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IDEAS THAT LEAD

The United States And Provinces
Of Red North America

ALSO IN THIS ISSUE:

The Delights and Problems of Tipping

Can Canada Handle A Rational, Polite And Fact-Based Debate About Immigration? Part I

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### The United States and Provinces of Red North America PAGE 1

#### **Brian Giesbrecht**

What's in a colour? Quite a lot, if we're talking about politics, societal conflict and what the future might bring. "Reds" and "Blues" on both sides of the border are locked in an increasingly stubborn, bitter and already at times violent struggle over their respective country's character, future and very existence. How much worse might it get? Might there be a simple solution that could forestall the slide, one that few have thought of and none has dared moot in our country? Brian Giesbrecht thinks he has one and, in this imaginative essay, lays out his case.

## Can Canada Handle a Rational, Polite and Fact-Based Debate About Immigration? PAGE 6

#### **Herbert Grubel**

It seems as if a new taboo is foisted upon Canadians by the week. Immigration is already among our established taboos – while the limits on its remaining areas of policy discussion grow evertighter. Canadians as a whole want less of it, while our elites are convinced that only good can come from more of it – and that increasing our diversity of origin is so important that it shall require uniformity of thought. Academic economist and former Parliamentarian Herbert Grubel says nuts to that, offering his take on key elements of immigration policy, plus the facts to support it. Part I of a two-part analysis.





#### The Delights and Problems of Tipping PAGE 13

#### Aaron Nava

It was the left that dragged things long considered personal into the political realm. Not even the basic acts of breaking bread and pouring wine are exempt – not when there are hard-done-by serving wretches to be shielded from the rich or callous. And that certainly covers the once-subtle art of deciding whether to leave a little (or a lot) extra. Aaron Nava navigates the surprisingly treacherous shoals of tipping – its social, moral, transactional and political features. Relying on his good heart and sunny optimism, Nava steers his way to the sincerely personal and soundly conservative bases for tipping, reasoning that preserves the free choice of the customer and protects the dignity of the recipient.

### C2C Journal on PressReader

# The United States and Provinces of Red North America

By Brian Giesbrecht



There are forces at play in Canada and the United States that are pulling each country apart. Some – the more glaring and talked about – are driving wedges between conservatives and progressives in each country. At the same time, they are increasing the commonalities among regions that can generally be described as conservative in Canada and America, as well as among the more decidedly left-leaning regions of Canada and

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BLM protestors in Canada (above) and at a quieter moment during the ongoing riots that have devastated Portland. Oreaon.

areas with a similar outlook in America. Simplification obviously overlooks many nuances and exceptions between and within regions, and leaves aside historical differences between the two countries. But at bottom the political, economic, social and even temperamental divides between metropolitan and suburban/rural populations, and between the bi-coastal (plus, in Canada, Laurentian) versus heartland populations are growing deeper, more intense and more emotional.

Although people of goodwill and generosity in both countries hope that differences can be accommodated and perhaps one day even resolved, and that both countries can retain their current populations and boundaries, it might be illuminating to spin some scenarios that explore options for the future. Festering or intensifying divisions between regions, or between elites and populations-at-large wear away at nations. Nations last only as long as enough of their citizens share the same vision. Sometimes, visions diverge and no sincere effort is made to reunify. This has occurred many times throughout history.

Today in Canada and even more so in the United States, broad portions of the elite seem to have come to despise their own country, at least as it was founded, developed and run until recently. So-called "progressive" forces, including groups such as Antifa and BLM, have wasted no time in exploiting the elite's crumbling resolve. They are attacking the very foundations of civilized order – directly and at times violently in the U.S., more circumspectly in Canada. The rest of the population is left to make do as best we can. For years, people have been quietly voting with their feet and moving to areas where they feel safe and welcome, even if it isn't "home".

The 21st century's most powerful political current in both Canada and the United States is plain to see. Conservatism focused on individual freedom and initiative, with limited government, remains strong in the so-called "red" states and the Prairie provinces (plus pockets of B.C. and portions of suburban and rural Ontario). Progressive, big-government quasi-socialism, intensified by "antiracism" and "social justice" groups, is gaining ascendancy in "blue" states and the central/eastern provinces plus coastal B.C. How these forces will play out after the American election in November, and after the next Canadian federal election probably next spring, but perhaps sooner - remains in the realm of speculation.

But one can at least apply *informed* speculation unfettered by politically correct taboos. Seen this way, it seems doubtful that this pulling apart in both countries

into "red" and "blue" areas will slow down. Already at this stage, in many ways Calgary has more in common with Dallas and Houston than it does with Toronto. And Toronto certainly has more in common with New York than it does with Regina. If this trend continues, could it lead to a future redrawing of the map? That certainly seems an enormous leap, so please suspend disbelief for a few minutes.

The current terms "red" and "blue" are unfortunate because for close to 250 years "red" has been the colour signifying socialism/communism and their followers, while blue was (somewhat more loosely) associated with tradition and patriotism. Only in the U.S. is it the opposite – and only since about the year 2000. It is clear that the "blue" cities run by the Democratic Party are increasingly moving towards a "red" socialist vision of America.

As noted by author Joel B. Pollak in Red November: Will the Country Vote Red for Trump or Red for Socialism? the coming election will make it clear whether the American electorate is onside with this move towards a more socialist America. Either way, however, we are stuck with the modern-day "red and blue" nomenclature

reverse President Donald Trump's moves to slow the flood of illegal immigration and reduce legal immigration. They have been steadily working to enable convicted felons and even current prisoners to vote.

More broadly, the vision of a patriotic America that emphasizes individual freedom and free enterprise has less and less appeal to big-city populations clustered mainly along the two coasts (as well some inland metropolises). For the Republicans the 2020 election could therefore be, in the words of political visionary and "Dilbert" creator Scott Adams, an "extinction event".

The stakes are also very high for the Democrats. They are used to running the show, either directly through political office-holders, or indirectly through the progressives' remarkable hold on the overall culture, manifested in everything from Hollywood to teachers' unions to the federal bureaucracy itself. If there was ever a doubt before, the Trump years have made it completely clear that the left largely controls a mainstream media that makes no secret of its intention to bring down Trump by any means. The left considers Trump's presidency to be illegitimate.



There are stark differences between conservative "red" rural states and "blue" progressive urban areas.

purposes, the United States is already a nation divided in two by ideology. Simply put, Texans and Californians are as different in their thinking as are the English and the French in Canada. "In all the ways that matter, save for the naked force of law, we are already two countries," Buckley laments.

There is no sign that this will change. Quite the opposite, for the forces driving the red and blue states apart appear to be on the increase. Increasingly, these states are drawing like-minded people from opposite-coloured states where they no longer feel at home. The drain of taxpayers from California, particularly of upper-middle professionals and small business owners and entrepreneurs, is well-documented and has numbered in the millions over the past 15 years. They have flocked to mainly red states such as Texas. Utah and Oklahoma. And with California's big cities deteriorating, the exodus is broadening. For the most part, red states are growing redder, blue states bluer, while the urban vs. suburban/small town divides are deepening within states.

Conservative commentator Ben Shapiro takes this idea even further in his new book, *How to Destroy America in Three Easy Steps.* He states unequivocally that

# In many ways, Calgary has more in common with Dallas and Houston than it does with Toronto. And Toronto certainly has more in common with New York than it does with Regina.

that is peculiar to the United States, and will use it here in talking about both countries.

The November American election is absolutely crucial for the Republican Party and for Red State America. Simply put, if the Republicans lose this one they might never win another national victory. The Democrats have made no secret of their intention to give the vote to millions of (mainly Hispanic) illegal immigrants, whom Democrats believe can be counted on to vote overwhelmingly for them. They will

They are absolutely convinced of the rightness of their cause. A loss for them in November would be, if not an extinction event, then certainly existential merely in its psychological impact (and progressives are *very* much controlled by their feelings). It is not clear that the left could accept such an outcome.

Professor Francis Buckley discusses this in his recent book American Secession: The Looming Threat of a National Breakup. The Saskatchewan-born, U.S.-based legal scholar argues that, for all practical



Red-State America is in grave demographic danger from immigration...or at least the Democrats hope so.

if a nation's people cannot even agree on what their country is about, it is doomed. He refers to those who are contemptuous of America's national myths (including the ideals in its Declaration of Independence) as "disintegrationists". In Shapiro's conservative view, the blue states have veered sharply in the disintegrationist direction, while the red states are determined to remain "unionists", fierce defenders of the Constitution and the American Dream. "This twisted 'disintegrationist' vision replaces the traditional 'unionist' understanding that all Americans are united in shared striving towards the perfection of universal ideals," writes Shapiro. We don't know what will happen in November, but there seems little likelihood that these tensions will be resolved by one election.

A similar process is playing out in "red" Canada. The normal cycle in 20th century Canada was for the big-government Liberals to rule, surrendering power to the Conservatives every decade or two when the Liberals were overcome by scandal or mismanagement. Because the civil service and media generally remained loyal to the Liberals even during the occasional periods when the Tories were allowed to govern, power before too long would flow back to the Liberals. The label "Canada's Natural Governing Party" was only part mockery; partly, it was a statement of fact.

Like the Democrats, the Liberals have

benefited greatly from the leftward drift of Canada's bureaucracies and cultural institutions. Recall that after the Liberal election victory in 2015, the attending federal civil servants actually cheered Trudeau's new cabinet appointees at an orientation meeting. Meanwhile, the CBC reporters treated Justin Trudeau like a cross between rock star and saviour. They positively gushed over his every move.

Canada's historical Liberal-Conservative political cycle seems to have been interrupted. The Prime Minister and his Liberal Party have been involved in numerous scandals, including the current WE Charity imbroglio - but most voters no longer seem to care. In last year's federal election, the voters returned the Liberals (though just barely) in spite of dual scandals that would have sunk the party in earlier times. Many Western Canadians, as well as Conservative supporters in Ontario and other provinces, are now wondering if such a thing as a truly conservative national government is even possible any longer.

As a sign of this, the top contenders for the Conservative Party's leadership seemed to do their best to hide any real conservative values they might have. Instead, they mainly promised potential voters, or at least implicitly signalled, that they would not depart very far from the Liberal agenda in any significant way. A common joke during the spring/summer

leadership campaign was that their core message to party members was to "govern like the Liberals – only not quite as badly." (We will see whether the winner, Erin O'Toole, manages to clear this rather low bar.)

The societal tensions over ideology, policy, culture and lifestyle are exacerbated by some unfortunate history. There is a growing feeling in much of the West that the odds are simply stacked against this region by Central Canada. The West is being determinedly held back from reaching its potential, and Ottawa will see that this continues.

It's worth recalling that the relatively small size and resulting political weakness of western provinces in comparison with Ontario and Quebec was not inevitable. Before Saskatchewan and Alberta were admitted to Confederation in 1905 as individual provinces, serious consideration was given to combining the two as one province. Some proposed that it be called "Buffalo". Ottawa decided against that plan. Such a province might soon have become a serious rival to Central Canada. It was also recognized that the interior continental travel routes naturally ran north-south, from



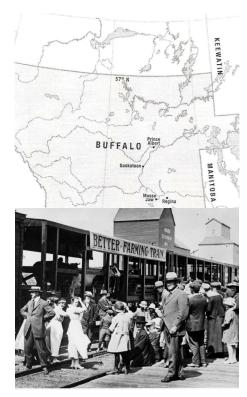


Texan versus Californian mentalities.

"Buffalo" to America. So would commerce and people. And that could threaten the nascent Dominion of Canada itself.

In the case of Manitoba, too, what is now northern Ontario was not a natural fit with the old "Upper Canada" lining lakes Ontario, Erie and Huron, After Manitoba entered Confederation in 1870 as the tiny, so-called "postage stamp" province, some Manitoba advocates argued that much of the vast resource-rich northern hinterland should become part of a larger and more powerful Manitoba. Laurentian Canada, however, wanted vassals, not equals. So Manitoba entered Confederation as the only province that lacked control over its own natural resources. (This new arrangement of second-class provincehood was repeated for Alberta and Saskatchewan.)

Looking forward in the 21st century, right-leaning citizens in both red-state America and "red" provinces like Alberta and Saskatchewan will need to face the strengthening prospect that advancing their economically dynamic, politically conservative visions has become impossible within their countries as presently constituted. They will be left to watch in helpless, sullen resentment, resignation and perhaps rage as progressive socialism and its main instruments, the social activists and the top-down, regulatory administrative state, replaces what they thought their countries stood for. Or will they?



The Buffalo dream: One big Prairie province to stand up to Central Canada.

key characteristics of a single society. The continent's political boundaries were not foreordained. Under these circumstances – in which Calgary increasingly finds it has less in common with Toronto than Dallas or Houston – is it impossible to imagine that a political realignment along red-blue geographical lines might eventually follow?

This is already happening informally in certain areas. Some oil and natural gas companies, driven out of western Canada Corp., a true home-grown success that had grown into Canada's largest natural gas producer and changed the way natural gas is developed, is a major example of this sad process. As resource opportunities dry up for them in Canada, and open up for them in pro-business red states, the trend will continue and probably be replicated in other industries.

Similarly, conservatives (or at least nonleftists) continue streaming from blue states to the less-regulated and more businessfriendly red states. A telling example is Elon Musk's decision to move his futuristic and high-tech Tesla electric car assembly plant from California to Texas. The immediate cause was Musk's belief that California's highly regulated coronavirus response was stifling his business. But it is also clear that this former darling of elite progressives desires a business atmosphere that encourages innovation and free enterprise. Ultra-blue California, where Democrats and progressives hold essentially every lever of power, no longer seemed willing to offer it.

So is a politico-geographical realignment any kind of possibility? Could the North America of the future be one with its map redrawn? Could much of western Canada, along with large parts of Interior B.C. and small-town/rural Ontario, possibly even portions of Quebec, become parts of an amalgamation we will call the United States and Provinces of Red North America (USPRNA), while most of central Canada and Coastal B.C. (plus, perhaps, Atlantic Canada) were fused into an amalgamated United States and Provinces of Blue North America (USPBNA)?

As bizarre as this might seem at first blush, the attractions are more than merely superficial. U.S. leftists are constantly threatening to "move to Canada" should Trump (or Bush, Romney, McCain, Reagan, etc.) win the following election. Ideology and social values really do trump love of country for many of these people. So why not simply bring part of Canada into their embrace while ditching the hated "deplorables"?

For conservatives, what is now Canada would be of immense strategic and

## The continent's political boundaries were not foreordained. Under these circumstances, is it impossible to imagine that a political realignment along red-blue geographical lines might eventually follow?

North America is a big place, with diverse geography and a veritable treasure-trove of natural resources, many of them still untapped. Its common language, transportation network, economic integration and personal ties among millions of people already impart

by an ideological Liberal government's climate-change, Indigenous and antibusiness agenda, have already relocated to red states like Texas. Increasingly, sons and daughters of western businesspeople are attending American universities. The move out of Alberta to the U.S. by EnCana

economic value. Control of the North American portion of a warming Arctic, if this occurs, will be essential for keeping Chinese and Russian ambitions in check. Canada has not been able to protect its North, or exploit the North's enormous potential, and probably will never be. And the enormous potential of Canada's vast northern territories - including our untapped rare earth metals - is not lost on American strategists. Aside from the material wealth, the new Red State entity - whatever form it might take - would be melded with Canada's hardest-working, most entrepreneurial and optimistic populations, creating an almost certain economic winner with a slimmed-down continental population.

By the same token, a Calgary or Toronto with unrestricted access to the world's wealthiest nation and most dynamic economy would be almost irresistible. And a Calgary or Regina, with sister cities in Texas and Florida, would have enormous advantages for everyone. There would be many other benefits for both a newly energized USPBNA and USPRNA. The new USPBNA would be largely a seaboard nation on the Atlantic and Pacific (plus the St. Lawrence valley and lower Great Lakes)

For the USPRNA to work, a set of usable deep-water ports accessing every coast would be essential. The Gulf of Mexico would be in the bag (that is Texas's coastline), as would the southern Atlantic Shore. But with all three U.S. Pacific states shaded the deepest blue, that ocean would be barred. This would make gaining at least a portion of rural coastal British Columbia critical. It would also revive the longmooted, never-really-acted-upon potential of northern Manitoba, with its primitive Arctic port at Churchill. The resourceproducing and temperamentally antiestablishment Newfoundland & Labrador might just end up as a northeastern USPRNA outpost.

It is not necessary to go much further with this imagined future; you get the idea. And it is hoped that such imaginings are made irrelevant by a future coming together of formerly opposed minds.

Scenarios such as this will only be relevant if the forces driving our respective countries apart continue to worsen. Anyone of goodwill and good sense fervently hopes this doesn't happen. But if it does, thinking innovatively and considering scenarios will be a matter of simple survival – for regions, for economies, for ways of life, for personal freedom and individual dignity. Accordingly, all possibilities must be considered.



Redrawing North America's political borders to suit the political preferences of its people: What a concept.

All nation-states have, so far at least, proven to be temporary creations that work only as long as citizens continue to believe in them. There is probably a point at which progressivism and socialism have gone so far that conservative, profree-enterprise thinkers in Canada and the United States no longer feel welcome in their own countries. That would be the time to consider forming nations of people who share a vision. A peaceful movement of like-minded people from one area to another - such as the movement already taking place on a quiet, individual level between California or Alberta and Texas is not inconceivable.

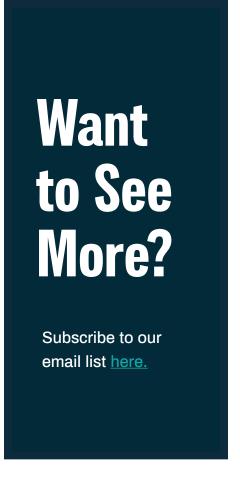
It is of course unknown how any of this would be achieved. It would, however, allow people with fundamentally conservative visions to live in one country together, while allowing the "blue" people to rid themselves of a conservative element that they look down upon if not openly despise. Those who felt more comfortable among fellow Reds or Blues could choose to move freely to a suitable area. Commerce, travel and personal relations between the Red and Blue countries could – after the inevitable

period of turmoil – proceed, and necessary political treaties could guarantee security.

One thing that is certain is that our competitors and adversaries – like China – are not waiting while we in North America sort out our difficulties. We should make our plans.

Brian Giesbrecht is a retired Manitoba provincial court judge, Senior Fellow with the Frontier Center for Public Policy and frequent commentator on public policy issues.

C2C JOURNAL IDEAS THAT LEAD





# Can Canada Handle A Rational, Polite And Fact-Based Debate About Immigration?

By Herbert Grubel

n March 12, 2020 - what now might be considered "Pandemic Eve" -Marco Mendicino, Canada's Minister of Immigration, Refugees and Citizenship, unveiled the federal government's latest Immigration Levels Plan. A framework for immigration policy over the next three years, it proposes that Canada admit 341,000 immigrants this year, 351,000 in 2021 and 361,000 the year following - at which point the annual flow of new immigrants into this country will constitute approximately 1 percent of Canada's total population. While the global coronavirus outbreak may alter these numbers in the short term, the long-term trend is unmistakeable. As recently as 2003, for example, Canada accepted a mere 199,170 immigrants.

In these unprecedented times, the most remarkable thing about Mendicino's announcement is the lack of attention it received. Amidst a global health emergency, no-one in Canada seemed interested in questioning the proposed numbers or the immigration plan's overall logic. Then again, even without the worry of a pandemic, Canadian politicians from all mainstream parties have spent decades studiously avoiding serious debate about immigration — unless it is to outbid each other in support of ever-higher numbers.

When I was a Member of Parliament for the Reform Party from 1993 to 1997,

all parties engaged in vigorous debates on core issues of government spending, taxation, the environment, public health, defence and foreign affairs. Yet immigration policies never seemed to come up. The same thing continues today. Rather than informed argumentation, Canadians are served meaningless bromides about the ostensibly unambiguous benefits of constantly expanding immigration.

#### The Elite vs. Popular Chasm

"Our immigration system benefits all Canadians by strengthening the middle class, keeping families together and building strong and inclusive communities," Mendicino said in announcing the new figures. "This increase in immigration levels supports a system that will help Canadian business create good middle class jobs and grow the economy." It would be reasonable to expect the exact same statement from every politician currently sitting in the House of Commons. The official view is that there are no downsides to immigration. Ever.

Anyone who attempts to take a critical or questioning perspective – anyone, that is, who wants to have an actual debate – is instantly targeted as racist, bigoted or simply ignorant of the facts. I have an ample supply of rejection letters from editors further testifying that this lack of interest in questioning the received wisdom of Canada's immigration policies (or plain fear, perhaps) is shared by the mainstream media as well.

Curiously enough, the public doesn't



A new taboo: An open debate about immigration levels.



The pandemic has thrown the future job market into question.

appear to feel likewise. In a Leger poll last year, "Sixty-three per cent of respondents... said the government should prioritize limiting immigration levels because the country might be reaching a limit in its ability to integrate them." Given the size of support, clearly this is a view shared by supporters of all major federal parties. Of course, the poll result was immediately labelled as "concerning" by former federal Immigration Minister Ahmed Hussen. The implication being that Canadians are wrong to hold such views, and it is the federal government's job to convince them otherwise. The only debate allowed is that which urges people to accept that more immigration is always better.

But surely now, of all times, we need to have a frank and open discussion about Canada's immigration policies. Should the facts of the pandemic result in major changes to Canada's annual immigrant intake? To what extent should any change be determined by our unemployment levels

and economic growth performance? How might the growth of economic nationalism around the world affect our basic longrun immigration policies? What are the calculations that produce 361,000 as the appropriate number of immigrants to accept two years hence? And perhaps most important, just what is it that makes

benefits to welcoming more people into this great country of ours. Acknowledging this truth is not racist or anti-immigrant, and it should not be smeared as such. There is no doubt this country has benefited greatly from immigration in the past, and that immigration could provide ample benefit in our future as well. But we need to let evidence be our guide, and to seek balance in competing interests. With this in mind, here are some key issues Canadians should be discussing whenever the topic of immigration comes up.

#### **GDP Growth**

Ottawa frequently claims immigrants are necessary to fuel economic growth, defined as an increase in the dollar value of aggregate national income, or GDP. When Mendicino says immigration helps "grow the economy," this is what he's talking about. The problem with this argument is that the growth in GDP is meaningless if it does not also increase GDP per capita. India has a higher GDP that Canada. But so what? It also has a lot more people. The key factor in measuring the economic wellbeing and general prosperity of the citizens of Canada and India is annual GDP per person. According to the World Bank, these figures are US\$46,194 for Canada, and US\$2,104 for India. So where would you prefer to live?

Over recent decades, while immigrants have raised Canada's GDP, they have

What are the calculations that produce 361,000 as the appropriate number of immigrants to accept two years hence? And perhaps most important, just what is it that makes anyone calling for annual immigration to be capped at, say, 261,000 — or even 161,000 — an automatic bigot?

anyone calling for annual immigration to be capped at, say, 261,000 – or even 161,000 – an automatic bigot?

What we need, in other words, is a rational, polite and fact-based debate about Canada's immigration policies, one that recognizes there are costs as well as

at the same time lowered our per-capita income. This is because the <u>average income of immigrants</u> is substantially less that that of Canadians. The proper goal of a rational immigration policy should not be to simply "grow the economy", but rather to increase the well-being of all Canadians by



Importing low-income earners doesn't "arow the economy", it lower's Canada's per-capita GDP.

increasing average income on a per capita rather than gross national basis.

#### Unemployment

Able-bodied, working-age immigrants arriving in Canada add to the supply of labour. In times of low unemployment, this is obviously a good thing. If, however, they arrive during a recession when jobs are scarce, the effect will be to increase unemployment for the entire country. This suggests that a logical approach towards immigration would be to have an overall policy that includes shorterterm adjustments to immigration numbers

in relation to current employment conditions.

In fact Canada's immigration policy was highly sensitive to the unemployment rate for much of this country's history. It would rise to new highs during periods of strong economic growth and shrink during recessions and wars. As the accompanying graph shows, this traditional pattern of peaks and valleys continued until the early 2000s, at which point it shifted to a steady growth rate regardless of economic performance. Note that even during the Great Recession of 2008-09 there was no substantial decline in immigration. Ottawa has thus delinked immigration from the labour market. Any rational discussion about immigration must acknowledge the significant effect this can have on unemployment.

#### **Housing and Congestion Costs**

All immigrants have to live somewhere. In this way, they inevitably add to the demand for housing. The effect immigration can have on the housing market is often staggering. During a recent 12-month period, for example, 139,000

them in the Toronto metropolitan area. If immigrant families on average consist of three members, this addition to the region's population thus required an additional 46,000 units that year. That amounts to nearly 1,000 new homes every week. Much the same conditions exist in the Vancouver and Montreal metropolitan areas.

immigrants settled in Ontario, most of

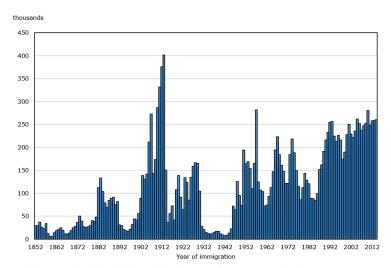
What is the effect of immigration on the housing market? While it obviously contributes to overall growth in the industry, which is a good thing, a number of academic studies have found that immigrants raise the cost of housing in Toronto, Montreal and Vancouver. This

contributes to the much-talked-about "housing affordability crisis"

> in these large cities. For example, University of British Columbia geographer Daniel Hiebert has found that the strong desire for homeownership among new immigrants "probably [has] a significant impact on the housing markets" in Montreal and Toronto. Hiebert's colleague David Ley, author of the book Millionaire Migrants. has charted a similar phenomenon in Vancouver, as has Joanna F. Miyake, a researcher at the Fraser

> Institute, "There is a

Number of immigrants who landed annually in Canada, 1852 to 2014



Sources: From 1852 to 1979—Employment and Immigration Canada, 1982. For 1980—Immigration Statistics, Immigration and Demographic Policy Group, Catalogue no. MP22-1/1980. From 1980 to 2014—Immigration Refugees Citizenship Canada.

significant link between immigration flows into B.C. and the price of housing in greater Vancouver," Miyake concludes in a recent study. In an interview with the *Vancouver Sun*, UBC's Ley claims that the effect of Chinese in-migration is "fundamental" to understanding Vancouver housing prices. "Canadian politicians, keen to stimulate B.C.'s economy, are responsible for creating the conditions that have led to Metro Vancouver's housing affordability crisis," he says of the immigration effect.

In discussing the role immigration plays in the housing market, the only study I am aware of proposing that immigrants have virtually no impact on the cost of housing is by Ather Akbari and Vigit Ayded of St. Mary's University. They claim in-migration has induced new supply and encouraged the outward migration of native-born Canadians from the areas where immigrants settle, and thus leave the housing market unaffected. Even leaving aside the unstated personal hardship and resentment that is built into the bland euphemism about "encouraging outward"

immigrated between 1985 and 2009 and for all Canadian residents, except recent immigrants, regardless of the age, gender or other demographics of these individuals.

We found that in 2010 the average annual income of the recent immigrants was \$32,922 and that of native-born Canadians was \$41,935. We also found that the personal income taxes paid were \$4,567 and \$6,885 for the two groups, respectively. Taking account of GST, property and other taxes, and added to income taxes, we found that the total average annual taxes paid by the two groups were \$13,103 for recent immigrants and \$18,019 for native-born Canadians, respectively. This means that immigrants paid, on average, \$4,916 per person less in annual taxes than other Canadians.

In our welfare state all people, including immigrants, have equal access to government services. In 2008-09 these amounted to \$17,675 per capita. After considering the fact that immigrants absorb less than the average cost of protecting property (of which they have less than

Government of Canada

Jobs ▼ Immigration ▼ True

Home → Taxes → Income tax

Personal income tax

File income tax, get the income tax and of your tax refund.

The immigration equation: Taxes paid per person are, on average, less than the cost of government services provided.

burden came to a total of about \$3.5 billion in 2014.

Mohsen Javdani and Krishna Pendakur, two academic economists from Simon Fraser University, <u>critically evaluated</u> <u>our study</u>. They did not disagree with our methodology but applied some different assumptions and concluded that the fiscal burden was smaller than we had estimated. Importantly, however, they concluded that it still was substantial.

The exact size of the fiscal burden is less important than the fact that it is substantial. That is because it contributes significantly to the growing fiscal problems faced by provincial and municipal governments and their ability to finance the construction of roads, public transit, and educational, recreational and cultural facilities, as well as paying for the wide range of other government programs such as the military, pensions and social benefits.

A further important consequence of the low average income of recent immigrants is that it exacerbates perceptions of income inequality in Canada. If income inequality is a major policy problem, as the Trudeau government has indicated it is, then we cannot ignore the role played by immigration. Why, indeed, is immigration

UBC's Ley claims that the effect of Chinese in-migration is "fundamental" to understanding Vancouver housing prices. "Canadian politicians, keen to stimulate B.C.'s economy, are responsible for creating the conditions that have led to Metro Vancouver's housing affordability crisis," he says of the immigration effect.

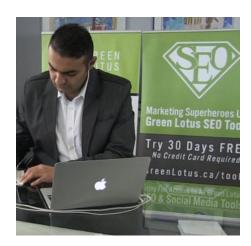
migration", theirs is not a particularly persuasive argument.

#### **Immigrants' Incomes and Taxes**

In 2015 I co-authored a study looking at the average incomes and tax payments of recent immigrants and native-born Canadians. Using a 2010 Statistics Canada database with a wide range of demographic information for nearly 1 million Canadians, we calculated the average incomes and income tax payments for all Canadians in the database who had

Canadians), but absorb more of the cost of spending on all levels of education (they have more children), the average immigrant annually absorbs \$414 more in benefits than the average long-time Canadian.

Putting together the lower tax payments of the average immigrant (\$4,916) and higher use of government programs (\$414) implies that the average immigrant in 2010 imposed on Canadian taxpayers a net fiscal burden of \$5,330. In 2014 the total number of immigrants in Canada was about 6.6 million. Based on the 2010 calculations described above, the fiscal



Many immigrants are highly successful and make strong contributions to the economy and society. How might we get more of them?

policy seemingly aimed at bringing in large numbers of people whose mix of skills or demographic status tends toward the lower income categories, thereby exacerbating income inequality? This problem could be ameliorated by reducing overall immigration levels or by reforming immigration policy to favour immigrants who could be expected to earn above-average incomes.

#### **Refugee Policy**

One of the most problematic aspects of Canada's immigration policies is the admission of refugees. In 2020, Canada plans to accept 61,000 refugees, or nearly 18 percent of the total immigration allotment of 341,000. This is up substantially from 37,000 accepted refugees in 2008.

Most refugees to Canada are selected by government agents and representatives of approved voluntary private organizations who visit camps abroad that house refugees from regions plagued by internal and external conflicts. These claimants are deemed to have good economic prospects in Canada and to pose no threat to our national security. In theory, then, the refugees selected will be good for, or at least not harmful to, Canada. A substantial share of refugees, however, enter Canada on their own time and with their own interests foremost. These individuals are known as asylum-seekers, and typically cross the Canada-U.S. border on foot at rural locations away from regular official border-crossing points. Others have been known to arrive by plane from Mexico.

After their arrival in Canada, all irregular claimants are required to appear before the Immigration and Refugee Board, (IRB) a quasi-judicial organization staffed by politically appointed individuals. However, they are immediately eligible to receive free federal benefits described as follows on a government website: "The Resettlement Assistance Program (RAP) gives government-assisted refugees immediate and essential supports for their most basic needs...which can include a one-time household start-up allowance. and monthly income support payment... for up to one year or until they can support themselves."

In 2019, a typical year, the IRB evaluated refugee claims from 25,034 individuals

to meet their basic needs. The just under half whose claims are refused are entitled to launch appeals, the cost of which is covered by our government. While they wait for their appeals to be heard, they are apparently also eligible for financial support. This process can take years and if during this time the claimants get married and have children, they can be granted landed immigrant status on humanitarian and compassionate grounds.

Even among the relative few who ultimately fail this process, not all end up leaving Canada. Disturbingly, the federal Auditor-General reported in early 2020 that 34,000 refugees whose claims had been denied and were ordered deported could not be found.

<u>James Bissett</u>, a former ambassador to several eastern European countries and executive director of Canada's Immigration



Only 30 percent of Canada's immigrants are accepted based on criteria beneficial to Canada, such as occupational and language skills. (Source: Reuters)

and accepted 13,718 (55 percent). It is interesting to note that at the end of 2019, 87,287 claims were pending, often waiting for appeal hearings after their initial claims had been rejected. Successful claimants become permanent residents and are entitled to continued financial assistance

Service from 1985 to 1990, has noted that the administrative costs of our refugee policy ranges from \$13,000 to \$20,000 per claimant. The cost per failed claimant is \$50,000, or approximately \$1.1 billion per year in total. Not included in this estimate are the costs of providing claimants with

funds to cover their basic needs while they wait for their hearings initially or on appeal. These costs are likely to be very large and continue to rise because the IRB is habitually unable to keep up with the demand for its services.

Bissett argues that the asylum process could be greatly improved by staffing the IRB with professional refugee officers and judges instead of political appointees. Hiring adjudicators who have and insurance companies sell their products to foreigners at profitable prices. This practice is good economics, helping Canada's balance of payments and allowing us to pay for imports at more favourable currency exchange rates.

The very large total number of foreign students, however, contributes to negative effects as well. As with other immigrants, they have to live somewhere in Canada and this adds to the high cost of rental resorts such as Whistler in B.C. and Banff in Alberta. Some stay year-round and are considered critical in certain low-wage service-sector businesses, such as fast-food chains, which in total require hundreds of thousands of such workers. Their entry increases the supply of labour and lowers the average wages of Canadians with whom they compete for jobs. While it is often claimed that foreign workers are only doing jobs Canadians refuse to do, this

Even among the relatively few refugee claimants who ultimately fail the lengthy hearings process, not all end up leaving Canada. Disturbingly, the federal Auditor-General reported in early 2020 that 34,000 refugees whose claims had been denied and were ordered deported could not be found.

the background and expertise to make well-informed decisions quickly and who would be located in different parts of the country would dramatically improve the asylum process, reduce the backlog and thus reduce the large cost of funding the claimants' basic needs. Also important is that rationalizing the refugee process would greatly improve public confidence in our overall immigration system.

Foreign Students and Temporary Foreign Workers

Canada's federal Minister of Immigration deals not only with immigrants and refugees but also with two important groups of temporary visitors to Canada who affect our well-being in ways that require a thorough public airing as well.

First, there are foreign students, who in 2019 numbered 642,000 and mostly attended post-secondary institutions. These individuals pay a fee and their presence enhances our national economic strength to the extent it allows educators and their institutions to, in effect, "export" their services at a profit, just as bankers

accommodations, particularly in areas near post-secondary institutions. They also compete with Canadian students for limited space at universities and colleges, eventually necessitating the expansion of facilities with requisite capital and operating costs.

Second, temporary foreign workers fill seasonal jobs in agriculture and at tourism

overlooks the fact that their low wages are discouraging the adoption of labour-saving and productivity-enhancing technology that would otherwise be necessary and that would, in turn, tend to support higher compensation for remaining employees.

Once again, there are costs and benefits to be considered. This is not an argument against the entry of any foreign students



Profitable: Canada's more than 600,000 foreign students are a significant revenue source for post-secondary institutions

or temporary workers. But their arrival clearly creates both advantages and disadvantages for the rest of Canada. Rather than reflexively bleating in unison,



Redundancy or oxymoron?

"All of this is great and we should have more of it," as our elites would have us do, we need to be able to sort out these competing effects in a rational and civilized matter to determine the appropriate number of both.

#### **Social Benefits**

In its 2019 Annual Report to Parliament on Immigration, the federal government claims that immigrants provide "immediate and long-term social benefits" without explaining what exactly these benefits are or how they affect the well-being of the average Canadian. Of course, asking for an explanation or proof of such claims is widely discouraged by the existing code of political correctness and raises the risk of censure by politicians and the other assorted bien pensants. At the risk of such treatment, here is a short discussion of the issues.

There is no doubt that the presence of large numbers of immigrants allows them to practise and preserve their cultural practices. In this way they contribute to our country's overall diversity. In doing so, however, they are in conflict with the long-standing responsibility of democratically elected governments to preserve existing national cultures and identities. Many Canadians have died in wars to protect this heritage. Quebec, in particular, is noteworthy for its defence of its own homegrown culture.

Lately, however, our federal government and our country's elites have argued that policies preserving existing cultural practices and identity are obsolete and should be abandoned to prevent future international conflicts. Weakening any collective sense of national culture is now presented as an advantage for Canada. "Diversity is Canada's Strength" was the title of Prime Minister Justin Trudeau's famous (and famously vague) speech delivered in London in November 2015.

"Our commitment to diversity and inclusion...is a powerful and ambitious approach to making Canada, and the world, a better, and safer, place," the prime minister said in London. "We know that Canada has succeeded – culturally, politically, economically – because of our diversity." For anyone who wanted proof of his assertions, Trudeau had this to say: "Because it's 2015, people around the world are noticing the diversity of our Cabinet, and our Parliament." Too much of Canada's immigration policy is cloaked in this sort of bafflegab.

Canadians deserve better than facile arguments that a calendar date provides all the proof necessary to defend any particular public policy. Whether it is 2015 or 2020, we deserve a far more detailed explanation of how diversity and inclusion are supposed to make our country a better and safer place. The same goes for claims that unfettered immigration provides an unambiguous benefit to our economy as well as our labour and housing markets. Or why refugees should be able to choose Canada, rather than Canada choosing refugees. We are owed, in other words, an

immigration system that is logical, coherent and fair to *all* Canadians.

Herbert Grubel is Emeritus Professor of Economics at Simon Fraser University and a senior fellow at the Fraser Institute.

Read Part II on Can Canada Handle A Rational, Polite And Fact-Based Debate About Immigration? <u>Here</u>







### The Delights and Problems of Tipping

By Aaron Nava

ith provinces and cities easing one pandemic-related restriction after another, Canadians have been flocking back to their favourite restaurants and bars (or any that happened to open). Going out to eat and drink still poses a small risk of infection, but there's often a little risk in enjoyable experiences, even if sitting for a meal shouldn't normally remind one of skydiving, spearfishing or skiing avalanche slopes. Whichever way we look at it, we're once again permitted to go out and bask in the many little things we've come to appreciate about an evening on the town. The smiles, the looks, the togetherness. The ribbing, laughter, droll anecdotes or important announcements. Discussing what you'd like to order from the menu, as two of your guests agree to split a large meal. Chatting about how one friend hates red wine or how you can't believe another drinks Carlsberg.

And at the end, the bill. Tipping doesn't always make it into the conversation – some people prefer to keep it discrete, especially when they're treating everyone – but some seem eager to comment when

the topic comes up. Some might even respond to your innocuous question over whether they had received the right bill by making a show of describing why they're tipping 20 percent like they always do. A few people, it seems, rarely pass up an opportunity for virtue signalling or old-school ostentation.

For what it's worth, I tip. I think it's a good idea, if one wants good service. I tip because I like people, and I especially make a habit of tipping consistently at places where I've come to know the staff. I tip because it feels good to reward someone who works hard for modest wages and provides a good product and service at a fair price. But I also tip for transactional reasons. Tipping is in the interests of every customer who wants a great experience. That is to say, tipping is not merely a pat on the back but a material inducement to maintain peak performance. Call this the "libertarian millennial's" tipping philosophy.

The inducement is indirect, of course. A server or cook can't go back in time for a do-over of a sub-par experience, hoping

to earn a better tip. It's an inducement for next time. Next time you stroll in, if they recognize your face. More likely, it's for the next customer, and the one after that. It's a generalized incentive for the recipients to keep up standards. It's meant to benefit everyone. It's analogous to how, while driving, we help others merge partly



Time to be together again! (And talk about tipping.)

because we're contributing to a general good practise and we hope someone else helps us merge tomorrow or next year. Perhaps sociologists have a term for this phenomenon. "Pay it forward", perhaps? So it is, at least in part, with tipping.

But there are other reasons that many people offer in favour of tipping, reasons often delivered in a judgemental tone. The first argument goes that serving staff — bartenders and waiters, mainly, but also hosts and lower-level kitchen workers — are poorly paid, in many cases actually below the standard minimum wage of the jurisdiction in question. In Ontario, servers in a tipping environment are legally entitled to just \$12.20 per hour instead of the province's standard minimum \$14 per hour.

The expectation, from the government on down, is that tips will make up the difference. Viewed in that light, they are not a perk, reward, bonus or freebie, they're core to the person's basic earnings. If you don't tip to offset the shortfall, the server earns less than the law normally demands - and it's your fault. In essence, tipping is presented as an entitlement for one party and a social obligation upon the other. Combine this with many Canadians' everexpanding views about "what's fair" and their fretting over the gap between "rich" and "poor", and you have a kind of soft social-democrat view of tipping as a moral requirement.

Some U.S. voices, indeed, describe tipping as a way for the customer to



Social graces: Offering the right-of-way when driving, and cutting pedestrians some slack. Some see tipping as similar

a generous tipper is one way to be an ally of the restaurant workers." In that instance, the socialist impulse doesn't seem so soft. The second argument then, revolves around inequality based on class, sex or race. But if that is the universal motivator,

bamboozled by habits in our neighbour to the south. There, tipping percentages are often lavish and the U.S. "tipping economy" was recently estimated to see about US\$40 billion change hands annually. Yet servers in Canada are often paid much more than in the U.S. There the federal minimum wage for servers is an astonishing US\$2.13 per hour - you read that right - making tips the vast majority of such unlucky servers' earnings there. There's even a term for it: the "tipped minimum wage". In a strange instance of moral hazard at work, Americans' generosity in the realm of tipping was used by lobbyists over a decade ago to argue against raising the federal minimum wage and it has stayed put ever since.

But while a lower minimum wage, along with generally lower input costs and taxes, helps hold down prices in many U.S. bars and restaurants (I'm talking about ordinary places in ordinary markets, not *Guide Michelin* celebrity hangouts in Napa Valley) and food portions are often much larger south of the border, many Canadians still feel expected to tip at 18-20 percent or even more, like we're Americans. The higher average bills we're handed further increase the size of the resulting tip.

Did we just import a social custom from America out of context, without amending it to suit our own norms and laws? It wouldn't be the first time, but if we're going to do the Canadian thing and imitate popular American habits while still feeling morally superior to them, we should try to find

If you don't tip to offset the shortfall, the server earns less than the law normally demands – and it's your fault. In essence, tipping is presented as an entitlement for one party and a social obligation upon the other.

personally fight inequality and help reduce wage gaps by compensating women and minorities more equally. It's a questionable take, given claims that black and white people alike tip white servers more. Others advocate tipping 20 percent of the pre-tax bill "when possible" on the basis that "being

and the recipients realize it, the promise of reward for delivering a memorable experience evaporates – as well as the risk of punishment if the "memories" being created are bad ones.

How *much* to tip is another question and here, it seems, we've been somewhat

ways to tip that make more sense for us.

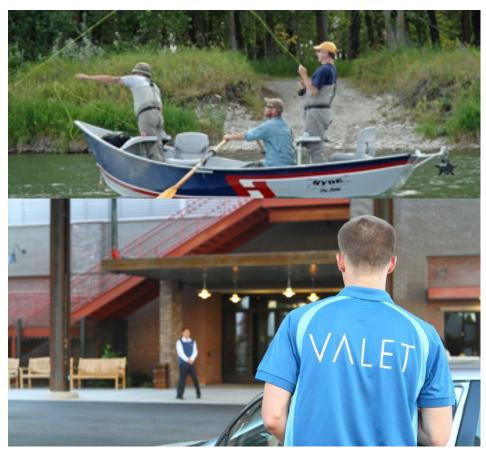
I realize there are many tipping situations I haven't space to delve into. Mountain guides, fishing guides, boat captains and surfing instructors, for example, can generate enormous tips and gifts, and many already earn well over minimum

wage or run their own business. Porters and valets can get \$5, \$10, \$20 or even more for mere minutes of work.

Of course, there's also the question of distribution. Much of your tip might be taken from the direct recipient and trickle through to the hosts, chef, kitchen staff, cleaners, possibly managers, perhaps even key suppliers without whose diligence the "catch of the day" might reek of something fit only for the alley cat. Distribution practices vary greatly and are often bitterly contested among staff, so you can never be sure how much of your tip ends up in the hands of the person you are trying to reward.

These examples further erode the wageentitlement rationale for tipping, which I consider innately specious. Its logic breaks down as soon as you do the math. If you're dining out in \$12.20-per-hour Ontario and are concerned that your below-minimumwage server is not being paid enough per hour, have you ever considered tipping a mere total of \$1.80? For every hour you spend in a bar or restaurant, that paltry amount covers the difference from the regular minimum wage. And you probably won't be the only party they're serving. If they're covering six tables, then tips of a mere 30 cents per hour spent in the restaurant would make up the wage difference.

Such a practice wouldn't please anyone, to put it mildly. If I tried that, everyone I know would think I was being ungenerous or deliberately contemptuous. Servers, someone would likely note, are some of



From outdoor guides to valets, tipping has many faces and many levels.

fortunate. Clearly, something more than just a desire to top up wages is at work in the tipping dynamic.

That brings me to the third argument, under which tipping is an appeal to charity. But it's an unconvincing one, for society offers an essentially inexhaustible supply of people in meagrely paid job categories struggling to make ends meet. And people noticeably do not tip every person who serves them. We tip cabbies but usually

tip at each restaurant you visit is obviously not the ideal method for helping out the poorest or hardest-hit people.

It's hard to imagine that money spent tipping at a bar you've chosen to visit would be more helpful than donating to the Ottawa Food Bank, say, or to the Against Malaria Foundation, where it was estimated in 2015 that each \$3,337 spent could save a human life. If we're shaming each other with appeals to charity, it's worth considering that we live in the information age. Those in genuine need (or who work on their behalf) can make much more detailed and plausible appeals to charity, and those who provide it can make much more soundly reasoned donations, ones having nothing to do with appearing generous to your drinking buddies or dining companions.

Earlier I suggested that people ought to tip if they want good service. The available research claims that this isn't a major reason for tipping, or at least people aren't very systematic about it. One article asserts that a mere 4 percent of the

Mountain guides, fishing guides, boat captains and surfing instructors, for example, can generate enormous tips and gifts, and many already earn well over minimum wage or run their own business. Porters and valets can get \$5, \$10, \$20 or even more for mere minutes of work.

the least well-paid workers we regularly encounter, and would express outrage that I wasn't doing my part to help the less not dry cleaning attendants. Are they in any less need? Even if you're to be "fair" to everyone who serves you, leaving a large



Trickle-through economics: Tip-outs or distributions to other staff are eagerly sought and at times bitterly fought-over.

variability of tips has to do with the quality of service. If that were true, tipping would have little power to promote high quality of food, drinks, service, attitude, décor, entertainment and cleanliness. Giving a server a few dollars might not seem that important to many patrons, but then we're conceding that the service we're experiencing doesn't really matter. If that were true, why should we tip at all?

Common sense and experience, however, confirm that the "inducement" part of tipping is powerful. My editor has worked in a tipping environment, both in management and as a low-wage-earner, and he tells me it is a perennial and intense internal topic. At the hotel he managed in the Swiss Alps, every aspect from picking up incoming guests at the village railway station to ensuring the bed sheets were white and crisp, the attitude and appearance of the serving staff and, of course, the tenderness of the meat and freshness of the produce, was minutely assessed.

Professionalism and pride at a job well done were important, of course, but how the team's performance might boost the guests' generosity nearly always played a role. Most guests understood this. No matter what the "soft socialist" school of tipping might believe, tipping is at heart a transactional dynamic based on pragmatism and usually friendly self-interest. It works – for both sides.

The impulse to encourage and pressure others to tip comes from the same source as a lot of other left-wing thought and feeling. It's seeing someone with the opportunity to do something for people who might need it, and wanting, sometimes needing, that others do more, in order to make the world a better place, or at least a fairer-seeming place. Sometimes this involves manipulating or pressuring a friend into giving a suitably-sized tip whether or not they feel it's truly deserved. Sometimes this comes after harsh words, with the threat of more, in which case the expenditure feels coerced. It's a version of "If you won't pay higher taxes, you must hate the poor."

The recipients themselves – workers, managers and business owners – play their own version of the soft coercion game. There's the proverbial hotel porter with the expectant smirk and extended hand, the cabbie making prolonged direct eye contact, or the sniffing or eye-rolling server disgusted at the paltry reward. In the tourism sector, many managers and operators overtly and repeatedly pressure

their guests to tip. Tip jars are proliferating, and many takeout establishments where there is no service of any kind and you eat long after paying dispense dirty looks if no tip is added.

Some people I know - especially among older generations - resent the manipulation and pressure of being handed a credit/debit processing device on which avoiding a tip not only requires a convoluted set of taps (making it obvious to the server and anyone else watching), but on which tipping "options" start at 20 percent. I've heard of devices in the U.S. with tap buttons reading up to 35 percent. That's insane. On a bill of, say, US\$200 for a great multi-course dinner with drinks for two in a nice place in a midscale market (still not Aspen or Manhattan), such a tip would come out to US\$70. Even on a longish dinner, the server would be banking an extra US\$30 per working hour per table.

It's not hard to see why the issue arouses intense feelings. Servers may be some of the least well-paid people we encounter on a regular basis, but they're far from faceless and nameless. Servers at our favourite places come to know our names, develop in-jokes with us – becoming like a friend or even extended family member. It seems like an outrage even to consider withholding what they're due. And as we get to know them, we come to feel that



Tipping as charity? There are far more effective — though less ostentatious — ways to help those in genuine need.

what they deserve is more than what we give, that perhaps even 20 percent isn't enough.

Despite the fact that tipping and wages encourage servers to treat us well, there may be servers in your lives who mean more to you than a few extra dollars at the end of dinner. The next time you connect with a server, consider reaching out to them. Perhaps you'll make a real friend. The sentimental bonds of this sort, formed by nurturing personal relationships, are far more convincing to me than the "You must always tip 15-20 percent" argument in which politics often lurks just below the surface. Analogous to the historical conservative basis for charity, tipping remains a personal decision, often made to help the people on "your team".

Fundamentally, tipping is and must always be a choice, one left entirely in the hands of the customer. Otherwise, we might as well dispense with the charade and either legislate higher minimum wages or have restaurants incorporate a certain ratio in each bill for "service". This is still the practice in parts of Europe (although that is slowly changing). There, only stupid North American tourists have traditionally tipped in restaurants or bars and, believe it or not, most staff hold excessive tips in contempt. They look upon it as...charity.

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### **AUGUST 2020 EDITION**

The United States And Provinces Of Red North America
Can Canada Handle a Rational, Polite and Fact-Based Debate About
Immigration? Part I of a Two-Part Series
The Delights and Problems of Tipping