

# **Immigration and Crime: Evidence from Canada**

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## **Abstract**

There is growing belief in many developed countries, including Canada, that the large influx of the foreign-born population increases crime. Despite the heated public discussion, the immigrant-crime relationship is understudied in the literature. This paper identifies the causal linkages between immigration and crime using panel data constructed from the Uniform Crime Reporting Survey and the master files of the Census of Canada. This paper distinguishes immigrants by their years in Canada and defines three groups: new immigrants, recent immigrants and established immigrants. An instrumental variable strategy based on the historical ethnic distribution is used to correct for the endogenous location choice of immigrants. Two robust patterns emerge. First, new immigrants do not have a significant impact on the property crime rate, but with time spent in Canada, a 10% increase in the recent-immigrant share or established-immigrant share decreases the property crime rate by 2% to 3%. Neither underreporting to police nor the dilution of the criminal pool by the addition of law-abiding immigrants can fully explain the size of the estimates. This suggests that immigration has a spillover effect, such as changing neighbourhood characteristics, which reduces crime rates in the long run. Second, IV estimates are consistently more negative than their OLS counterparts. By not correctly identifying the causal channel, OLS estimation leads to the incorrect conclusion that immigration is associated with higher crime rates.

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