

## Comforting stories about endless growth

After-dinner speech to the conference of Sustainable Population Australia

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Which Australian politician said this?

“If Australia continues to grow at 4 per cent per annum for the next 20 years my kids are going to be nominally twice as wealthy as they are now, but I know they are not going to be twice as happy. One of the questions that is not put in the political process by either side of politics, let alone answered is: Towards what are we striving to grow?”

This observation – so resonant of Robert F. Kennedy’s famous speech in which he said GNP “measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything in short, except that which makes life worthwhile” – was made by none other than Brendan Nelson, now the leader of the Opposition but then a back-bencher.

Dr Nelson was posing the most fundamental challenge there is to the whole basis of politics in Australia. Yet I’d be surprised if he made a similar comment now. Once they achieve positions of influence, those who doubt the benefits of continued growth, including population growth, become mute.

Who remembers the strong views Nick Minchin used to express on the need to stabilize out population? To give him credit, in 1999 as Minister for Science and Technology he launched a book by Doug Cocks that pointed to the ecological dangers of rapid population growth, saying:

“We need to consider, today, the consequences of continuing our relatively rapid population growth. Do we want the mega-cities which could be the consequence

of a large-scale immigration program? What will our grandchildren inherit of our natural environment?”<sup>1</sup>

Minchin was in a small minority in cabinet. For many years Peter Costello delivered budget speeches in which he said we must increase productivity to get the economy to grow faster, and introducing measures designed to get people to work more.

High income earners were given tax cuts because high tax rates were thought to discourage them from working harder, and people outside the labour market were offered carrots or beaten with sticks to get them to do their patriotic duty.

The fact that Australians work among the longest hours in the industrialized world, that working hours increased from the early 1980s, and the economy was close to being fully employed anyway, did nothing to puncture the Government’s determination to get us to work more.

But why would we want to work more? Until the 1980s falling working hours were universally accepted as a sign of national progress. We celebrated the 45 hour week, then the 40 hour week and then the 37.5 hour week. We were happy to take part of our greater productivity in higher incomes and part in more leisure.

But under the harsh ideology of the 1980s, something changed and the old ideas about what constituted progress were wiped away; someone put a minus sign in front of progress. In the new Calvinism of economic rationalism taking more leisure became an indulgence. We had a duty first to the Economy.

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I never cease to be amazed at how our leaders and thinkers can push from their consciousness the obvious facts about economic and population growth. It is as if there is a whole part of the brain that is shut down because activating it makes them feel uncomfortable and forces hard decisions on them.

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<sup>1</sup> <http://www.csiro.au/files/mediarelease/mr1999/FutureMakersFutureTakers.htm>

We saw a display of this a fortnight ago in response to the latest news about the housing shortage in Australia, which is causing serious difficulty for poorer households in particular.

Yet our leaders are unwilling to consider, let alone mention, what is one of the most important pressures giving rise to the shortage – the rapid growth of population fuelled mainly by the record high levels of immigration. According to Bob Birrell, immigration accounts for 40-50 per cent of the growth in the number of households.

Net immigration to Australia has grown to the unprecedented level of 177,000 per annum when we include the surge in temporary entrants. This is easily the highest level we have ever had. Net migration has exceeded 100,000 people for 12 of the last 20 years.<sup>2</sup> Labor appears ready to increase levels above the extraordinary highs of the Howard years.

Instead of thinking about the causes of high levels of demand for housing, the focus is solely on how to increase the supply. This has given rise to the crazy argument, dreamed up by the Housing Industry Association, that we need to import 15,000 people to solve it, this time builders. Of course, the first question that must be asked is: Where are these additional people going to live?

In the same week that everyone was wringing their hands about the housing shortage, the Victorian Premier was talking up projections that the rapid growth of Melbourne's population would see it become larger than Sydney in a couple of decades. What a source of state pride. Others asked: Why stop at Sydney, why not Bangkok or Mexico City?

Once again the population blind spot appears; the refusal to consider the implications of quantity for quality.

In addition, Ross Gittins has argued that, rather than high levels of immigration easing inflationary pressures by solving skill shortages, the evidence indicates that immigration adds more to the demand side and is therefore likely to *increase* inflationary pressures.

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<sup>2</sup> Ross Gittins, 'An inconvenient truth about rising immigration', *Sydney Morning Herald*, 3 March 2008

A third serious problem facing the country that is being exacerbated by population growth, but no one dare mention, is climate change. Work by the Australia Institute showed that the greenhouse gases of the average immigrant to Australia are about double those that would have been generated had that person not migrated.

A few years ago Hal Turton and I modeled the effect of high versus low immigration scenarios on expected growth of Australia's greenhouse gas emissions. Compared to a policy of zero net immigration, high immigration (at 140,000 per annum) saw our emissions increase by an additional 16 per cent or 65 million tonnes by 2020.

Yet as the Government looks down the barrel of major emission cuts between now and 2020, and even bigger cuts beyond that, no one in government will mention population growth, one of the major causes of the rapid expansion of Australia's emissions.

In his interim report Ross Garnaut acknowledges the fact that population growth, in both fast-growing developing countries like China and mature economies like Australia, will mean higher rates of growth of greenhouse gas emissions. This will require more stringent, and more costly, programs to reduce emissions to the absolute levels required to minimize the chances of dangerous climate change.

However, Garnaut seems to accept that the rate of population growth cannot be one of the policy levers to be pulled to reduce emissions. I suspect he thinks it is simply not politically palatable so there is no point in talking about it.

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It is strange that population growth should be excluded from discussion of environmental policy and housing affordability, because it is certainly part of the debate when it comes to the ageing of the population. But then the answer is said to be higher population growth.

It seems that the population lever can be pulled but only in one direction.

One of the keenest advocates of unrestrained population growth is the conservative columnist Angela Shanahan. One of her favourite targets is what she calls "one of the

most discredited movements of modern times: the zero population growth movement.”<sup>3</sup> “These fanatics”, she writes, “have fostered the persistent delusion that overpopulation is a problem and many people still believe it.”

This is not just her opinion; it is a fact she can prove. Shanahan refers to studies that show that “the large family living on a suburban block is the most efficient consumer of energy.” The more people in a household, the less per head they consume, she says, not quite understanding that when you multiply a per person figure by more persons you probably get a bigger number.

While Shanahan focuses on per capita and forgets about the absolute, other pro-growth people focus on the absolute and forget about the per capita. Thus they claim that higher immigration makes the economy bigger, seemingly blinded to the fact that our standard of living improves only if higher immigration leads to higher *per capita* incomes.

The curious thing about Angela Shanahan’s radical pro-natalism is that her support for fertility does not apply universally. Two years ago she wrote a piece for *The Australian* titled ‘Breeding grounds for the disaffected’ which bewailed the alarmingly high levels of fertility among Islamic women in Australia.<sup>4</sup> Compared to a fertility rate of 1.7 for all Australian women, Islamic women breed at a rate of 2.68, she wrote. “Aside from Pentecostalist Christians”, she notes, “no other single religious group has as many children.”

In passing she made the peculiar observation that “people who have children will be more numerous in the future than those who don’t”. I think that is true only if you can clone yourself.

Understandably Shanahan does not follow through on her argument and propose a solution to the problem of excessive Islamic fertility. As she is strongly opposed to abortion, and has attacked the pill as a blight on women, the only solution is to encourage

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<sup>3</sup> Angela Shanahan, ‘Doomsayers on kids need to lighten up’, *The Australian*, 29 December 2007

<sup>4</sup> Angela Shanahan, ‘Breeding grounds for the disaffected’, *The Australian*, 18 February 2006

Christians to breed faster still. That's what she'd like – a new race of fast-breeder Christians.

Incidentally, Shanahan herself is doing her best to tip the scales in the right direction. As she rarely fails to point out whenever she gets near a microphone, she is the mother of nine children.

In an article in *The Spectator* titled 'How I had nine babies', Shanahan reported on how Italian customs officials shouted 'bravo' when they discovered the size of her brood.<sup>5</sup> The tag-line for the piece read: "Angela Shanahan says the secret of fecundity is a dutiful husband".

She and her hard-working husband, Dennis Shanahan, political editor for *The Australian*, seem intent on single-handedly offsetting the dire consequences of Islamic fertility and solving the ageing crisis.

In this talk I have identified three mathematical or statistical tricks that are used in the population debate. I give them the following names.

1. *The per capita/absolute fallacy*, whereby you are free to select per capita figures or absolute figures depending on which gives the desired answer.
2. *The incomplete specification model*, whereby if the influence of one factor in a relationship is politically awkward, then feel free just to leave it out.
3. *The tyranny of the straight line*, according to which if more has been better in the past then more can only be even better in the future.

These are the enemies of reasoned debate over Australia's population. They are formidable psychological hurdles to be overcome. The response can be no other than to keep plugging away.

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<sup>5</sup> Angela Shanahan, 'How I had none babies', *The Spectator*, 23 November 23, 2002.

When he was in the political doldrums in 1986 John Howard famously said: “The times will suit me”. For those of us who understand that the comforting stories of endless growth are no more than stories, we too will need to wait until the times suit us.