would real outsiders fare? Multiculturalism is argued by some as a path to mediocrity.

#### **4 BUSINESS OPPORTUNITIES**

No one to my knowledge has ever made the point that we have a business migration program looking for innovators and entrepreneurs, which begs the question why do we need to import people and why are we not producing our own innovators and entrepreneurs? Whilst we have a few home grown examples the Hills hoist has never conquered the world, and the Victa, the Tim Tams and Vegemite are all now owned by foreign companies, refer above. If they are not business opportunities here for our own what are migrants going to do?

Many that did not start colleges became migration agents and then entrepreneurs in overseas countries, I know there has been concern at the floods of applicants for some skills, such as Hairdressers and of course many so called assessors made \$1500 for a 1 hour interview and the issue of a certificate 3 for Hairdressing etc. I know this has been toughened up but thousands have been ripped off, but we could be positive, it brings in money. But what drives people to be rip off merchants, obviously good jobs are hard to find. My opinion is that unemployment statistics do not reflect quality, I have seen for the USA several books concerned at the hollowing out of the old “middle classes”, which is the group migrants wish to join.

So it appears to me that one of the natural avenues for business for new migrants is to start an international college, and in the last 15 years there have been regular stories



of people skipping the country and taking large amounts of money back to where they came from. Of the colleges under investigation I would think a major proportion would be found to be operated by recent migrants. They saw business opportunities, and if the pickings are easy? One can say why get excited now, we have ignored the problem for 15 years, and the writer was chastised by MARA for bringing up in a letter to "The Australian" around 1998.

I have written to previous ministers pointing out that the transparency international index tells us that many migrants enter Australia from India or China are coming from countries where corruption is endemic, there is no corruption checker out at the airports, and we are naïve to think that when people arrive on our shores many will forget the years of living under corrupt governments? I have suggested that we should stop at about number 20 on the transparency international index in allowing migrants into Australia. We have no statistics on ethnic minorities vis-à-vis the prison populations (Not a nice question I have been told), but there is enough anecdotal total evidence that indicates this would be an interesting exercise. But because of multiculturalism we are afraid to talk of these things, shades of Oscar Wilde!

I admit some of the above problems arise from structural defects in our economy.

The other issue that arises from these new migrants operating college is its students are so frightened they are forced to pay fees if they wish to change colleges, seek academic transcripts etc., and virtually this amounts to blackmail. I sometimes compare overseas students to a school of fish, with the dubious colleges being like sharks enjoying a feeding frenzy. Students need access to some body with teeth such as Public and Consumer Affairs, or perhaps access to a tribunal such as the Migration Review Tribunal. DIAC cancel visas but cannot discipline Colleges, so the students are prey, giving colleges the power of Section 20 notices gives them uncontrolled power. So we come back to the question should we have allowed some of these people in as our character checking is not what it could be and obviously unless someone has a record they come up clean, but if you have friends in the police force in India etc you can be a murderer and have a clean record. I have been told there

are several people who should not be in Australia but got through the checking system. So again we come back should we look at the culture of the country, it may be discriminatory but it may be affected more effectively than any other system. DIAC is often criticized for its handling of refugee cases, but experience has taught that there are a lot of people hiding past experiences they do not wish us to know about, who are the people who should be excluded?

## **5 EQUITY- Guests or Pests ?**

I think we are ambivalent in our attitude towards overseas students, we say bring your money and we will welcome you, and surely this would entitle them to be considered as guests in our country. Yet because our checking is not what it should be we are allowing people in who are economic refugees as above, and who have to work longer hours than that allowed, but should we not have sympathy towards them as it is our fault we allow them to enter. Should we insist all students have a bond with a bank which is untouchable for 12 months so as to establish at least some integrity in their financial affairs?

Also because their goal is residence then the course is somewhat immaterial and the whole idea that some of the students would solve our skilled labor problems is not being realized. Again I think there is a structural issue in some labor markets where we are not recognizing the complexities of the problem.

Students also have to maintain a good attendance and pass rate, when usually the courses are picked for them by others who are only interested in fees and fail to match talent to course, then we make it difficult for a student who's on 573 to switch to a 572 when this is obviously the visa that suits his/her talents. And then visas can be canceled if fail to meet pass rates, my understanding with a few exceptions is the counseling is a word that most international colleges do not know.

## **6 STUDENT VIOLENCE AND THE FERALS**

My understanding of the recent change in the structure of the Australian economy since WW2 was that we moved from a base with strong sectors in manufacturing/agricultural to one with more service sector elements such as finance, personal well being etc. The children of the petite bourgeoisie moved to gain degrees etc and take up these new jobs. The concept espoused by monetarism, the trickle-down effect, was that the children of both the petite bourgeoisie and the proletariat would move into the universities and then take up these new jobs in the service sectors. However, for the children of the proletariat there were cultural factors, and we now know that we have 3 or 4 generations of families who are permanent recipients of welfare and keep the social service industry and the prison industry, and of course indirectly the drug industry functioning.

Traveling on Melbourne's trains etc is a hazard, and unfortunately students are a group who are so exposed. Whilst I am sympathetic any steps will only be pouring cold water on a fire, but something is better than nothing.

## **Conclusion**

Teaching was regarded as an honorable profession, looking at the state of the Australian overseas education sector and this time, can we detect much honour?

Can Australia hold its head up when it condones its "rich" citizens preying on students from "third world countries", or perhaps who is rich and who is poor needs re-defining?

## **Harold Jones**