

How Many Immigrants Does Canada Need?

By HERBERT GRUBEL

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Immigration Minister Jason Kenney's recent efforts to reform Canada's immigrant selection policies will improve the efficiency of the system, will treat applicants more fairly and increase the economic prospects of immigrants. He deserves full credit for taking on policies that have been considered politically untouchable for decades.

The changes reflect recommendations made by academics and independent researchers at the Fraser Institute, the CD Howe Institute and the Institute for Research on Public Policy. The ideological perspectives of these researchers cover the full spectrum. Their common aim is the desire to make immigration work more consistently in the interest of all Canadians.

The Minister's announced reforms will decrease the number of sponsored parents and grandparents; shorten the queue of applicants; speed up the settlement of refugee claims; reduce the number of fraudulent marriages and "passport babies; and make foreign investors bring more money into Canada.

The most important proposed changes involve the criteria used in the selection of immigrants. They will reduce reliance on the present points system, which rewards academic qualifications, age and language proficiency and will instead put heavy weight on pre-arranged employment contracts, craft skills and work experience with Canadian employers. Experimentation with the new system has resulted in immigrants who had better economic success than those selected under the old system. This result is not surprising since employers are best able to judge whether immigrants are likely to be sufficiently productive, have the needed language skills and other characteristics necessary to earn the wages they are offered.

The new selection system needs some administrative rules, which remain to be spelled out. One would set an acceptable wage level high enough to ensure that the immigrants pay sufficient taxes to cover the social benefits they are entitled to. For this purpose the minimum acceptable wage offered a prospective immigrant might be set at the wage earned by the average Canadian in the region of prospective employment.

There is also the need to prevent fraudulent job offers to relatives and to immigrants who have bribed employers

to offer them temporary high paying jobs. This goal could be attained by requiring immigrants to file copies of their income tax returns to a special enforcement office in Ottawa, which would be authorized to revoke the permanent residence status of violators and deport them.

However, the proposed reforms fail to address the most fundamental problem facing the current immigration policies. How many immigrants should Canada admit every year?

No economic rationale exists for the current target of about a quarter million immigrants a year, which as a percent of the population is the highest of any country in the world. Politicians justify it with vague references to its influence on Canada's economic growth rate; the need to meet prospective labour and skills shortages; to finance social benefits for an aging population; to create a multi-cultural society; to help alleviate poverty abroad and others.

None of these arguments are valid if immigration policies are aimed at maximizing the well being of Canadians. Thus, immigrants add to aggregate national income, but if their personal incomes are below average, they impose a fiscal burden on taxpayers because of the country's progressive income taxes and the universality of benefits. Labor shortages can be aggravated since immigrants cause the construction of more housing, infrastructure and the need for more social and medical services. Actuaries have shown that immigrants cannot significantly reduce the unfunded liabilities of social programs since they too age and become entitled to benefits.

Non-economic arguments involve value judgements impossible to measure and leave open important questions about the merit of alleviating poverty abroad rather than in Canada and about the benefits from multiculturalism relative to the risk of endangering traditional values, culture and social cohesion.

Focusing on the economic issues alone, the problem of determining the optimum rate of immigration can and should be solved through the use of market signals provided through the use of pre-arranged employment contracts. This criterion should be applied to all applicants, who would be accompanied by their immediate family.

It is time for Minister Kenney to adopt these immigrant selection policies, which he already has put into place on a limited basis. This policy will benefit greatly all Canadians, including recent immigrants. He and his staff do not have to fear running out of work. They will be left with important responsibilities to enforce the new rules, protect public health and security, take care of asylum seekers and for a long time deal fairly with the legacy of past policies. ■

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