

Immigration jump would be good for economy: study led by York U

VANCOUVER, March 23, 2011 – Increasing immigration to Canada by 100,000 per year would boost Canada's gross domestic product and spur investment in housing, and would not add to unemployment, according to results of a study to be presented at the national Metropolis conference in Vancouver.

York University professor Tony Fang, who led the study for The Metropolis Project, said projections for the period 2012-2021 show that adding one million immigrants – an extra 100,000 annually over the current level of about 250,000 – would also increase productivity and help the government's balance sheets.

Fang, a professor of human resources management professor in the Faculty of Liberal Arts & Professional Studies at York, performed a series of macroeconomic simulations with Professor Morley Gunderson, of the Centre of Industrial Relations and Human Resources at the University of Toronto, and Professor Peter Dungan, director of the Policy & Economic Analysis Program at the University of Toronto. They will present their results on Wednesday.

To study the impacts of large-scale immigration on the Canadian economy, the researchers took into account many factors including: immigrants' participation in the labour force; associated spending on government services and infrastructure; funds brought by immigrants; and labour market differences between migrants (in order to capture the effect of large-scale immigration on Canadian-born workers). They also considered the interdependence of factors such as interest rates, wages, inflation, monetary economic policy and standard of living.

The simulation results for the period from 2012-2021 show that adding 100,000 more immigrants per year would:

- Increase real GDP by 2.3 per cent over the 10-year period by 2021
- Increase Canada's population cumulatively by 2.6 per cent, creating demand for goods and services (especially housing)
- Add \$14 billion to government coffers because taxes paid by immigrants exceed government expenditures

It has been almost 20 years since the last comprehensive macroeconomic analysis of the impact that immigration is having on Canada, Fang says, but the results of this study are in keeping with similar projections done for other countries. Conducted with funding from the Social Sciences & Humanities Research Council of Canada and The Metropolis Project, the study will provide policymakers at all levels of government with information about the costs and benefits of large-scale immigration, to better inform their decisions.

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