# IMMIGRATION:

## Economics and More

**ABSTRACT**

Immigration entails a number of important policy concerns across the economic, social and political spheres. Having embarked on a course of large-scale immigration, Canadians and their governments must behave wisely and make the necessary investments to ensure that integration is successful.

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The views expressed by the authors of this paper do not necessarily reflect the views of the Metropolis Project, Citizenship and Immigration Canada, or the Government of Canada.

It is our belief, and that of a majority of Canadians, if public opinion polls are to be believed, that Canada should continue to be a country that welcomes newcomers and values its ethnic, racial, religious and linguistic diversity. Consequently, the appropriate questions to ask about immigration are not whether we should have it, but how many immigrants to accept, how to choose them and, most importantly, how to ensure that integration takes place.

The answers to these questions should be found in the policies, programs, and practices that seek to capitalize on the opportunities afforded by immigration and to tackle the challenges that immigration provides. It is our contention that this is not necessarily the case at present. Policies, programs and practices need to evolve if they are to address powerful new forces. While much attention has been focused on federal policy and its challenges, we believe that provincial, municipal and non-governmental actors face similar demands. Research questions and paradigms may need to be altered to provide the kind of knowledge that will allow us to steer our course wisely.

Since at least the promulgation of the Official Multiculturalism Policy in 1971, the Government of Canada has been concerned with the full participation of all Canadians in the social, cultural, political, and economic aspects of Canadian society. This was reiterated in the *Immigration and Refugee Protection Act* of 2002. The Government of Canada stated that the goals of Canada's immigration program are "... to pursue the maximum social, cultural and economic benefits of immigration; to enrich and strengthen the social and cultural fabric of Canada ... to promote the successful integration of permanent residents into Canada, while recognizing that integration involves mutual obligations for new immigrants and Canadian society."

This emphasis on integration and the insistence on adaptation by both newcomers and host population (individuals and institutions) is explored in various ways in the articles included in this magazine. Economic considerations are covered more extensively than social, cultural or political. This is due, in part, to the difficulties in defining social and cultural integration, but also because of recent critiques of Canadian immigration policy have focused primarily on economic and labour market issues (Collacott 2002, Francis 2002, Stoffman 2002).

There is a certain chicken and egg argument that swirls around the primacy that should be accorded to economic participation and economic outcomes versus those in the social and political spheres. Some insist that social and political participation is contingent upon equitable access to resources and thence to opportunities. Others contend that "In a diverse society nothing is more important than ensuring that all citizens have the opportunity to participate in the discussions that set the rules by which we agree to live" (Metropolis 2002). We believe the implied policy choice to be specious since the agency of citizens must be freely expressed in both economic and social/political spheres if integration is truly sought.

### Economic Inclusion

Far and away the most important factor driving the changes in immigration is economic globalization. In part, the economic problems that have been affecting immigrants find their counterpart in the difficulties that have been experienced by all new labour market entrants, but there is also a component unique to immigration. The core issue concerns the substantial decline in the entry wages of new immigrant workers, including those selected for labour market reasons. Whereas skilled immigrants arriving before 1980 had been exceeding Canadian income norms immediately upon entry, immigrants arriving after 1980 were starting at a very significant deficit. More recent

cohorts, those coming after 1995, are starting to do better but there is, as yet, no consensus that this favourable trend will continue allowing skilled immigrants to regain their privileged vantage point.

More dire is the situation facing immigrants who came to join family or who entered as refugees. Their earnings recovery has been minimal. Reflecting this, in 1980, the incidence of poverty among immigrants who had been in the country for less than five years was 24%. By 1995, however, this same measure had risen to 47% meaning that one immigrant in two who had been in the country for less than five years was living at, or below, the poverty line. This phenomenon, unlike the falling wages of new entrants, does not have a Canadian-born parallel, suggesting that something associated with the state of being an immigrant, with changes in the labour market, or with the reception accorded to recent arrivals, post-1980, is involved. Particularly troubling for analysts is the decline in the explanatory power of labour market factors. Instead, it would appear that an increasing component of the decline in earnings is statistically attributable to where immigrants originate. Nobody is comfortable with this state of affairs. Among the explanations that have been put forward are racism associated with the changing composition of immigrants, an inability by employers to evaluate foreign credentials resulting in a substantial discounting of foreign skills, and communication problems experienced by non-English or French speaking immigrants in adapting to the new, knowledge-based economy. All seem plausible.

Whatever the reason or reasons, something will need to be done and, indeed, in a number of areas, policy adjustments have begun. Improved language training, efforts to tackle the non-recognition of credentials, anti-racism measures, and altered selection criteria place more emphasis on human capital are all steps in the right direction. What seems to be missing, however, are policies that directly target immigrant poverty. It is not clear how, in the absence of such measures substantial progress can be made. Further research would be especially helpful in disentangling the factors that account for the blighted prospects facing immigrants. Particularly important is research to examine the effect of lower incomes on the educational opportunities and attainments of immigrant children. The intergenerational transmission of poverty would be disastrous. Results from the New Canadian Children and Youth Study (NCCYS) will provide vital information in this regard.

The issue of immigrant economic performance and of Canada's integrative capacity is closely linked to the question of population policy. By this, we do not mean a simple population replacement strategy but, rather, an immigration policy that is able to support the social and economic adjustments that will ensure Canada's international competitiveness. The importance of immigration in any such policy set is evident from the fact that immigration will soon account for all net labour force growth. This means that immigration policy and labour market policy are inexorably joined. Immigration – notwithstanding the difficulties cited earlier – is also likely to play a key role in Canada's innovation strategy as knowledge based industries, which are highly dependent on the quality and quantity of human capital available to them, increase their efforts to recruit foreign labour whenever domestic shortages emerge. This will, in turn, require enhancements in Canada's capacity to attract and retain skilled immigrant workers. A number of policy initiatives are designed to achieve just this result. The Department of Citizenship and Immigrant's stated intent to increase the ratio of skilled workers to other immigrants constitutes a step in this direction (though it may be difficult to sustain in practice). As well, the growing involvement by provinces and municipalities in selection and recruitment bodes well and is to be welcomed.

Another aspect of population policy that has been receiving a good deal of attention – much of it sceptical – is the interest by both provinces and federal government in producing a more balanced geographic distribution of immigrants, ending the hegemony of large cities, notably Toronto, Vancouver and Montreal. A successful policy would reduce the integration pressures on those cities, stabilize anticipated population declines in other areas, and reduce the cultural divide between the cities that are host to large immigrant and ethnic populations and the rest of the country. Whether such a move would be cost-effective, spreading integration costs across the country, or whether costs would rise because smaller centres and second tier cities do not possess the necessary service delivery infrastructure, remains to be seen. At a minimum, however, the greater involvement by provinces, cities and the private sector entailed by such policies would have a salutary effective on the recruitment and integration process.

Other policies that are strongly affected by globalization and will need to be reviewed include Canada's temporary worker programs. These are becoming increasingly important at both ends of the labour market. There is a strong likelihood that pressure will grow to make greater use of low skilled temporary migration to address selective shortages. Currently, this is restricted to agricultural work. The aims here will be to avoid the integration costs associated with low skilled labour. Such policies would likely be effected though bilateral agreements with sending countries. There will also be pressure at the high end to become more competitive on the recruitment front and to ease restrictions on multinational corporations wanting greater freedom to move employees within the corporate network. These changes parallel a growing reality in which elite, transnational workers (still a small group) are less bound by national ties and the strictures of citizenship.

In the context of globalization and regional economic integration, one of the more intractable problems facing policymakers is how to maintain and promote the free flow of goods and services in the face of public fears concerning terrorism. This worry is particularly acute in respect of the United States which, as Canada's largest trading partner, exercises enormous influence over all facets of domestic policy. Canada will need to find ways to assuage American security concerns if it is to retain unimpeded access to United States markets. Higher security expenditures are unlikely to suffice. A more likely development, one that is already playing itself out, will involve the gradual harmonization of Canadian and American

security policies, beginning with a closely aligned common security perimeter. This would gradually evolve into a common visa regime, harmonized asylum, detention and removal procedures and other measures designed to level differences between the two countries. At issue for Canada will be to ensure that the most important aspects of our unique asylum policies are protected and to avoid the greater politicization that prevails within the American refugee system.

### Social and Cultural Inclusion

Earlier in the essay, we expressed concern regard the economic prospects facing recent immigrants and rising levels of poverty. We also noted that a majority of analysts believe racism to be among the factors that account for the discrepancy in incomes. This is particularly worrisome given the composition of Canada's immigrant intake and the concentration of immigrants in cities. And while there is currently no evidence to suggest that Canada has ghettos in its cities, the co-location of poverty with visible minority status and racism makes for a dangerous cocktail and requires urgent attention.

It should also be noted that while a great deal of attention has been focused on race, an equally difficult integration challenge is being posed by the emerging importance of religious groups. The importance of religion as a dimension of diversity has been increasing without the development of concomitant research or policy capacity to address many of the issues that arise from religious diversity. This is deeply troubling as ultimately, ideological differences related to religious principles may prove more intractable than the racial divide which presently concerns policymakers.

It must be understood that any serious intervention will require additional per capita expenditures. (This can be realized either by increasing resources or reducing immigration levels). A particular focus of attention should be the school system and higher education. The public school system plays a key role in bridging cultural differences and fostering mutual understanding. This cannot be provided by separate schools, even if they adhere to a core curriculum. Citizenship education, both curriculum-based and practice-oriented are essential. On-going work of the Citizenship Education Research Network continues to inform this key policy arena (http://www.canada.metropolis.net/research-policy/cern-pub/index.html).

### Political Inclusion

Serious efforts will also need to be made to ensure that new arrivals are given a voice – no mean feat according to Iris Marion Young (2000) and certainly not one that appears to have been mastered in Canada (See work of the Political Participation Research Network at http://www.canada.metropolis.net/research-policy/pprn-pub/index.html). Integration efforts must focus on political integration in both formal political institutions and informal institutions of civil society. This requires intelligent policies that seek to develop and engage the leadership and members of new communities. The legitimacy of democratic institutions rests on inclusion and the tacit acceptance of the social contract by all citizens. An unrepresentative or biased system leads to a weakening of the social contract and a costly over reliance on enforcement mechanisms. Further work in this area will remain an essential component of emerging policy, program and practice designed to facilitate the integration of newcomers.

### Partnerships

The shifting policy landscape and the growing importance of immigration, including its links to other strategic policy issues, will require new cooperative arrangements to be developed across federal departments and among different levels of government. These can be expected to expand with time. Already, the level of provincial and municipal involvement has shot up. Much of this interaction is presently focused on skilled workers and recruitment, however, there is significant engagement around language training, settlement assistance and credential recognition.

Internationally, intergovernmental cooperation can also be expected to expand. As indicated above, the U.S. and Canada would appear to going down the path taken by the European Union in respect of refugee and security issues. Further down the road, this may be extended to greater cooperation between supranational groups, notably NAFTA and the EU. Already, initiatives are underway seeking to create a framework of guiding principles to could serve as a basis for such cooperation. And least one of these initiatives also seeks to include the concerns of sending and transit countries (the Berne initiative) thus offering the tantalizing prospect of a broad immigration regime wherein migratory flows could be managed for the benefit of all, not least the migrants themselves.

### Conclusions

In a topic as vast as immigration, it is not possible to cover all important policy concerns in a single, brief essay. We have, for example, not even touched on humanitarian immigration; we have merely skimmed the surface of social, cultural and political inclusion; and we have not identified critical issues in the health or justice arena, to name but a few.

However, even with these broad brush strokes, it is evident that immigration must become a horizontal consideration of all three levels of government and practitioners. Difficult policy choices await and research lacunae need to be filled so policymakers and practitioners can make informed decisions and effect change where necessary. Having embarked on a course that entails large-scale immigration – a decision that requires not one choice, but many, across a range of social, political, cultural, ethical and economic concerns – it is essential that Canadians and their governments behave wisely and make the necessary investments, financial and personal to ensure that integration is successful.

# FULL REFERENCES AND BIBLIOGRAPHIES
# RÉFÉRENCES ET BIBLIOGRAPHIES COMPLÈTES

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[2] Centre for Research and Information on Canada (CRIC). Portraits of Canada 2001. Montreal. http://www.cric.ca/en_html.

[3] Association for Canadian Studies. Canadian Opinion Toward Second Language Knowledge and Education. Montreal.

[4] See http://people-press.org/reports/display.php3?ReportID=165 . The Pew Research Center is an independent opinion research group in Washington, D.C. that studies attitudes toward the press, politics and public policy issues.

[5] Statistique Canada, 1996 (dans : Commissaire aux langues officielle. 2002. L'immigration et l'épanouissement des communautés de langue officielles au Canada. p. 63.)

[6] Copies can be ordered or downloaded. Please visit www.ocol-clo.gc.ca.

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[1] The opinions and interpretation expressed in this article are those of the author and do not necessarily reflect the views of Citizenship and Immigration Canada.

[2] The IMDB is a longitudinal database of linked immigrant records and subsequent taxfilings. The database is maintained by Statistics Canada on behalf of Citizenship and Immigration Canada and a federal provincial funding consortium. For more information see: http://www.cic.gc.ca/english/srr/pdf/res4bi.pdf

[3] To benchmark the entry earning of skilled workers against the Canadian average is not an adequate reflection of the objectives of the program. A more appropriate benchmark, such as similarly skilled Canadian-born individuals entering the labour market at a comparable time, could be taken from the Survey of Consumer Finances/Survey of Labour and Income Dynamics data.

[4] Li, Peter S. "Destination Canada - Immigration Debates and Issues" Oxford University Press 2003

[5] The Immigration and Refugee Protection Act and its accompanying regulations (which came into effect on June 28, 2002) introduced changes to the selection criteria for skilled workers, based on earlier research. However, it is too soon to determine whether these have had any impact on the economic performance of skilled workers.

[6] See for example: Reitz, Jeffrey G. 1998 *Warmth of the Welcome: The Social Causes of Economic Success for Immigrants in Different Nations and Cities* Boulder, CO: Westview Press; and Pendakur, Krishna and Ravi Pendakur, 1998 "The Colour of Money: Earnings Differentials among Ethnic Groups in Canada" *Canadian Journal of Economics* 31(3): 519-48.

[7] Waslander, Bert (2002) 'The Falling Earnings of New Immigrant Men in Canada's Large Cities' (forthcoming) presented at the John Deutsch Institute Conference on "Canadian Immigration Policy for the 21st Century October 18-19, 2002; and Green, David and Christopher Worswick (2002) "Earnings of Immigrant Men in Canada: The Roles of Labour Market Entry Effects and Returns to Foreign Experience" (forthcoming)

[8] International Adult Literacy and Life Skills Survey – the next round of this survey will include a sample of recently arrived immigrants.

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[1] Of course, like all social science research, there are questions about Card's analysis. In particular, the sample size is small and the comparison cities may not be ideal. However, if one's prior assumption is that a very large impact should have occurred, then this would be observable.

[2] Though work on the topic has been attempted by, for example, Card (2001), DiNardo and Card (2000), and Borjas, Freeman and Katz (1997).

[3] Some attempts at looking at corners of this issue have been conducted in the Canadian context, but they have been very limited in scope and have not tended to look at provincial programs involving health and education, nor included generations beyond the initial one that is born outside of Canada.

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