NEED WE PURSUE IMMIGRATION OBJECTIVES ONE AT A TIME?

Economic Growth, Family Reunification and Points Systems

ABSTRACT

Two proposals are put forward to extend the immigration points system beyond principal applicants in the skilled worker category. The first posits that the current approach, which only applies to one member of each family in the skilled worker category, could be improved if families are considered as a whole. Second, a mixed category whose criteria incorporate both extended family relationships (beyond the current ones) and human capital is suggested. To understand the context and motivation for these proposals, the Act and its implementation are surveyed, and the characteristics of points systems are discussed.

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The consideration of how and why an immigration points system might be employed to manage the flow of immigrant landings beyond principal applicants in the skilled worker category is a daunting and controversial task. However, I will make two policy proposals that seek to expand the selection system and, simultaneously, cause the distinction between the family and economic classes to become more blurred. The first addresses the skilled worker category and argues that its selection criteria should consider the migration of *families*, as opposed to individuals — that is, principal applicants, who are mostly male — who might have dependants as is now the case. (Of course, there is a need to recognize that some families are indeed individuals.) The current system seems to hearken back to a view of the world where families had a single "bread winner" and spouses had minimal or no labour force attachment. This does not reflect our modern society, and the immigration points system needs to better serve current reality. Secondly, the *Immigration and Refugee Protection Act*'s goals of family reunification and domestic economic growth are addressed by independent programs that (mostly) address one, and only one, goal at a time. It makes sense to think about what the economic class might look like if it considered not only the economic, but also the family reunification, goal and, vice versa, what the family class might look like if it considered economic goals. Of course, there is also a need to remember that each goal is important in its own right, and neither takes priority over the other in the current Act.

Why should we investigate alternative approaches? Aside from that mentioned above, another motivation is the substantial increase in poverty, and concomitant decline in labour market outcomes, among recent immigrants over the past couple of decades. For summaries of the current state of immigrant labour market outcomes and related issues see Picot and Sweetman (2005), and Grant and Sweetman (2004).

Before turning to the proposals themselves, which necessarily remain very general in a short article such as this, it is necessary to provide substantial background and context. To this end, I first very briefly survey the current system, and then the Act's objectives and how they are implemented. Next, a few relevant issues regarding points systems are discussed and finally the proposals are outlined.

Immigration categories: size and composition

According to Citizenship and Immigration Canada (2005), permanent residents landing in 2004 were in one of four classes: economic (56.7%), family (26.4%), refugee (13.9%) and other (3.0%). Since the mid-1990s the economic class has been substantially larger than the others, but this has not always been the case. Over the previous couple of decades the numerical predominance of the economic and family classes alternated, with the family class being larger during recessions and the economic class larger during economic booms. Each class comprises a number of categories, and one of the economic class's six categories is "skilled workers". It is the largest by far and comprises 48.1 percent of the entire immigration and refugee intake. However, only 42.2 percent of the skilled worker category, or 20.3 percent of the overall immigration and refugee flow, were economic class principal applicants and, therefore, assessed under the points system. The remainder of the category comprises spouses and dependants. Despite the points system's reputation, most immigrants, most of those in the economic class, and even most of the skilled worker category, are not assessed using it. The family class currently includes five categories: spouses and dependants, fiancé(e)s, sons and

daughters, parents and grandparents, and others. Spouses and partners is the largest category, representing 70.7%, of that class. Any benefit from the points system is limited since it does not affect much of the immigration flow.

The Act's objectives and the matching of benefits and costs

In considering modifications to the immigration points system and other policy levers, it is useful to be aware of the rationales of the program, and these are most clearly and definitively set out in the nation's legislation. The *Immigration and Refugee Protection Act* of 2001 (section 3) lists 10 very diverse objectives for immigration (the objectives with respect to refugees are addressed separately). Three relevant ones are: "to permit Canada to pursue the maximum social, cultural and economic benefits of immigration"; "to support the development of a strong and prosperous Canadian economy, in which the benefits of immigration are shared across all regions of Canada"; and "to see that families are reunited in Canada". The Act is also concerned about the potential burden of immigration on the welfare state and hence, for example, contains clauses such as: "A foreign national is inadmissible for financial reasons if they are or will be unable or unwilling to support themself or any other person who is dependent on them, and have not satisfied an officer that adequate arrangements for care and support, other than those that involve social assistance, have been made"; and "A foreign national is inadmissible on health grounds if their health condition… might reasonably be expected to cause excessive demand on health or social services." (There are also exceptions to the last clause spelled out in the Act.)

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One useful summary of relevant key goals of the Act with respect to immigration (as opposed to refugees) is that it seeks to positively benefit the nation or individuals therein, while not imposing a burden on the nation's social safety net. However, the benefits are diverse in their nature and scope, and in the Act's implementation there is some "matching" of the costs, or risk of costs, and the benefits. Maximizing macroeconomic benefits is accomplished by selecting individuals who are expected to contribute to the economic growth of the nation and not be likely to need income support or excessive healthcare expenditures. This economic benefit is a broad one, affecting all of society, so all of society bears the associated risk that social services may be required. In contrast, the nature of the benefits from reuniting families is more personal, not macro-economic, and the scope of the expected benefits is more limited in intent since it is focused primarily on individuals, or a small set of individuals. Of course, in some cases benefits accrue more broadly. Matching this reduced scope of intended benefit, and taking the non-economic and personal nature of the benefit into account, family reunification does not require a test of the projected economic contribution to the nation of immigrants in this class, and it simultaneously alleviates the risk to society of support costs by transferring some, though not all, of that risk to those who are expected to benefit or some subset of the same.

It is worth noting one caveat: although economic growth is a key objective, the economic benefits for the nation from immigration may not be as large as appear to be popularly believed. Most who conduct research in the area believe that the net economic benefit to the existing population is probably positive, but small. For a fuller survey of related issues see Sweetman (2005). Personally, I believe that Canadians value the non-economic benefits of immigration and would support it even if it implied modest economic costs for the rest of society.

Implementation

Focusing on skilled workers and family class immigration, which is the aim of this paper, the matching of benefits and costs is seen to be built into the system's operation. Canada uses different mechanisms to satisfy the objectives set out above. Skilled workers are one category in the economic immigrant class; other categories face, for example, criteria concerning amounts to be invested in Canada, or business and/or jobs to be created. However, as mentioned, skilled workers are the largest category, and the selection of skilled worker applicants is accomplished using a set of admissions criteria, to which the immigration points system is central. The latter is a tool used to identify those who are expected to, on average, have good labour market outcomes (low unemployment and high earnings) post-immigration because of their human capital and, therefore, have a low risk of imposing a burden on the social welfare system.

It is worth looking at the immigration points system carefully since it may not be one that we would want to expand the use of for reasons unrelated to the outcomes it produces. The points system is sometimes said to operate in a non-discriminatory manner, but this is clearly not the case (or it might be a linguistic abbreviation where "discrimination" is used as a shorthand for "racial discrimination" or some such undesirable basis for discrimination). Its whole purpose is to discriminate among candidates and to select those with characteristics that are predictors of labour market success. While few if any characteristics are perfectly objective, the goal is to employ those that are less subjective in the hope of ending up with a procedure that is not racially and/or ethnically discriminatory. Of course, although not found in the current model, recent incarnations of the system have sometimes allowed points for "personal suitability", which were allocated at the discretion of the immigration officer

and are clearly on the less objective end of the scale. It can also be argued that it is possible to build a type of source country bias into a points system. For example, depending upon how it is implemented, a point system for occupational experience, where occupation is defined using a Canadian occupation classification system, might favour applicants from countries with an occupational system more similar to Canada's. A similar argument can be made for education.

Some elements of the current points system, for example age at immigration, appear to focus on characteristics that are deemed by the Canadian *Charter of Rights and Freedoms* to be ones on which we as a society do not wish to discriminate in other contexts. (I am not making a legal argument here; I believe that the legal basis of this criterion is understood to exist.) In contrast, age at immigration is an extremely good predictor of economic outcomes, and in the context of being part of an economic selection tool, can be argued to be underutilized.

In contrast to the economic class, family class immigrants are accepted based on their relationship with a Canadian citizen or landed immigrant, with no regard to their economic contribution (which may be non-trivial), but the risk of costs to the social safety net is alleviated and such immigrants are required to have a sponsor who guarantees to provide financial support if required for a period of three or 10 years depending upon the relationship. The sponsor does not absorb all of the risk, but does bear a substantial portion of it. Of course, there are those who comment on the enforcement of such guarantees, but overall there is an effort to match benefits and the risk of potential costs.

Given this structure, many people consider there to be a strict dichotomy in the application of the objectives of the Act; economic class immigration addresses the economic growth objective, while family class addresses reunification. Relatively little large-scale research has been conducted to verify the assumption that there are differences in economic outcomes among the various immigration classes. This is largely because data that identify immigration class and relevant outcomes has not been generally available. One paper released by Citizenship and Immigration Canada (2000) takes a preliminary look at this issue for the year 1995 and finds that principal applicants in the economic class have, on average, very good labour market earnings, while the spouses and dependents that accompany them, members of the family class and refugees all have remarkably (perhaps surprisingly) similar outcomes that are markedly lower. Spouses and dependants in the economic class have lower average rates of social assistance take-up than the family class, which has a rate that trends up with time in Canada. While this analysis should be viewed as very preliminary, it suggests that family members who accompany principal applicants in the economic class have remarkably similar earnings to family class immigrants, but make markedly lower use of social services.

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Moreover, despite their independence, the economic and family classes are linked indirectly since a substantial fraction of family class immigration follows directly from economic class immigration because the former serve as sponsors for the latter (this is sometimes called chain migration). Of course, family class immigrants, refugees and the Canadian born also sponsor family class immigrants. Perhaps surprisingly, despite the substantial amount of immigration-related research conducted in Canada in the last decade, there does not appear to be a very precise empirical understanding of this process or of the characteristics of sponsors; more research is clearly required.

New proposals

Given that there is a queue of applicants for the skilled worker category and that some are not permitted to immigrate, one cannot help but ask if economic outcomes would be better for families if the criteria were modified to predict the success of both partners or, where relevant, perhaps all adult members of the family? This is particularly pressing given that the labour market outcomes of new immigrants have been declining substantially for the past two decades or so.

When spouses accompany a principal applicant the current system does not entirely ignore the human capital of the former, but it treats it in a very odd and minimal way. The current system potentially adds between zero and five "adaptability points" from an assessment of a spouse's, or common-law partner's, education. This is a component of the "sixth factor" in the points system and provides a maximum of 10 of the 67 required points. If an applicant were to qualify for all of the points that are possible in the adaptability factor she or he would have 25, but those beyond 10 do not count towards the total required. While the current assessment of the spouse or partner's education is a start in the right direction, a fuller treatment of the spouse's human capital would be preferred.

Operationalizing the inclusion of points for a spouse is, however, difficult. In the case where no dependents are assessed for points, at issue is how to equitably treat individuals compared to partners who jointly apply. Individual skilled worker immigrants may subsequently apply for a spouse to enter Canada as a family class immigrant, and it would not be appropriate to give applicants incentives to use this mechanism, with its extended separation of spouses, instead of immigrating together. One approach is to have different, and carefully selected, pass marks for individuals and families. The difference in the pass marks would need to be able to be more than overcome by a spousal score. That

is, some couples with individual scores below the individual pass mark should be able to surpass the joint pass mark. This reinforces the idea that it is the family's outcomes that matter, and two good scores might be better than one very good and one not very good score. Of course, the actual scores would need to be developed carefully and this will require some effort.

The second, and complementary, proposal is also akin to another element of the "adaptability factor," but again pushes it somewhat further. Currently a skilled worker gets up to five points if she/he or her/his partner has a parent, grandparent, child, grandchild, child of a parent, sibling, child of a grandparent, aunt or uncle, or grandchild of a parent, niece or nephew in Canada. This is a larger list than could qualify for family class. But, even if there are few other adaptability points, so that the five points for having a family relationship could all be employed, the magnitude of the contribution is small.

An alternative would be to explicitly recognize the value to extended family members in Canada of being reunited with potential immigrants and to provide many more points in recognition of the relationship. However, in accord with the current implementation of the Act, it must also be recognized that some of the benefit of this class would be limited in scope and hence some of the risks should be borne by member(s) of the same group of beneficiaries. That is, it should not be the existence of extended relatives that generates points, but their sponsorship. This alleviation of the risk to the social safety net would allow the nation to accept individuals who would not be able to enter Canada under the current system. The proposal recognizes the objectives of the current Act, and offers an extension of the current program that will be of benefit to some, and have few costs to society. The core idea is the recognition that it may be possible to satisfy the objectives of the Act more fully, and to better maximize the "social, cultural and economic benefits of immigration" by considering the family and economic aspects of immigration simultaneously.

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