

Dear Senators,

My name is Gu Xin, a Café worker who has lodged visa application for myself and my husband last August. I had the news online that the Parliament is considering the Migration Amendment (Visa Capping) Bill. As one of the people who might be affected by this change in policy, I feel it my obligation to talk out my opinion for your reference.

We first stepped onto Australia just three years ago, first as a student, then as a hard worker wishing to make our little nest on this amazing land legally, and build our dream. As most of the skilled migration applicants, we are both young, healthy, well educated and have the can do spirit. I am now working as a chef in a Café and my husband works in a warehouse. We work hard every day in the hope of running our own business. Actually we are saving money for this target and is almost half way there.

We are law abiding tax payers who have showed determinations to contribute most and best time of our lives to this country by making the application of becoming part of Australia. It did not discourage us when we were told that we are in a long queue and would probably need to wait for three years or longer to be fully accepted by this country. However, we are shocked when we heard about this proposed bill, which means our lives and future could be easily changed or even totally denied by the decision of the Minister for Immigration and Citizenship, as well as the lives of many other young and sedulous applicants.

Personally, we have made a lot of preparations of our future lives in Australia. We bought a car (and soon another one once I get my driving license) and plenty of furniture and electrical equipments for our rented house. We plan to put most of our savings into our planned business, which does not only bring good to our selves, but also the local workers and community. Nobody would feel happy if all these important efforts in his lives suddenly turned in vain just because somebody says NO. It is not so fair for the hard working people who trained themselves into this country's most needed skills (which means actually fewer local people than required want to do these jobs)and had been providing the according labor supplies to Australia all along.

From a broader point of view, it is not wise to reject migrants with skills into a country under construction. According to authorities of US, the biggest and most successful migration country, migrants with skills generate much more to the GDP and federal financial income to the host country. (link: <http://www.dallasfed.org/research/swe/2006/swe0602e.html> the article is also attached after this letter). According to this article, the skilled migrants happen to be the high quality personnel that Australia needs most, because we bring more to this country than we consume in our lifetime.

Last but not least, I think most people would admit that a better migration plan in advance is much more important and easier than denying all the efforts made by the applicants and DIAC officials afterwards, especially when this decision is arbitrarily made by an individual. Simply kicking people in the waiting list out of Australia may seem handy for the moment, but it is nothing fair nor scientific. What's worse, it will greatly harm Australia's fame of a hospitable migration country, and reduce the Australia's attractions to high quality migrants in future.

God bless this country built by migrants!

Yours,

Gu Xin

PS: An interesting, meaningful, and easy to understand article I would like to share with all. This article is partly quoted in the best selling text book Principle of Economics by N. Gregory Mankiw in US. The quoted part is as below and the full article can be found: <http://www.dallasfed.org/research/swe/2006/swe0602e.html>

## A Conversation with Pia Orrenius: The Economics of Immigration

Congress is considering various proposals for immigration reform this year. Pia Orrenius, a Dallas Fed senior economist and immigration expert, discusses the economic aspects of the growing number of foreign-born workers, including their effects on the U.S. economy, government budgets, and native-born Americans' jobs and earnings.

### Q: What can you tell us about the size of the immigrant population in the United States?



It is about 12 percent of the overall population, which means about 36 million in the United States. The commonly accepted estimate for the undocumented portion of the population is 11 million. Immigrants come from all parts of the world, but we've seen big inflows in the 1950s and 1960s, 75 percent of immigrants were from Europe. Today, they come from Latin America and Asia. Inflows are also much larger today, with 1 million to 2 million each year.

What's interesting about the United States is how our economy has been able to absorb immigrants and put them to work. U.S. immigrants have high employment rates compared with other developed countries. This is partly because we don't set high entry-level wages or have strict hiring and firing rules. In this type of flexible system, you have more job openings. You have more opportunities. You also have lower entry-level wages, but immigrants at least get their foot in the door.

Being in the workforce allows immigrants to interact with the rest of society. They learn the language faster, pay taxes and become stakeholders.

### Q: Where do immigrants fit into the U.S. economy?

A: Our immigrants are diverse in economic terms. We rely on immigrants for both high- and low-skilled jobs. Some immigrants do medium-skilled work, but more than anything else they're found on the low and the high ends of the education distribution.

The economic effects are different depending on which group you're talking about. We have an extremely important group of high-skilled immigrants. We rely on them to fill important, high-level jobs in technology, science and research. About 40 percent of our Ph.D. scientists and engineers were born in another country. We also employ many high-skilled immigrants in the health sector.

High-skilled immigration has good economic effects—it adds to GDP growth. It also has beneficial fiscal effects—the impact on government finances is large and positive. People tend to focus on illegal or low-skilled immigration when discussing immigrants and often do not recognize the tremendous contribution of high-skilled immigrants.

### Q: What about the low-skilled immigration?

A: With low-skilled immigration, the economic benefits are there as well but have to be balanced against the fiscal impact, which is likely negative.

What makes the fiscal issue more difficult is the distribution of the burden. The federal government reaps much of the revenue from immigrants who work and pay employment taxes. State and local governments realize less of that benefit and have to pay more of the costs associated with low-skilled immigration—usually health care and educational expenses.

### Q: Does it matter whether the immigration is legal or not?

A: If you're making value judgments about immigrants, or if you're discussing national security, you probably need to distinguish between those who come legally and those who don't. From an economic perspective, however, it makes more sense to differentiate among immigrants of various skill levels than it does to focus on legal status.

The economic benefits of low-skilled immigrants aren't typically going to depend on how they entered the U.S. Illegal immigrants may pay less in taxes, but they're also eligible for fewer benefits. So being illegal doesn't mean these immigrants have a worse fiscal impact. In fact, a low-skilled illegal immigrant

can create less fiscal burden than a low-skilled legal immigrant because the undocumented don't qualify for most benefits.

**Q: How does immigration affect jobs and earnings for the native-born population?**

A: We focus a lot on that—for example, exactly how immigration has affected the wages of Americans, particularly the low-skilled who lack a high school degree. The reason we worry about this is that real wages have been falling for low-skilled U.S. workers over the past 25 years or so.

The studies tend to show that not much of the decline is due to inflows of immigrants. The consensus seems to be that wages are about 1 to 3 percent lower today as a result of immigration. Some scholars find larger effects for low-skilled workers. Still, labor economists think it's a bit of a puzzle that they haven't been able to systematically identify larger adverse wage effects.

The reason may be the way the economy is constantly changing on a geographical basis, for example, a large influx of immigrants and capital to put them to use. So you have a shift out in labor demand, and the wage effects are ameliorated. At the same time, the economy is changing. We have fewer and fewer low-skilled workers, many of whom are likely to lack a high school degree, are retiring and leaving the labor force. Immigrants are filling a disappearing niche in our native labor force, making it difficult to find large wage impacts.

