

## Politicians, immigration and the God complex

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I once attended a student debate in Auckland on immigration organised by the New Zealand Initiative. Despite it being a student debate, it allowed statements from the ACT Party's David Seymour and a Green Party MP. I will leave that person's name unmentioned as it is less important.

The Green MP's statement was that, especially as someone originally from abroad, they are pro-immigration. I do not intend to cast doubt on the MP's openness to immigration here.

What I do intend to shed light on is that they, like probably all politicians, make statements as if they think the optimal number of workers in a particular field can be known to a central authority (namely, the government).

When I asked them during the Q&A session how they would go about finding the optimal number of workers for each of the 998 occupations in the Australian and New Zealand Standard Classification of Occupations (ANZSCO) list, they stammered, "Well, obviously we would have to speak with a lot of people in those industries, conduct interviews..."

### Challenge the list

As it was a Q&A session, I didn't bother to dig deeper. But a real discussion on immigration would include a challenge to the ANZSCO occupation list itself.

It is reasonable to assume that both Australia and New Zealand would be well-served to include occupations that they are not currently considering in the 998 occupations. And per-



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Well, good luck getting approved for a work visa as a specialist in "Not Stated." And why is the 998 number so suspiciously close to 1000? It is almost as if some politician somewhere said, "Let's come up with about a thousand occupations," and voilà!

A list that reflected the real job market would likely be a more boring number, such as 4,397 or 11,621. It would also be ever-changing to reflect the dynamic nature of the market.

Certain occupations would disappear just as leech collector, scribe, chimney sweeper, switchboard operator, bowling alley pinsetter, log driver and

milkmilkman already have; and new ones that we can't quite even imagine at this point would appear.

Mr Seymour's statement on immigration, by contrast, began exactly as I would have begun it, with Friedrich Hayek's so-called knowledge problem.

Quoting the introduction to Hayek's *The Use of Knowledge in Society*, Mr Seymour read: "What is the problem we wish to solve when we try to construct a rational economic order? On certain familiar assumptions the answer is simple enough. If we possess all the relevant information, if we can start out from a given system of preferences and, if we command complete knowledge of available means, the problem which remains is purely one of logic. That is, the answer to the question of what is the best use of the available means is implicit in our assumptions."

Hayek's knowledge problem is the perfect place to begin thinking about immigration.

The field of economics is often dismissed entirely by political "scientists," behavioural psychologists and the like with the critique that "Economists think humans are rational."

There is a certain element of truth to this. There indeed exists a little something called rational choice theory (not adhered to by all economists), which takes an oversimplified view of human decision-making.

### Systemic rationality

But what these dismissals tend to overlook is that what is more important than individual rationality is a systemic rationality that comes about with private property and unhampered market prices (notably the price of labour in this case).

A web developer looking to work a few extra hours per week

for more income may decide to drive for Uber part-time. If the market for Uber drivers is not completely saturated, he will get more rides and perhaps find it worth his time.

As the market becomes more saturated with more drivers than are needed to supply for the demand, he will find it less profitable and likely consider employment elsewhere. The driver need not be individually perfectly rational. He need only to notice what serves his interests and what does not.

The optimal number of Uber drivers cannot and need not be known to any central authority. Each individual in acts in response to signals, attempting to better their situation in some way, and in the process they play a small part in something larger than themselves.

The final product of the market is made up of the actions of millions but is designed by none of them. This is true for Uber drivers. It is also true for the 998 occupations that the Australian and New Zealand governments bothered to think up; and it is true for all others that they didn't bother with.

The optimal number is both ever-changing and unknowable to anyone. It is one thing to ensure people who immigrate to New Zealand do not have certain types of criminal backgrounds and can pay their own way once they arrive. It is another to play an omniscient God.

*Emile Phaneuf is an export manager. His views are personal.*

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