

We The People
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We the People 241 A Nasty Little Secret



Good day to you. Australia has not fallen into recession for 25 years which on the surface, represents a phenomenal run of economic growth. Labor argues the country was kept out of recession after the Global Financial Crisis because it borrowed massive amounts of money and spent it on pink batts, school halls, laptops and lethal roof insulation. We are now paying for that stupidity. So in missing a recession did we actually achieve anything except misery for future generations and in my view Rudd and Gillard were culpable in this legacy. Now for some quite illogical reason the country is locked into massive immigration which masks a **nasty little secret**.

That huge increase in immigration has fuelled headline GDP growth. GDP being 'gross domestic product' or all the nation's economic activity, less imports in the country. We are led to believe rises in GDP are good for us but that's not necessarily the case and this is where the **nasty little secret** comes in. Overall the Australian population has averaged 1.7% growth over the last decade which is more than double the rate in the USA. Again for some unknown reason both major political parties are in lock step which is most worrying. Put simply, the more people the country has the more economic activity we experience and governments monotonously take responsibility for that activity on the basis it's good for Australia. However as with many things the devil's in the detail and here are examples why.

More workers means greater competition for jobs which suppresses wages with a current uninspiring 1.9% annual growth, which is a record low. More people drive up the price of scarce goods and services and the best example is housing which is now beyond the reach of young Australians and that is not only unnecessary but its un-Australian to deliberately create such an environment. Wealthy folk including Chinese investors buy up the real estate and rent it out thus our young people become tenants in their own country with no hope of a home of their own. In this current ill conceived paradigm the bigger the GDP pie the more mouths there are to feed and this is why so many of us have not experienced any improvement in our standard of living and in fact it's actually and measurably been reduced. The Reserve Bank governor Philip Lowe said recently that good economic policy should be to "**raise living standards**" not just increase the population and the economy. In fact countries with smaller stable populations tend to have a higher standard of living and a more peaceful society.

Economists say slower population growth would mean a slower rise in GDP and that would make it harder to get the federal budget balanced again. However this is arrant nonsense and it indicates economists have closed their minds on the question of immigration and lost their way between means and ends. Now they believe in growth for its own sake, **not** for any real benefit it may bring. As Ross Gittins says "*Of course, slower growth in the population means slower growth in the size of the economy. But what of it? What do we lose? The economic rationale for economic growth is that it raises our material standard of living. But this happens only if GDP grows faster than the population grows. So it **doesn't follow** that slower GDP growth caused by slower population growth leaves us worse off materially*".

So GDP is **not** the best way to measure our standard of living but rather PPP which is "**purchasing power parity**" or broadly what it costs to live comparatively. This takes us a little closer to a real quality of life measure and it should not surprise you to know that our purchasing parity has fallen, hence we all find it harder to survive yet GDP has risen and that's the **nasty little secret** because the politicians know it but choose to deceive us by omission. Our standard of living is falling partly because of massive immigration numbers. As an example of this PPP measure, Australia rates way down the list while Qatar the Persian Gulf State emirate of 1.7 million is number 1 in the world. That's primarily because of their gas and oil reserves alone and if you take up Islam and want to live in a desert then Qatar is for you. In other words no economic measure really takes into account our environment, our community and our happiness, and yet all of these are needed to determine quality of life. At this time if we want our real quality of life in Australia to improve we must reduce immigration and government must listen to the people. Isn't that just common sense.

Until next time this is Kent Bayley