

**Subject: FW: Answer To Your Question**

**Date:** Fri, 17 Dec 2004 01:05:28 -0800

**From:** "Ernie Crist" <ernie\_crist@dnv.org>

**To:** <fonvca@fonvca.org>, <Cagebc@yahoo.com>, "Mayor and Council - DNV" <Council@dnv.org>, "Senior Management Committee" <managecomm@dnv.org>

-----Original Message-----

From: Ernie Crist

Sent: Friday, December 17, 2004 12:54 AM

To: 'Dan Murray'

Subject: RE: Answer To Your Question

Dear Mr. Murray:

This is an extremely intelligent response and is in line with my own observations and judgment. The wealth of a country today is based primarily on the level of education and the technical skills of its people especially its work force.

That Canada is blessed with an abundance of cheap energy and raw materials is an added bonus and would under a best management (political) scenario translate into the highest standard of living in the world. As for the skills and the work capacity of Canadians? ...this was demonstrated during World War II and was nothing less than spectacular. Inside of 5 short years Canada doubled its GNP and this was at a time when it had only 13 million people with almost one million of them being in the armed forces.

One of the best examples of the skilled labour force theory may be Switzerland which has no raw materials to speak of but has a highly educated and skilled labour force with the result that it has one of the highest if not the highest standard of living in the world.

There is a story (question) which I like to recount to make the point. Why did the industrial revolution start in Western Europe (England) rather than in China which was more advanced at the time than the West?. The answer? ... labour was so cheap in China, there was no incentive to invent a labour saving steam engine. The rebellious English workers forced the entrepreneurs to think with the result that they came up with the steam engine and we all know the rest.

I very much appreciate your reply.

Yours truly,

Ernie Crist.

-----Original Message-----

From: Dan Murray [<mailto:dmurray@alternatives.com>]

Sent: Thursday, December 16, 2004 10:27 PM

To: Ernie Crist

Subject: Answer To Your Question

Mr. Crist,

Here is some more information in response to your question. It comes from Martin Collacott.

Dan Murray

>Dan,

>

>The following is background regarding the issues Ernie Crist has raised.

>

>Technically Canada does not have a quota for Germans or any other nationality although, in de facto terms, the number of applications that can be processed in a country is limited by the number of visa officers assigned there. What has caused Canada to increase the number of visa officers in countries such as India is that the processing of applications by family class immigrants is given priority over those of

>skilled independents. Although the latter are far more likely to make a

>positive contribution to the Canadian economy, family class get priority because it brings in votes (i.e. someone who wants to bring in

>relatives from India or China will vote for the party that makes it easy for them to do so. While giving priority to skilled independent immigrants is clearly in the interests of Canada, it does not get votes

>for the party in power since the skilled independents do not have relatives in Canada who need to sponsor them and are voting in the next election).

>Immigrants from Europe (especially Western Europe) are far less likely to what to bring in their extended families than those from developing countries because the former already benefit from generous social welfare systems while those from the latter do not and therefore want to come to Canada to benefit from ours. While this analysis suggests the situation is somewhat more complicated than simply applying quotas,

>it indicates that the reason it is easier for people from India to immigrate to Canada than people from Germany is because immigration policies are driven more by what is beneficial for the party in power than what is beneficial to Canada.

>

>As for the question of whether the Canadian government is using immigration to get the cheapest labour, while the government has never admitted this is the case, it is almost certainly a major consideration

>driving our policy - although not the only one (as indicated in the paragraph above, increased political support for the party in power is also an important consideration). In both Canada and the United States,

>parts of the private sector lobby constantly for more immigration and claim they are suffering from labour shortages. While we do have some genuine shortages in some areas (doctors and nurses for example) a major part of the lobbying is simply to expand the workforce so that employers can pay less than they would have to pay Canadian-born. There

>are also some benefits to consumers in the form of somewhat lower prices for products and services. There is a cost, however - both to Canadian workers who find their wages lowered or jobs lost in the face of cheaper immigrant labour, and to the taxpayer, who has to foot the welfare costs for the oft-times impoverished immigrant workers (Until 1980 immigrants had about the same poverty levels as Canadian-born. Since that time they have risen to two and a half times those of Canadian-born. Over 50% of recent immigrants are now below the poverty line). So much for bringing in immigrants so we can benefit from cheap labour.

>

>Re. the issue raised in the Mr. Crist's third paragraph, there have been a number of articles in the newspapers in recent weeks about the fall in the productivity of Canadian workers in comparison with those of the US.

>I discussed this question in my September 2002 paper and related the fact that we had a poor productivity record to our habit for bringing in cheap labour rather than making capital investments that would raise

>productivity. I am attaching a copy of the paper in case Mr. Crist is  
>interesting in more on the problems of immigration policy in general.  
>The section of my paper on this particular topic is as follows:  
>  
>Pages 24 and 25  
>"One further consideration should be mentioned in connection with the  
>questionable value of bringing in immigrants to do the work Canadians  
>are reluctant to do at present wage levels. This is the point made  
>earlier in this paper: while high immigration levels that include a  
>significant component of people not required to have any skills may  
>bring immediate benefits to some parts of the private sector in terms  
>of a larger labour pool and lower wages, when social costs are factored

>in, the overall impact on the economy may well be negative. On a per  
>capita basis, Canada's unemployment rates remain considerably higher  
>than those in the United States, and yet we have immigration levels  
>that are consistently twice as high as theirs.

>  
>The greater surplus of labour in Canada compared to the USA, moreover,  
>may have been a contributing factor in the failure of our productivity  
>to keep pace with that of the Americans in recent years. Studies in the

>US have shown that, in cases where cheap labour is plentiful, industry  
>is less likely to invest in labour-saving technologies or practices.  
>According to the Washington-based Center for Immigration Studies, the  
>abundant supply of cheap foreign labour in sectors of the US  
>agriculture industry has, for example, slowed progress in harvest  
>mechanization, undermined the competitive position of American farmers,

>and allowed foreign countries to leap ahead of the United States in  
>developing new mechanical harvesting technologies (Sarig, Thompson, and  
Brown, 2000).

>  
>In Canada's case, it would appear that our much higher levels of  
>immigration per capita and our consistently higher rates of  
>unemployment have encouraged us to substitute labour for technology to  
>increase production (Thorpe, 2001),<sup>18</sup> and have thereby had a  
>significant impact on the widening of the competitiveness gap between  
our two countries.

>  
>Those in the private sector who are enthusiastic supporters of high  
>immigration levels should, in the circumstances, consider the social  
>costs of immigration. Those costs may more than offset the immediate  
>benefits of creating a larger labour pool, and may in the longer term  
>contribute to increasing government expenditures and taxes to the point

>that they deter investment and encourage the brain drain. To prevent  
>taxpayers from reaching such conclusions, the government frequently  
>refers to the major-but usually unspecified-contribution that  
>immigration makes to the economy. In doing so, the government ignores  
>the fact that in the best of times, as documented by the Economic  
>Council of Canada study, the effects of immigration have been largely  
>neutral and that, with the major decline in the economic performance of

>immigrants since 1980, have very likely had a adverse impact on the  
>economy."

>  
>I hope this is helpful.

>  
>Martin

>  
>



[winmail.dat](#)

**Name:** winmail.dat  
**Type:** application/ms-tnef  
**Encoding:** base64