

# FINANCIAL REVIEW

## **Malcolm Turnbull - Donald Trump visa crackdown is cultural, not economic**

John Kehoe

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About 12 hours after Prime Minister Malcolm Turnbull announced a surprise revamp of visas to put "Australian workers first", US President Donald Trump put on a show to unveil a skilled visa crackdown of his own to help "hire American" labour.

"I'm doing it for the workers," Trump told employees at a manufacturing centre in the state of Wisconsin he narrowly won in the presidential election.

Championing the protection of jobs and wages of local workers has figured prominently in the global backlash against immigration in the US, the United Kingdom, France and, now it seems, Australia.

Yet evidence suggests angst about immigration is caused more by cultural identify than personal economic circumstances.

Globally, citizens are more worried about the perceived threat foreign-speaking interlopers with different coloured skin pose to their way of life than immigrants pinching their jobs or undercutting their pay check.

"I think it's definitely cultural and I don't think the economic argument has any meaning at all," says David Bier, an immigration policy analyst at the Cato Institute's Center for Global Liberty and Prosperity in Washington.

A comprehensive review of immigration studies around the world by academics at Stanford and Georgetown Universities concludes that the labour market competition hypothesis has repeatedly failed to find empirical support, making it something of a "zombie theory".

Their findings from experimental tests hold true for the US, Canada and Western Europe, and there is probably little reason to believe sentiment in Australia would be vastly different.

"Consistently, immigration attitudes show little evidence of being strongly correlated with personal economic circumstances," Stanford's Jens Hainmueller and Georgetown's Daniel Hopkins conclude.

"Instead, research finds that immigration attitudes are shaped by sociotropic concerns about its cultural impacts—and to a lesser extent its economic impacts—on the nation as a whole."

Former Liberal Party federal director Brian Loughnane has argued that those analysing the global rise of populist nationalism—from Trump, to Brexit in the UK, to France's fraught presidential election campaign and to Pauline Hanson—have underplayed cultural disenchantment on immigration and political correctness.

Yet in quick succession, Turnbull and Trump insisted on Tuesday their intended tightening of visa rules for foreign labour was predominantly to protect the economic livelihood of working class voters.

Trump spoke of ending the "widespread abuse" of the popular H1B visa granted annually to 85,000 skilled foreign workers, 80 per cent of whom work for below their industry median pay, according to the White House.

"Instead they should be given to the most skilled and highest paid applicants and they should never ever be used to replace Americans," Trump said

Trump added he would use a "sledgehammer" to protect local jobs for his "hire American" and "buy American" executive order.

Similarly, Turnbull said: "We will no longer allow 457 visas to be passports for jobs that could and should go to Australians."

Cato's Bier says the rise of nationalist policies on immigration may be better explained by where immigrants now are settling.

In the 1990s and early 2000s, a wave of immigrants arrived in major cities such as New York, London and Sydney where they were generally accepted.

In more recent years, immigrants have fanned out to other areas where residents are far less familiar interacting with foreigners who look and sound different.

"It's not the amount of immigrants it's the fact they're encountering them for the first time," Bier says.

In the US presidential election, Trump was able to snatch swing states such as North Carolina, Ohio and Pennsylvania that have experienced a surge in Hispanic and other immigrants in recent years.

One Nation leader Pauline Hanson may be capitalising on a similar trend in Australia and Turnbull has responded by sounding like a slightly more polite Trump.

