Special points of interest:

- Canada's points-based immigration system, which focuses on selecting highly-educated, highly-skilled immigrants, is working to admit immigrants who reduce the overall the crime rate.

- Younger workers are found to be more likely to relocate, compared to older workers, when faced with immigration intensity in their industries and regions.

"A large influx of a generally law-abiding population has the effect of diluting the pool of existing criminals in Canada and reducing overall crime rates"

**Haimin Zhang
(University of British Columbia)**

Increased immigration found to lower crime rates in Canada

According to the standard economic model of crime, which assumes that individuals are rational decisions makers who consider the opportunity cost of crime and take into account the possibility of getting caught and punished; the concern that immigration can cause increases in crime is warranted, considering the fact that there is much empirical evidence that suggest the labour market does not provide as many good opportunities to immigrants than to native born. Indeed, previous studies have found that not only do new immigrants in Canada earn less than native-born workers, but this entry-earning disadvantage has been increasing since the 1990s.[1] A study by CLSRN affiliate Haimin Zhang (University of British Columbia) entitled *"Immigration and Crime: Evidence from Canada"* (CLSRN Working Paper no. 135) analyses the relationship between immigration and crime, and establishes causal evidence that increasing immigrant population in Canada is associated with decreasing in crime rates.

Using panel data constructed from the Uniform Crime Reporting Survey and the master files of the Census of Canada, the study finds that new immigrants (those arrived within the last five years) do not appear to have a significant impact on the property crime rate, but as immigrants stay longer, a 10% increase in the recent-immigrant (those arrived between six and ten years ago) share or established-immigrant (those arrived more than ten years ago) share of the population was found to actually *decrease* the property crime rate by 2% to 3%.

A possible underlying reason for the crime reduction effect is that immigrants are more law abiding. In fact, beginning in the late-1980s, the selection criteria of Canada's immigration policy has emphasized the selection of immigrants with human capital characteristics such as post-secondary education, work experience, and official language ability, with the hope that newcomers can achieve long-term economic success. In addition to a system that actively selects for highly-educated and high-skill workers, Citizenship and Immigration Canada (CIC) also requires a vigorous criminal background check before admission of any new permanent residents – which works to select more law-abiding immigrants. Given that immigrants can be ordered to be deported if they are convicted of serious crimes, and that such deportation orders are not easily contested; the deportation threat in Canada increases the cost of committing crimes for immigrants. Indeed, previous research[2] has found that first-generation immigrants are more law-abiding than their native-born counterparts in

Canada. A large influx of a generally law-abiding population has the effect of diluting the pool of existing criminals in Canada and reducing overall crime rates.

Zhang argues that the magnitude of the estimated crime reduction effect is too large to be fully explained by the simple "dilution" story. In addition, immigration may have positive "spillover effects", such as changing neighbourhood characteristics that can reduces crime rates in the long run.

Zhang's paper provides the first national evidence on the causal relationship between immigration and crime in the Canadian context. The Canadian experience is particularly interesting because its pioneering points-based selection system, which was first introduced in 1967, emphasizes the selection of those with skills suitable for Canada's labour market. As a result of the skill-oriented selection policy, the immigrant population in Canada is very different from some other countries which have found evidence of detrimental immigrant-crime relationships.

_____

Please, click on bibliographical links, or see **full paper** for complete bibliographical information:
[1]Aydemir and Skuterud, 2005; Frenette and Morissette, 2005; Green and Worswick, 2012
[2]Samuel and Faustino-Santos, 1991.

How does immigration affect the location choices of native-born workers in Canada?

There are two competing views on how immigration affects local labour markets: the "substitution" hypothesis, and the "complementary" hypothesis. The "substitution" hypothesis posits that immigrants compete directly with native-born workers with similar skill sets, which leads to lower economic returns for native-born workers, whereas the "complementary skills" hypothesis posits that immigrants with "complementary" skills to those of native-born workers can raise the productivity of other workers, and potentially wages of the local labour force.

Since Canada has a point system that targets skilled immigrants to reduce the labor shortages in specific markets, it could be expected that a selective immigration policy of this nature, may bring more "complementary" new immigrant workers into Canada rather than a stream of "substitute" foreign labor that competes with native-born workers for the existing jobs; however, if a "substitution" situation is the reality immigration can lead to out-migration of the non-immigrant population from a community in the short run. A study by CLSRN affiliate Yigit Aydede (Saint Mary's University) entitled ***"Immigration and Location Choices of Native-Born Workers in Canada"*** (CLSRN Working Paper no. 130) investigates how location choices of native-born workers can be influenced by the conditions in both the potential destinations and the departure regions as well as develop a better understanding about a possible crowding-out effect of immigration in local labor markets in Canada. Unlike other studies, the study develops industry/occupation specific immigration clustering index for local labour markets and finds that increasing immigration concentration in the mover's industry reduces a destination's desirability against alternative locations, and that younger workers are more likely than older workers to move when faced with immigration substitution intensity in their industries and locations.

Using Canadian Census data as well as microdata through the Atlantic Research Data Centre of Statistics Canada, the study analyzes the migratory decisions of native-born workers by their skills and industries and also examines the displacement effect. The results show that, industry-specific immigration clustering differentials across regions have strong effects on native-born workers' location

**Yigit Aydede
(Saint Mary's University)**

choices. Increasing immigration clustering in a given industry at a destination appears to decreases this destination's desirability among native-born workers who may consider moving there against comparable destinations.

"Generally-speaking, older workers with more experience are less compelled to move locations in face of potential immigrant substitution effects in their location and industries as relative to a younger workers seeking to gain more skills and industry experience; older workers have generally already built their human capital, and have already developed specialized skills in their industries, which renders the option of moving to another industry and building a new set of skills less appealing."

The results do not show clear evidence for the common perception that immigration would have more adverse effects on low-skill and young workers. The study did find conversely, that post-secondary degree-holders may be more sensitive to immigration substitution effects in their industry given that these individuals tend to increase economic returns to their investment in higher education by choosing locations that are specialized in their industry and occupation – as opposed to less-educated workers who may be more flexible in their job choices.

High immigration intensity in the migrant's industry was found to have a weaker effect on a younger worker's decision to pick a destination relative to workers older than 35. This implies that the substitution effect of immigrants in an industry is felt more greatly by a native-born worker as she becomes more experienced in her skill level. Generally-speaking, older workers with more experience are less compelled to move locations in face of potential immigrant substitution effects in their location and industries as relative to a younger workers seeking to gain more skills and industry experience; older workers have generally already built their human capital, and have already developed specialized skills in their industries, which renders the option of moving to another industry and building a new set of skills less appealing. This may also reinforce the negative effect of immigration substitution effects in a given industry for more experienced and specialized workers. The researcher hypothesizes that older workers' greater human capital level, and therefore higher earnings, may be more willing to trade off income against amenities than are younger individuals.

Endnotes