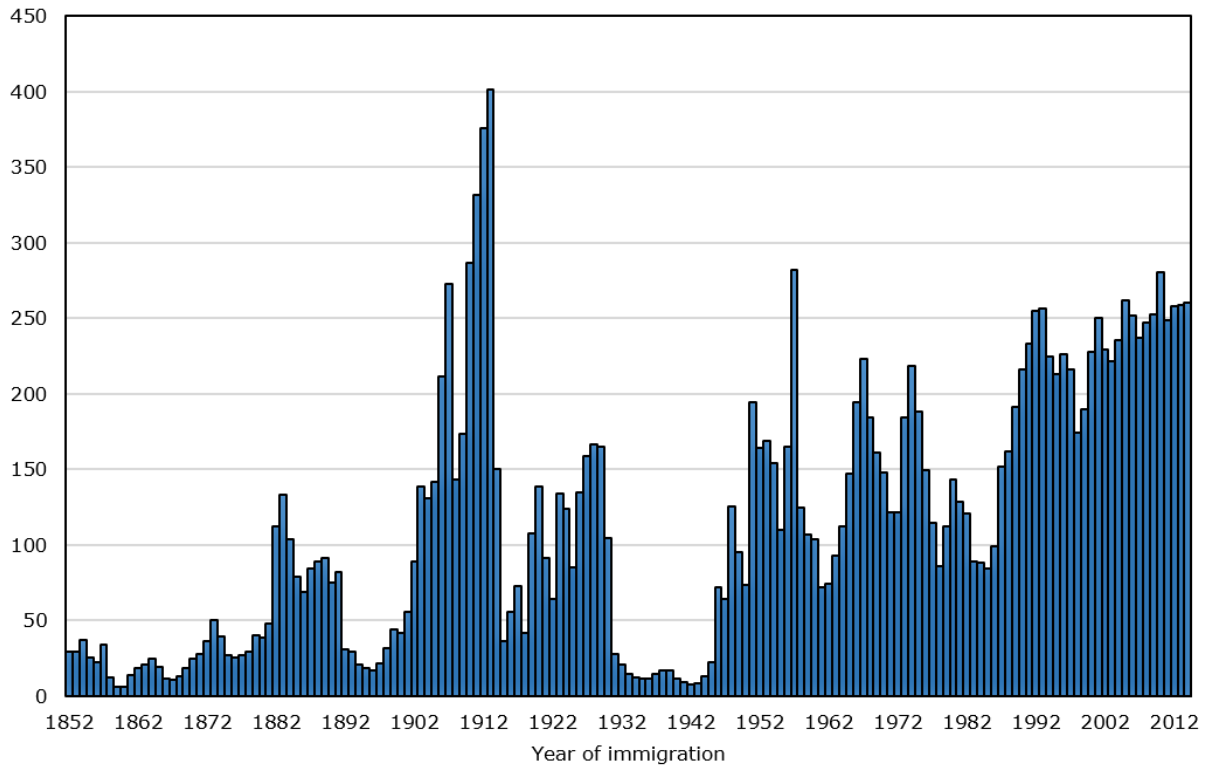


Canadian Immigration

thousands



Looking at the graph above, attempt to explain the reasons for both the low and high periods of immigration.

1867-1873 (John A. Macdonald) -

1878-1891 (John A. Macdonald) -

1896-1911 (Wilfred Laurier) -

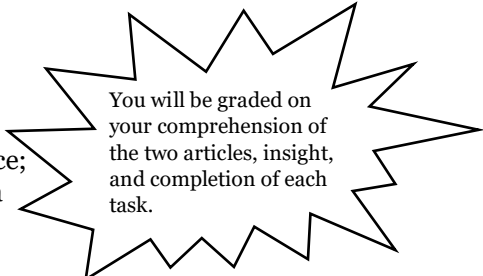
1911-1920 (Robert Borden) -

1921-1926 (William Lyon Mackenzie King) -

1935-1948 (William Lyon Mackenzie King) -

Canada's lowest immigration rate was 0.7% in 1943. It's highest was 52% in 1911. Canada's current immigration rate is 8.2%. Considering where Canada is today (culturally, economically, etc.) should the current immigration rate change? Explain.

Debate Organizer



STEP
1

Before reading “A Population of 100 Million Comes With a Price; Are Canadians Willing to Pay It?” and “All the Reasons Canada Needs Immigration – And More of It” answer the following question:

Canada has one of the highest immigration rates of the G7 nations. Should Canada continue its current immigration levels? Explain.

STEP
2

As you read through the two articles, use the graphic organizer below to help you list the most important and persuasive points described in the articles.

| Canada should continue to bring in large numbers of immigrants. | Canada should begin to limit the number of immigrants brought into the country. |
|---|---|
| | |

STEP
3

Has your opinion on this issue changed at all since reading the articles? Explain.

STEP
4

Find another person(s) in the class that has an opposing view. You will both lay out your arguments; however, the purpose of this is not to debate, it is to listen and consider the opposing view.

Describe the conversation you had with a classmate:

A population of 100 million comes with a price; Are Canadians willing to pay it?

Appeared in the National Post

A recent series of articles in the Globe & Mail suggested Canada should double its annual intake of immigrants to 500,000 with the goal of raising the country's population to 75 million in 50 years and 100 million by the end of the century. The justification for this policy is almost entirely ideological. The larger population is needed to give more weight to the authors' efforts to convince the world to follow Canada's model of a truly social-democratic, multicultural and eco-friendly society yet there is no discussion of the high economic costs the policy would bring.

Doug Saunders, the Globe's correspondent in England, listed the benefits of raising Canada's population to 100 million, saying it would end the greatest price of under-population, (which) is loneliness: We are often unable to talk intelligently to each other, not to mention the world, because we just don't have enough people to support the institutions of dialogue and culture whether they're universities, magazines, movie industries, think tanks or publishing houses. ... It would put an end to the low population density that plagues large sections of Toronto and Calgary. A recent series of articles in the Globe & Mail suggested Canada should double its annual intake of immigrants to 500,000 with the goal of raising the country's population to 75 million in 50 years and 100 million by the end of the century. The justification for this policy is almost entirely ideological.

We do not have enough people, given our dispersed geography, to form the cultural, educational and political institutions, the consumer markets, the technological, administrative and political talent pool, the infrastructure-building tax base, the creative and artistic mass necessary to have a leading role in the world.

But these so-called benefits invite important questions. According to the Globe, the 100-million target has supposedly been suggested in the past and it's a nice, round number. But why not use 300 million or 500 million as targets? They are also nice, round numbers, which would catapult Canada even more decisively into a leading role in the world.

The argument about loneliness is simply strange as Canada's universities, think tanks and cultural institutions are well connected to their counter-parts within the country and in the rest of the world through the use of the Internet and low-cost travel.

Importantly, the Globe is either wrong or mute on the economic issues on increased immigration. The suggestion that a larger population would lower the cost of serving a larger set of consumers ignores the fact that economies of scale are less important than in the past because they can be achieved in today's world of free trade and low transportation by serving global consumer markets. The claim that doubling immigration levels would increase total national income fails to take into account that it would also lower living standards as measured by average after tax incomes and that it would make the income distribution less equal and retard the growth of income per capita.

The average immigrant who arrived since 1985 imposes an annual fiscal burden on taxpayers of \$6,000, a total of \$25 billion annually when all recent immigrants are taken into account. This is the result of these immigrants having low average incomes and paying correspondingly low taxes while they are entitled to all the benefits offered by Canada's welfare state. There is no chance to find double the current number of immigrants with better or even the same economic prospects as recent immigrants. Therefore, the Globe's proposal would substantially increase the fiscal burden on Canadian taxpayers.

Doubling immigration levels would put downward pressure on wages, increase unemployment and the incidence of poverty. It would raise the return to capital and reduce income equality. Most important, the low wages would slow the growth in labour productivity by discouraging investment in labour saving capital and technology. The wealth from natural resources would have to be shared among a larger number of people.

Doubling immigration levels would not solve the labour and skills shortage and might even worsen it, as more immigrants would require housing, schools, hospitals, and many other infrastructure facilities. With current levels of immigration, 250 new housing units must be built every week to accommodate new immigrants in Greater Vancouver alone. The demand for professionals will also increase. For example, 4,500 additional physicians are

needed for every million new immigrants. Nor would the doubling of immigrants solve the problem of unfunded liabilities of Canada's social programs simply because they quickly become beneficiaries of these programs.

Canadians need a rational and full discussion whether the costs and risks stemming from much higher immigration levels and population are worth the ideological benefits claimed by its advocates.

All the reasons why Canada needs immigration — and more of it

Gabriel Friedman

October 3, 2019

There's a good reason the immigration debate in Canada is calmer than in the U.S.

There are some calculations with pension plans that require advanced math, and some that don't. One that doesn't is the simple fact that Canadians are rapidly aging.

The average age of the population is moving up as life expectancy increases, birth rates decline and the baby boomer generation ages. By 2040, 25 per cent of the population will be at least 65 years old, up from 17 per cent today, according to Conference Board of Canada projections.

The impact of having fewer Canada Pension Plan contributions from workers and more payments going out to beneficiaries is also straightforward: Either workers contribute more or beneficiaries get paid less.

“That's where immigration plays into it,” said Keith Ambachtsheer, director emeritus at the International Centre for Pension Management. “We need immigrants for a lot of reasons, but one of them is to become future contributors.”

Immigration is often a hot topic of discussion, no more so than during an election. Statistics Canada this week reported that the country's population reached 37.6 million people as of July, an annual growth rate of 1.4 per cent — or about 531,000 people — representing the largest annual growth in Canada's history and the highest of any G7 country, mostly, though not entirely, driven by immigration.

“By international standards, it's high,” Ambachtsheer said. “But in terms of Canadian culture, it's sort of a deep question that requires a lot of thinking. Is there an optimal rate of immigration?”

Politicians make different claims about how many people the country can handle, but economists generally agree on one simple point: Immigrants are a necessary component to achieve economic growth and keep taxpayer-funded systems such as pensions and health care stable and balanced.

This year, Canada accepted some 300,000 immigrants, an increase from the roughly 250,000 accepted per year on average during the previous decade. That number is expected to rise even further to 350,000 people per year by 2021.

To understand the economic consequences of this immigration, a little context is needed.

Canada hasn't had a replacement rate fertility level — defined as 2.1 children per woman — since 1971. The fertility rate today is estimated at about 1.5 children.

At the same time, the number of centenarians has tripled since 2001 to more than 10,000 people due to increased life expectancy, and they all collect rather than pay for benefits.

Economists who study immigration also note that the baby boom generation has begun to retire. For the first time, this cohort, defined as anyone born between 1946 and 1964, makes up the majority of seniors, and as they retire in increasingly greater numbers, an imbalance in the labour workforce will continue to grow, creating all sorts of pressure on governments and businesses.

“The front-end boomers have started to retire,” said Pedro Antunes, chief economist at the Conference Board of Canada. “But the biggest portion of the baby boom generation is the tail end, and they're not retired yet.”

As a result, Canada over the next decade will experience a steep increase in its retirement rate, which Antunes said creates several foreseeable challenges.

For one thing, as people age and stop working, they no longer contribute as much to the health-care system, yet their health-care expenses during these years are likely to increase. Interested in the impact of this, Antunes' organization conducted a study that looked at how immigration affects the national health-care system, among other things.

In 2017, health care accounted for 35 per cent of provincial spending on average and is projected to rise to 40 per cent by 2040, according to Conference Board data.

Its May 2018 report — *Canada 2040: No Immigration Versus More Immigration* — found that scaling back immigration rates would ultimately raise health-care costs.

Under the status quo, in which immigration remains at 0.82 per cent until 2040, health-care costs as a share of provincial revenue would rise to 42.6 per cent. But if the rate was allowed to rise to one per cent by 2030, health-care costs as a share of provincial revenues would only reach 39.2 per cent in 2040.

Although 3.4 percentage points may not sound like much, in real terms, it would amount to billions of dollars every year. And, as Antunes points out, businesses are less interested in investing in a country when health-care costs rise too much.

But the big challenge for Canada is that its labour force is out of balance. During the next two decades, 13.4 million people are projected to exit the workforce, but only 11.8 million people will finish school and join the workforce.

“Maybe we can get a few more youths, young people participating at a higher rate in the workforce,” he said. “But, essentially, to hire new workers is a challenge for employers and for businesses looking to invest in Canada, and essentially grow the economy.”

A tight labour market, of course, has benefits. It makes it easier for people to find jobs and wages might even increase in the short term.

But economists say that wage increases only last when connected to productivity gains, so a tight labour market could ultimately mean businesses can't grow and, therefore, wages decrease in the long run.

A 2019 report by Antunes for the Conference Board — *Can't Go it Alone. Immigration is Key to Canada's Growth Strategy* — found that without immigration, real GDP growth during the next two decades would drop to 1.1 per cent by 2040, because businesses can't grow when they can't hire workers.

To hire new workers is a challenge for employers and for businesses looking to invest in Canada, and essentially grow the economy

But allowing immigration to rise to one per cent would allow GDP growth to hover between 1.7 and two per cent.

Allowing this level of immigration would have other effects. By 2040, the population of Canada would stand at about 45 million, and so approximately 450,000 people would be annually admitted into the country.

“Without growth in the workforce, and a declining number of people in the labour force, it's going to create labour shortages, and it's going to affect economic growth,” said Parisa Mahboubi, a senior analyst at the C.D. Howe Institute, which has also studied the economic consequences of immigration.

Mahboubi authored a report in January that found there would be great impacts on the amount of taxes paid by future generations if immigration levels were reduced. Her study considered a medium-growth scenario, in which net immigration dropped to 0.56 per cent from a baseline level of 0.77 per cent, or to about 210,000 people from 300,000.

Currently, there are just under four people working for every senior, Mahboubi found, but under a medium-growth scenario, there would be just under three people working for every senior within two decades.

This statistic, known as the old-age dependency ratio, is important because it signals a lot about the amount of taxes an individual will pay over a lifetime, she said.

The old age dependency ratio is already increasing, as a result of greater life expectancy, declining birth rate and other factors.

Without growth in the workforce, and a declining number of people in the labour force, it's going to create labour shortages.

"Immigration is not going to reverse this," Mahboubi said. "It's going to slow down the process, but it's not going to fully mitigate the impact."

Her report found that the net tax burden paid by future (unborn) generations of Canadians would be around \$200,000 greater than the net taxes paid by Canadians born in 2017 if immigration falls.

"The whole idea is that when future generations are paying more, it's unsustainable and we need to do something about it," Mahboubi said.

For now, the country has been relying on immigrants to help plug the gap between the number of workers leaving the system versus entering it.

But there are different types of immigrants: some come for jobs and are known as the economic class; some come to unite with spouses or children and are known as the family class; and others are refugees for one reason or another.

Economists say that each class has different labour outcomes with some integrating into the economy more easily than others. Determining the right balance of each class is a calculation that depends on Canada's economy, as well as on geopolitics and what's happening around the world.

Any increase to the economic class may also mean increasing the family class, too. At the same time, humanitarian crises such as famines or geopolitics may compel Canada to accept more immigrants.

In September, Ricardo Tranjan, a political economist at the Ottawa-based Canadian Centre for Policy Alternatives, released a paper that by and large found the immigrant class looks a lot like the rest of the country.

For example, Canadian-born people and immigrants have similar employment rates, at 62 and 60 per cent, respectively.

Tranjan also looked at "government transfers," meaning income support funded through taxes, and found people born in Canada received \$7,858 on average while immigrants received \$7,765.

Though many economists believe immigration has a net positive effect on the economy, it's very difficult to measure the exact impact because there are so many factors.

This uncertainty is partially what compelled Peter Dungan, a professor at the University of Toronto's Rotman School of Management, to build a complex computer model to examine the macroeconomic effects of immigration in Canada.

"People had done snapshots of what they thought the impacts of immigration were, but they've never done a big macroeconomic model," he said.

Dungan had never studied immigration before. As an econometrician, he had devoted most of his career to using data to forecast things such as budget deficits or tax revenues.

But as part of his role at the university, he devoted much of his time to a computer program developed in the 1960s that could create complex simulations of the economy.

Called FOCUS, an acronym for Forecasting and User Services, the computer can look at more than 700 variables, and then spit out spreadsheets of numbers that Dungan could interpret to study the effects of any single variable on the economy.

He and two colleagues spent about a year honing the parameters of their study, ultimately using it to look at the impacts of accepting an additional 100,000 immigrants per year from 2012 to 2021 on GDP, GDP per capita, unemployment, housing and other variables.

“The one thing that was most surprising to me was how little impact (the extra immigration) had on the unemployment rate,” Dungan said. “I would have expected it to surge for at least a year or two, but there was virtually no impact.”

His model looks prescient in one way: Canada is expected to add around 350,000 immigrants per year by 2021, about 100,000 more than when the study was conducted.

“It found generally positive impacts of immigration on the economy,” said Dungan, noting that these effects were higher when the immigrants were better integrated. “But even at the lower earning levels ... there is still a net positive impact.”