

26 Mar 2016 The Vancouver Sun MARTIN COLLACOTT Martin Collacott is a former Canadian ambassador in Asia and the Middle East.

Immigration hiking housing costs

Elephant in the room: Another million immigrants set to settle in Vancouver area by 2040

With the cost of buying a home now averaging \$1.83 million across Metro Vancouver, the prospects are not good for most young people in the region ever being able to own one of their own.



DARRYL DYCK/THE CANADIAN PRESS British Columbia Premier Christy Clark speaks about shadow flipping in the real estate industry, which has been cited as a factor in stratospheric housing prices.

There has been a great deal of public debate about how to deal with the problem. Authorities are promising to look into various factors that may contribute to the stratospheric prices including uncontrolled purchases by wealthy offshore buyers and shadow flipping by real estate agents during the course of a sale. There has, however, been virtually no discussion of the elephant in the room — the constant pressure on the availability and cost of housing created by continuing large-scale immigration.

The deafening silence in this regard is due in large part to the fact that the Liberals, Conservatives, NDP and Green Party all support immigration levels much higher than what Canadians need and while the parties' reasons for doing so vary, none of them is based on what is good for Canadians in general.

In the case of Vancouver, it is expected that another million immigrants from abroad will have settled in the area by 2040. This will inevitably put heavy pressure on housing as well as increase congestion and commute times for the existing population.

Supporters of continued mass immigration will no doubt claim that, whatever the downsides, these will be more than offset by benefits to Canadians. In terms of economic benefits, however, the fact is that, while immigration makes the population and economy larger, it does not increase the per capita GDP, i.e. it does not make the average Canadian any better off. The research of economists Herbert Grubel and Patrick Grady, in fact, shows

that by 2014 recent immigrants were costing Canadian taxpayers around \$30 billion a year because they received far more in benefits than they paid in taxes.

Nor do we need immigrants because of looming labour shortages. Within the past few years studies by two major banks as well as the Parliamentary Budget Officer have indicated that labour shortages will be no worse than usual in the coming years — which means that most can be met domestically by normal market forces. A report by one of our major public policy research institute points out that, while the business community almost universally identifies shortages as a problem, economists are more skeptical and that business forecasts of shortages could be motivated by the self-interest of lobbying for measures that boost labour supply and keep a lid on wage costs.

Yet a further justification used for mass immigration is that it enriches society by the everincreasing diversity that accompanies it. While many Canadians would agree that we have benefited by becoming more diverse in recent decades, studies show that this is an area where there can be too much of a good thing and that endless increases in diversity weaken the cohesiveness of society and shared common values. In many parts of the country we will have our hands full ensuring the integration of those who have already arrived from societies with very different traditions and values from those on which Canada has been built without adding to the problem by bringing in additional large numbers.

As for housing costs in Vancouver, a study released earlier this month by the University of British Columbia shows that immigration does, indeed, have a major impact on the market, with high levels of purchases by members of the largest immigrant communities settling in the region, many of whom, the author of the study believes are able to transfer large financial resources into Canada.

In the circumstances, it is high time that an informed national debate take place on how much and what kind of immigration Canada needs and who is really benefiting from current policies. While most surveys indicate that Canadians generally remain positive about immigration, further research needs to be done on just how deep this support goes. One survey revealed that more than 90 per cent of the residents of Vancouver, Toronto and Calgary either think their cities are large enough already or too large — which means they hardly look forward to a major influx of newcomers.

We should also take note of what has been happening in this respect in terms for support for candidates in the run-up to the American presidential election. In relation to support for immigration intake in the U.S. (which is only half that of Canada on a per capita basis), a survey carried out a few years ago found that, while 55 per cent of the general public wanted it reduced, this number fell to only 18 per cent among opinion makers (which included almost all the elite, i.e. members of Congress, the administration, leaders of church groups, business executives, union leaders, journalists and academics). The authors of the survey observed that there was no other area of public policy where there was as large a gap between the views of opinion makers and the general public.

While probably few Canadians are admirers of the politically incorrect style of Republican presidential candidate Donald Trump, it is worth remembering that his campaign first really gained traction when he promised in no uncertain terms to deal firmly with the problem of illegal migration from Mexico when no other candidate had been prepared to address the issue so unequivocally — almost certainly for fear of alienating possible Latino voters.

While there is probably little likelihood of a Donald Trump-like figure emerging at this juncture on our side of the border, it should not be discounted as a future possibility given the failure of our political parties and their leaders to discuss in a balanced and informed way just how much immigration we really need and the impacts it is having on many Canadians. If people are not given the opportunity to express their view civilly, we should not be surprised if the discussion turns more confrontational even in Canada.