



Citizenship and  
Immigration Canada

Citoyenneté et  
Immigration Canada

# METROPOLIS Conversation Series **10** Immigration Levels

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Canada



# METROPOLIS Conversation Series 10

## Immigration Levels

CONVERSATION REPORT

### Table of Contents:

1) Introduction.....	2
2) CONVERSATION TOPIC	
a. Why have an Immigration program? .....	3
b. Doesn't Canada already have a perfectly good rationale? .....	3
c. Richer or just bigger? .....	3
d. More numerous, 'yes', but younger? .....	4
e. So Immigration may not be a panacea, still, are there significant economic benefits? .....	4
f. If the economic or demographic rationale is weak, what justifies immigration? .....	5
g. The <i>yang</i> and <i>yin</i> of immigration levels: deciding how many immigrants to admit.....	6
3) CAUTIONARY INDICATORS	
i. Economic.....	8
ii. Demographic .....	8
iii. Social integration.....	8
iv. Public Opinion.....	8
v. Security.....	9
vi. Use of Indicators by policymakers and politicians .....	9
4) About Metropolis.....	10

### 1) INTRODUCTION

On June 26<sup>th</sup>, Citizenship and Immigration Canada's Strategic Planning Group, together with the Metropolis Project, hosted a daylong Conversation on immigration levels. The tone of the closed-door meeting was informal and participants, a mix of academics and federal employees, took advantage of the setting to raise fundamental questions about immigration levels policy and practice.

The aim of the workshop was to assist federal officials in their annual task of developing immigration levels options for presentation to Ministers. The options set out the overall number of immigrants to be admitted by Canada along with component targets. Typically the components include refugees, persons entering for family related reasons and economic migrants.

The workshop was broken into two parts. In the morning, participants discussed the strategic objectives and concerns that ought to shape the program. In the afternoon, they turned their attention to indicators that could signal to government the desirability of raising or lowering immigration levels or of reshaping the program.

The following report provides an overview of the discussion. Because the workshop operated according to the Chatham House Rule, anonymity has been observed. Nevertheless, an effort has been made to indicate the weight of opinion where this was deemed relevant.

*The views expressed in this document do not necessarily reflect those of the Metropolis Project or the Department of Citizenship and Immigration Canada.*

## 2) CONVERSATION TOPIC

**a. Why have an immigration program?**

Canadians are constantly reminded that theirs is a nation of immigrants. This is true. But it tends to obscure the fact that immigration is still, largely, a matter of choice and, hence, decisions are required. This is where the conversation began – with the question of why Canada wants immigrants and what the country is trying to achieve.

Surprisingly, given Canada's international position as a front-runner in the number of immigrants admitted annually (on a per capita basis) and the fact that immigration is widely viewed as a defining national characteristic, establishing a clear contemporary rationale for the program proved elusive.

**b. Doesn't Canada already have a perfectly good rationale?**

Apparently not. It turns out that the two principal rationales now commonly offered for Canada's high immigration trajectory - that Canada needs more skilled labour and that the country needs to offset the effects of declining fertility - are both flawed and are not strongly supported by empirical, scientific research.

Things were different in the early part of the twentieth century when immigration was indeed a tool of economic policy. Then, Canada needed immigrants to develop its economy and to settle the west. Subsequently, in the 1960's, skilled immigrants were again needed, this time to support Canada's expansion and to compensate for an underdeveloped education system. The existing educational infrastructure could neither meet a growing labour demand nor compensate for the brain drain to the United States.

All this has changed. Today, very few economists would argue that immigration is a major economic policy tool. This is largely due to NAFTA. Several participants noted that NAFTA, by allowing generally unrestricted access to U.S. markets, permits Canadian industry to achieve economies of scale without requiring a large domestic population. A similar situation exists among EU countries. Participants also noted that Canada now has many universities thus reducing the need to recruit highly educated offshore labour.

**c. Richer or just bigger?**

No one disputes the claim that immigration leads to a bigger GDP. There is little evidence, however, to back up claims that immigration accelerates economic growth and increases *GDP per capita*. The majority view is that immigration has, at best, a mildly positive influence on growth and that per capita benefits are small. This is supported by major studies carried out in Canada, the United States and Australia over the course of a decade.

The relatively neutral impact of immigration on per capita GDP can be attributed to the fact that population has been increasing faster than capital has been accumulating. This occurs because immigration is not accompanied by proportionately large capital inflows.

(Refugees, for example, come with very little capital.) The result is that immigration has a depressing effect on the capital-labour ratio thus slowing productivity growth.

Workshop participants also noted that claims of significant productivity benefits from the effects of immigration on international trade or technological innovation were not well substantiated by credible research.

### **d. More numerous, ‘yes’, but younger?**

Several participants pointed out that the demographic justification for immigration – particularly the notion that immigrants are needed to finance the pensions of an aging domestic population - has been discredited by research. While immigration could prevent Canada’s population from shrinking, reversing or stabilizing population aging would require huge, and politically implausible, increases over today’s immigration levels. Indeed, several participants, while agreeing that a significant decline in population would not be a good thing, questioned whether Canada needs population growth or whether a smaller population would improve the quality of life in major cities by, for example, reducing congestion and pollution.

It was generally agreed that focussing on immigration as the only source of population growth carried penalties, including additional concentration of population in metropolitan areas. Measures to boost domestic fertility were preferred, though participants acknowledged that it is difficult to alter family preferences.

### **e. So immigration may not be a panacea, still, are there significant economic benefits?**

The answer is ‘yes’, but the gains are not distributed evenly. The largest winners are the immigrants themselves. Their Canadian *hosts* on the other hand, while not suffering economic losses, do not appear to gain substantially according to economic research. For this reason, most participants were reluctant to categorize immigration as an instrument of economic policy (that is, as a tool for increasing the wealth or the per capita income of the host population). Participants did speculate, however, that immigration creates economic benefits by improving Canada’s human resource base, by making the economy more flexible, by helping to finance public goods, such as national parks and cultural institutions such as the CBC, and by injecting entrepreneurial skills into the country.

The reason that immigrants are the big winners is that their Canadian earnings, typically, far exceed what they earned in their countries of origin. Some workshop participants considered this to be an important economic policy rationale. Unfortunately, the premium that immigrants once enjoyed relative to Canadian-born workers has shrunk over the last three decades. This has worried policy makers who are unable to satisfactorily explain the fall in immigrant earnings. Traditional labour market factors account for only part of the decline. Other influences, including cultural variables and national origin (if from a non-English speaking country), appear to play an important role. These factors are associated with heavy discounts for foreign work experience and overseas education. Racism may also be involved.

Of special concern to academics and policy-makers is the rising incidence of poverty among immigrants as compared with the Canadian-born. It was noted that between 1980 and 2000, Canadian-born poverty rates *decreased* by more than two percent in each of Montreal, Toronto and Vancouver while immigrant rates *increased* between two and five percent in those same cities. The workshop revealed a lot of uncertainty on whether these trends would continue or whether the modest recovery in immigrant earnings that is currently underway will persist.

**f. If the economic or demographic rationale is weak, what justifies immigration?**

Not all participants were willing to abandon the notion that immigration produces significant economic and demographic gains. Many felt that the lack of supporting evidence reflected gaps in knowledge as opposed to an absence of benefits. This being said, there was nobody at the workshop who felt that immigration absolutely required an economic justification. Economic and demographic rationales were seen as providing a more easily understood, and possibly more universal, basis for Canada's immigration program, however, other reasons were seen as paramount. Participants noted that public discussion of immigration as well as political discussion by Cabinet ministers often focused on these other rationales:

- At the broadest level, participants viewed Canada's immigration policy as an expression of nation building, reflecting the kind of society that Canadians want to live in: diverse, tolerant and generous in response to humanitarian needs and the wishes of immigrants to be reunited with their families.
- The view was also advanced that immigration is deeply rooted in public culture and embedded in public consciousness. Canadians expect population growth and see immigration as the preferred means of achieving this.
- A particularly strong argument was made for humanitarian immigration pointing to Canada's long and distinguished tradition of refugee protection. Indeed, it was argued that Canada could afford to increase its refugee intake even though such a policy might not meet with universal approval.
- Immigration was seen as contributing to Canada's foreign policy objectives. "Branding" Canada as a leader in immigration policy was viewed as a means of gaining political influence in other spheres.
- Cultural change was also advanced as an objective. It was noted that some countries have chosen national similarity whereas Canada has chosen difference. Diversity and multiculturalism are things that Canadians like. The example was given of how diversity enriches discussions at universities.
- Immigration was seen as vital to addressing niche economic needs, such as the construction sector in Toronto or various industrial and sectoral needs as identified in provincial agreements.

The discussion of alternative policy rationales produced a number of exchanges among participants. Questions were raised about the extent to which some of the rationales advanced by academics and policymakers enjoyed broad popular support. It was suggested that Canadians support immigration based on a perception of what immigrants do and not who they are. On this account, diversity and multiculturalism are byproducts, not qualities that ought themselves to be the direct objects of policy. The same holds for

immigrants. They do not come to Canada to enhance the country's diversity but rather to succeed economically.

The (possible) mismatch between motives and results troubled some participants, especially those who felt that public support was based on a false view of immigration's economic returns. Other participants felt that there was an onus on government to promote immigration and to 'educate' the public. It was noted, for example, that fewer than fifty percent of Canadians supported the exceptional measures developed to help Vietnamese boat people – suggesting that such a policy would never have been implemented had immigration been managed as a populist program – though today, Canadians are extremely proud of their achievement.

Four additional points bear mentioning. First, that there was universal support at the Conversation for maintaining a balanced immigration strategy – that is, a strategy that responds to multiple objectives: social, economic, demographic and cultural. This was viewed as essential for program stability. Second, that even without a strong economic or demographic rationale, there was not a widespread call by participants for a sharp reduction in immigration levels. Third, participants agreed unanimously that more work needed to be done to develop better ways of measuring the less tangible benefits of immigration (that is, non-economic and non-demographic benefits). Fourth, that while the Conversation focused on immigrant levels, selection policies were equally and forcefully implicated by the weaknesses in the economic and demographic rationales. Participants touched on, but did not delve into, the possibility of developing alternative selection regimes founded on social and cultural principles as opposed to labour market goals. Illustrating the point, several attendees noted the contributions of immigration to Canadian music, literature, art, sports and cuisine and speculated that it would be interesting and potentially useful to attempt to construct socio-cultural selection criteria that might more truly reflect the durable contribution of immigration.

### **g. The *yang* and *yin* of immigration levels: deciding how many immigrants to admit.**

Two complementary sets of ideas were proposed to guide immigration levels setting. The first set of ideas focused on the extent to which immigration advances desirable political, social, economic, demographic and moral goals. The second set of ideas focused on problematic outcomes that are associated largely, but not entirely, with constraints on immigrant absorptive capacity.

Underlying the first set of ideas - the notion of *managing immigration with reference to goals* - were three interlaced views of the program:

- (i) That immigration is rights based and that immigration levels should reflect projected uptake of those rights by prospective applicants. The rights in question involve family reunification and various protection measures linked to humanitarian entry;
- (ii) That immigration is a service and that immigration levels should reflect "client" demands. Clients include Quebec-selected immigrants, provincial nominees and domestic employers (who recruit immigrants for prearranged jobs, subject to approval by Human Resources Development Canada); and

- (iii) That immigration represents a high level political objective, consistent with its nation building character. This position supports the creation of a “visionary” goal, such as the one- percent target espoused by the government. By and large, workshop participants supported the idea of a visionary goal. One percent was described by some as a target that has political weight, is not threatening, and is generally supported.

The second set of ideas focused on *managing immigration by monitoring its impact on both host and immigrant populations*. According to this view, immigration levels can be maintained or increased as long as selected indicators (of consequences) remain positive or neutral. Participants advocated using both qualitative and quantitative measures. There was some discussion of mathematical techniques that might be used to draw inferences for levels from changes across a broad array of indicators. For the most part, participants thought that it had been a mistake to decouple immigration from the economy, notably from unemployment, and from considerations relating to Canada’s absorptive capacity. This decoupling was associated with historically high levels of immigration and may have been responsible for some of the problems that immigrants are now encountering.

The following cautionary indicators were proposed as measures that should lead the government to review and, if necessary, scale back its planned immigration levels trajectory. In the absence of negative signals, immigration levels could be maintained or increased in support of government policy objectives.

### 3) CAUTIONARY INDICATORS

#### i. *Economic:*

- Falling immigrant earnings (compared to past immigrant earnings);
- Falling immigrant earnings (compared to Canadian-born earnings);
- Increasing polarization of incomes within the host population;
- Increasing polarization of incomes between host and immigrant populations;
- Growing unemployment, underemployment and under-utilization of immigrant skills;
- Growing job displacement among the host population generally or among important subgroups, such as new graduates;
- Rising poverty rates among immigrants;
- Rising immigration and related program costs at both local and national levels;
- Declining immigrant human capital endowments.

#### ii. *Demographic:*

- Increasing immigrant concentration in urban areas and displacement of the host population (conversely, a redistribution of migration to smaller centres would permit levels to be *increased*);
- Declining mobility and evidence of greater isolation of urban enclaves.

#### iii. *Social Integration:*

- Falling levels of educational attainment and education uptake among immigrants (as compared to previous immigrant groups and the Canadian born);
- Growing incidence of crime *by* immigrants and *against* immigrants;
- Declining health outcomes;
- Reduced access to language training;
- Reduced access to housing;
- Growing concentration of cultural communities;
- Growing inter-immigrant and inter-ethnic group conflict;
- Declining socio-economic integration among the second and third generations (post-immigration);
- Increasing social polarization.

#### iv. *Public Opinion:*

- Declining support for immigration;
- Strengthening perceptions of links between immigration and negative social and economic outcomes;
- Declining support for immigration as the preferred measure for achieving broad social goals;
- Declining support for humanitarian immigration and for bearing the costs that such immigration entails.

v. *Security:*

- Strengthening association between immigration and security concerns (and the consequences this produces for program costs, for interstate relations and for public opinion).

vi. *Use of Indicators by policymakers and politicians*

Participants were concerned about the manner in which the indicators might be used by policymakers and politicians. Six interpretive points appear to be especially salient:

- Point one:* The indicators can be interpreted either as signals to move levels down *or* as signs that government and the public should pay more attention, and devote more resources, to integration and to institutional reforms (to enhance access to those institutions by immigrants);
- Point two:* Governments need to be mindful of the fact that the local effects of immigration may be quite different from the national effects – immigration at a level of one percent of population nationally, corresponds to four percent in Toronto. Local, as well as national, indicators of impact need to be used.
- Point three:* Negative outcomes can be mitigated by redesigning policies. Integration can be facilitated (and the demands on absorptive capacity eased) by selecting immigrants who are better endowed in terms of human capital. Similarly, urban congestion can be eased by changing immigrant destinations and by altering the tendency of immigrants to converge on the largest metropolitan areas. Success on this front was seen as the key to permitting significant increases in immigrant levels;
- Point four:* Immigration should be configured so as to avoid contributing to existing cleavages in society. This too would permit levels to be increased;
- Point five:* More attention needs to be paid to public opinion because integration depends on what happens in the private, as well as the public, sphere and because public support is needed to sustain the integration programs delivered by government. While it is important that public opinion be respected, public support or opposition should not, in and of itself, trigger levels changes. The key question concerns the reasons for this support or opposition. This is also a duty on the part of government to educate the public with respect to immigration and to combat racism and discrimination.
- Point six:* There was broad agreement that the emergence of immigrant ghettos or significant public resistance to immigration should lead to sharp policy revisions.

#### 4) ABOUT METROPOLIS

The Metropolis Project was conceived in 1994 and launched in 1996. It was motivated by the recognition that there existed a pressing need to come to grips with the challenges and to capitalize on the opportunities associated with migration and the integration of ethnic and religious minorities in large cities around the world.

The Project was shaped by the understanding that for migration and integration policies to succeed, they would need the active and co-ordinated support of all levels of government, NGOs, the private sector and the public at large. These stakeholders did not lack conviction about the importance of the task. What they lacked was knowledge and, consequently, the ability to operate from a shared strategic platform. In order to address this, the Project was structured in a manner to include all of the key stakeholders.

A second key factor affecting the Project's design was a sharp curtailment in public spending which forced governments everywhere to re-evaluate their priorities and to seek strategic alliances that would rationalise scarce resources and leverage help from other sectors. In the case of policy development, it was recognized that further investments in knowledge were needed and that this knowledge should be obtained through new alliances with universities, research institutes and think tanks. It was felt that by bringing external scientific knowledge to bear on complex, strategic issues that cut across several jurisdictions, more robust public policy would result.

The goal of the Metropolis Project is to improve policies for managing migration and diversity in major cities, and it will do this by:

- enhancing academic research capacity;
- focusing academic research on critical policy issues and policy options; and
- developing ways to facilitate the use of research in decision-making.

The project has been structured as a partnership with both domestic and international components. It seeks to increase the amount of research done in the immigration and diversity fields; to create opportunities for significant interchange among decision-makers, researchers and NGOs; to encourage discussions that go well beyond the mere stating of positions, descriptions, and advocacy; and to provide settings for problem solving using the best information and analysis.

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