

■ **Big potential, small reward? Business Class immigration to Canada**

Daniel Hiebert*

Abstract The Canadian system of admitting Business Class immigrants is considered within the broader context of Canadian immigration policy. The basic assumptions of the programme are presented and evaluated. The level of economic participation and success of Business Class immigrants is compared with that of other groups admitted into Canada. Available data suggest that Business Class immigrants fare poorly in Canada's labour market and do not make a substantial entrepreneurial contribution. The reasons for this apparent failure are discussed, and I argue that the Business Class immigration programme is based on flawed assumptions.

Keywords Canada, immigration policy, business immigration, immigrant entrepreneurship, economic integration.

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Introduction

Canada has experimented, for nearly four decades, with a variety of programmes designed to attract entrepreneurially-inclined immigrants. These programmes are predicated on several critical assumptions: that a person who has been successful at entrepreneurship is likely to repeat that success; that business strategies that work in another country can also work in Canada ('business is business', regardless of the national context); and that people who apply to these programmes do so in good faith and actually intend to establish businesses in Canada (that is, rather than applying to the Business Class programme as an easy way of gaining admission to Canada). If these assumptions are correct, we should expect to see immigrants who arrive in Canada through the business programme having a high rate of entrepreneurship and earning substantial incomes.

In this paper I provide an outline of the major features of Canada's immigration system, emphasising the development of the Business Class and its basic characteristics. This is followed by a brief summary of recent immigration patterns to Canada. I then go on to examine recent data on the economic participation of immigrants in Canada to assess the relative degree of success of Business Class immigrants compared with those who were admitted to Canada through other programmes. I argue that available data - which are imperfect but relatively good - suggest that the programme is not meeting its objectives. I believe that this negative finding reveals that the assumptions underlying the programme are generally false.

Canadian Immigration Policy

Canada is identified both domestically and internationally with immigration. Along with only a handful of other countries, Canada has a long history of active programmes encouraging immigration and facilitating settlement. In recent years, gross permanent immigration to Canada has hovered at around 0.7 per cent of the national population annually, a very high ratio by international standards. Currently nearly 6.2 million Canadians, of a total population that is approaching 32 million, were born abroad (2006 census figures). The overall level of immigration to Canada is established by the Federal Government, after consulting with provinces and territories, and presented to parliament each year as a set of targets for

the short-term future. For most of the post-war period, targets have been shaped in accordance with the business cycle. This longstanding policy was abandoned in the mid-1980s in favour of a more consistent policy framework. Since then, targets have remained in the general vicinity of 200,000 – 250,000 immigrants per year, though actual landings fell substantially in the wake of the Asian economic crisis that began in the late 1990s - and rebounded a few years later. Significantly, these targets have been consistent despite a wrenching recession in the early 1990s and also during an economic boom in the past decade.

Jurisdiction over immigration is arguably more complex in Canada than in any other industrialised country. Constitutionally, jurisdiction is shared between the Federal and Provincial Governments. For many years, the Federal Government assumed total responsibility for selection and admission, while provinces played a broad role in providing settlement services, especially healthcare and education. Following the Cullen-Couture Agreement of 1978, however, the province of Québec gained more responsibility. Since then, prospective immigrants have had the option of applying to Canada or directly to Québec, and differences in the assessment systems are clearly explained on official websites. Québec also has the right to select certain other categories of immigrants, though all admissions are processed by the Federal Government.

In the 1990s the Federal Government began to sign agreements with other provinces. These have facilitated the development of Provincial Nominee Programs (PNPs), which are now in place for all provinces. As the title implies, employers or, in some cases, prospective immigrants, can apply directly to provinces, which have set independent criteria for admission. In all cases, admission is processed by the Federal Government. Provinces, through PNPs, have been particularly interested in attracting Skilled Workers and Business Class immigrants. It is important to note that landed immigrants, regardless of their means of entry, have full mobility rights in Canada. A newcomer who arrived through the Québec system or a PNP, therefore, does not have to settle in that province.

The key point is that Canada has one national, overarching immigration programme but also eleven quasi-independent programmes which differ in important ways. Prospective immigrants - business immigrants particularly- therefore have twelve possible systems of application to select from. No other country has such a flexible system with so many institutional actors. Australia comes closest but it has fewer states and none has the degree of independence enjoyed by Québec in Canada. Most of these programmes are relatively new and there has been no systematic evaluation of their economic outcomes.

Broadly speaking, Canada distinguishes between economic and humanitarian immigration. On the economic side, the major categories are Skilled Workers and

Business Class immigrants (smaller categories will not be discussed here). In each of these a single individual applies for admission but may be accompanied by a spouse and/or dependents. From the Government's point of view, the spouses and dependents who accompany the Principal Applicant are recorded as economic immigrants, even though they have not themselves been assessed under the points system. The humanitarian side of Canadian immigration is composed of sponsored family members and refugees.

Principal Applicants within the economic programme are assessed using the points system directly for Skilled Workers and under a modified points system for Business Class immigrants. The points system is designed to ensure that immigrants will quickly be able to make an economic contribution to Canada. Applicants to the Skilled Workers programme face the full test of the points system, which assigns points to the following characteristics of the applicant: educational attainment (up to 25 points); language facility in English and/or French (up to 24 points); labour market experience (up to 21 points); age (up to 10 points); and personal adaptability (up to 10 points). Applicants with employment already arranged in Canada are given 10 points. Currently, the passing grade for this test is 67 points out of a possible 100.

This system is predicated on a general human capital model. Prevailing wisdom suggests that it is difficult for governments to micro-manage the labour force required in the present context of the new - or knowledge-based - economy. There is also a widespread belief that individuals can expect to have several careers over their working lives, and that they need to have core capabilities of literacy, numeracy and so on. In other words, specific competences, in the long run, may be less important than general competences. The previous priority granted to specific occupations has, in the new points system, given way to the principle of attracting well-trained, flexible individuals to Canada, who have experience in the labour force – those who will be able to adapt to rapidly changing labour market circumstances.

During the last few decades of the twentieth century, the Canadian Government began to see immigrants as a vital source of capital and entrepreneurial experience. Three sub-categories of the Economic Class were created in an effort to attract these types of immigrants to Canada. They are collectively known as the Business Classes (Nash, 1987, Harrison, 1996). The Self-Employed category was created in 1969 to facilitate the entry into Canada of small-scale entrepreneurs. Individuals in this group are expected to establish a business immediately and, in essence, take care of their own needs in the labour market. Self-employed immigrants are assessed according to the same points system as Skilled Workers but, provided they show evidence of business expertise and have sufficient capital, the threshold for this class is 30 points instead of the 67 required of Skilled Workers.

The features of this and other Business Classes are clearly explained on the website operated by the Government of Canada: www.cic.gc.ca. This programme has generally fallen out of favour and is now mainly used for special cases such as professional athletes, performers, artists and farmers.

The Entrepreneur Class was designed in 1978 to attract individuals with larger ambitions, those who had sufficient capital and a track record of successful corporate management and/or entrepreneurship. In simplified form, applicants must have owned and operated a successful business and have a minimum net worth of at least C\$300,000 (€195,000) and a credible plan for establishing a firm in Canada that will employ at least one person apart from the entrepreneur. Entrepreneur Class immigrants have three years to fulfil their obligation to establish a business, and must furnish proof of doing so to maintain their status as permanent residents. Under these conditions, the applicant need only achieve 35 points to qualify for permanent residence in Canada.

Finally, in an effort to attract wealthy individuals and associated investment capital, the Investor Class was established in 1986. As in the case of Entrepreneur immigrants, the threshold for Investors is 35 points. However, they also must have a net worth of at least C\$800,000 (€515,000) and must invest a minimum amount of approximately \$400,000 (€260,000) - though this varies between different provincial jurisdictions in Canada - in an approved venture capital fund for a minimum of three years.

Within these business programmes, the Government is particularly eager to admit immigrants who have experience in manufacturing. This is a chronically under-performing sector of the Canadian economy and many believe that highly motivated, experienced immigrants from Europe, the USA and newly industrialising economies could contribute vital technical knowledge and capital (Froschauer, 1998). However, business immigrants who come to Canada have shown little interest in establishing factories, and instead are drawn to real estate and commerce (Froschauer, 1998).

Recent immigration patterns: Contemporary patterns of business immigration to Canada

According to the administrative records of the Federal Government, 1.43 million immigrants officially landed in Canada between 2000 and 2005.¹ Of these, 70,600 were either Principal Applicants or their accompanying family members, admitted through the three business programmes (just under 5 per cent of the total number of immigrants). This number included approximately 3,250 Principal Applicants accepted as self-employed immigrants, 6,650 as entrepreneurs and

9,620 as investors. That is, the business programme attracted nearly 20,000 Principal Applicants plus approximately 50,000 members of their families. Eighty-five per cent of the Principal Applicants were male. Forty-three per cent indicated that they had facility in English, French or both (self-reported), while 57 per cent did not come with an ability to communicate in either of Canada's official languages.

Just over 35 per cent arrived with a completed university degree, a much higher proportion than had been the case a decade earlier. This figure is higher than for the Canadian population at large, but substantially lower than the corresponding statistic for immigrants admitted as Skilled Workers, who are subject to the full force of the points system. Almost exactly two-thirds came from Southern, Eastern or South East Asia, the principal source of immigrants to Canada more generally. An additional 16 per cent came from the Middle East or Africa (mainly the former) and 13 per cent were from Europe. Nearly two per cent came from Latin America and, finally, nearly two per cent came from the United States.

Exploring economic outcomes: The literature

Researchers have begun to investigate the case of business immigrants in some detail. Initial assessments, which generally strongly endorsed these programmes, were based on the intended transfers of capital and business plans provided by prospective immigrants on their application forms. The reported statistics were indeed impressive. An official report noted that entrepreneur immigrants landing in Canada between 1992 and 1995 intended to create or maintain some 24,000 jobs (CIC, 1996). Those who were selected as investor immigrants between 1986 and 1996 anticipated adding over \$3 billion (€2 billion) of additional venture capital to Canada. These figures were seen to more than justify the Government's decision to establish the entrepreneurial and investor programmes. Early academic research generally reached similarly positive conclusions about the economic impacts of the programme (e.g. Li, 1992, 1993; Wong and Netting, 1992).

Some commentators have begun to question these results. In a discussion of the moral implications of the business programme, Nash (1987) questions the validity of statistical studies based on intentions, though he concludes that, on balance, the programmes make a positive contribution to Canada's economy. Given the absence of quantitative statistics on business immigrants, in the 1990s researchers began to initiate interview-based studies. While these studies are all based on relatively small samples, their results are sobering.

Froschauer (1998) contrasts the behaviour of European and Asian immigrants who entered Canada under the entrepreneurial programme, showing that the former are more active in the manufacturing sector - as intended by the

programme - than the latter. According to Froschauer, this important difference reflects pre-migration circumstances. Entrepreneurial immigrants from European countries have a better grasp of English and typically have had rigorous apprenticeship training in factories. In contrast, most of the East Asian entrepreneurs in his sample did not have shopfloor training and had a lower level of language competence. The Europeans he interviewed were able to start small manufacturing firms, while those from Asia were limited by their inadequate mastery of the language and their lack of basic knowledge about production systems.

In a study of Chinese-origin entrepreneur immigrants living in Vancouver, Wong and Ng (1998) also report problematic results. As is generally common in studies of ethnic entrepreneurship, their interviewees speak of the importance of kinship and co-ethnic capital and labour resources. They work long hours and achieve low profit rates, and in fact many of their businesses are in precarious circumstances. While these findings are typical of research on ethnic enterprise, they are surprising in light of the objectives of the business programme. Entrepreneur immigrants are selected on the basis of their previous business record and the credibility of their future plans, so one would expect more successful outcomes.

In another interview-based study, Woo (1997) confirms Froschauer's conclusion that immigrants from Hong Kong are reluctant to enter the manufacturing sector. In contrast to Froschauer and Wong and Ng, Woo includes investor immigrants in his sample. They complain bitterly about losing money in the venture capital investments they are required to make as a condition for coming to Canada. According to Woo, these funds are often poorly managed.

Ley (2003) combines interviews and statistical data from the Longitudinal Immigrant Database (see below) to examine the case of business immigrants in British Columbia. He also observes expectations that were not met, and a great reluctance among investor immigrants to invest money in new ventures after their first business failure. Ultimately, many have begun to see Canada in general, and Vancouver in particular, as a poor place to conduct business - with high tax rates, high wages, powerful trade unions, and too much regulation - but a pleasant place to live ('Hong Kong for money; Canada for quality of life'). Ley concludes that the individuals he interviewed were unprepared for the economic climate they encountered, and questions the assumption that business skills can be transferred from one cultural or economic and regulatory setting to another. Nevertheless, as noted earlier, this assumption is at the core of the business immigration programme.

Several of the authors cited in this discussion of Canada's business programme have noted, mostly in passing, an important strategy used by many of the entrepreneurs and investors that they interviewed: that of operating a

business in their origin country while living in Canada or commuting across the Pacific on a regular basis (Ley, 2000; Wong and Ng, 1998; Woo, 1997). These 'astronaut families', as they are known locally, reveal a key aspect of immigrant entrepreneurship that is under-represented in the literature - the growing significance of transnational networks of small- and medium-sized businesses associated with diasporic groups. While there is an extensive literature on Chinese overseas business networks, few authors have connected this complex set of business practices with immigration and ethnic entrepreneurship (some exceptions are Olds, 1996, and Olds and Yeung, 1999). Virtually all studies of ethnic enterprise are conducted in local settings (usually in single settings, with single groups), but many entrepreneurs obtain capital, recruit labour and conduct trade across national borders.

Exploring economic outcomes: The IMDB

The source of information analysed in this paper is the Government of Canada's IMDB (Immigrant Database), a resource that has been built by linking the landing records filled out by immigrants when they arrive in Canada with their annual tax forms (Langlois and Dougherty, 1997). On their landing forms, immigrants report their general demographic characteristics as well as their level of education and language competence, and their country of last permanent residence. Citizenship and Immigration Canada officials add to the form a detailed code indicating class of entry. Later, immigrants provide extensive information about their economic activities on their annual tax forms. This study is based on a special tabulation of tax data that includes (for those who filled out a tax form) income from paid employment and total income (which includes net self-employment income).

There are two missing ingredients, however: the IMDB does not include any indication of use of Canada's settlement services, or education subsequent to arrival in Canada. I have explored the quality of IMDB data in an earlier paper and concluded that it generally conforms to the information provided in the census (Hiebert, 2002). However, there is one area where the two data sources diverge: respondents to the IMDB - based on tax files - indicated lower net self-employment incomes than respondents to the census. Apparently, some individuals exaggerated in the census, or underestimated their incomes when they filled out their tax forms - or perhaps both. Ley (2003) has also used the IMDB to assess the economic contributions of Business Class immigrants and, likewise, suggests that the data may under-represent incomes. He also notes that the number of Business Class immigrants who are in the IMDB is surprisingly small given the number admitted in the 1980-1995 period he surveys, and believes that this may mean that many have returned to their countries of origin.

Unfortunately, under-reported self-employment earnings constitute a rather serious limitation for the study of business immigrants, since they would be expected to rely most on this form of income. Further, there is anecdotal evidence that some immigrants do not report their off-shore earnings on their tax forms, as is required by law. The extent of this under-reporting is unknown. In any case, I doubt that these potential errors in the IMDB seriously undermine the argument of this article.

The extraction of IMDB data used in this paper includes immigrants who arrived between 1985 and 2001, and who filed a tax return in 2001.² Due to the limited number of Business Class immigrants in the IMDB, I analyse all three of the business admission classes together, and compare their employment earnings and total incomes (which include self-employment and other forms of income) with those of immigrants arriving in different classes.

Exploring economic outcomes: Data analysis

The IMDB reveals a number of sharp distinctions in the human capital and labour market characteristics of immigrants based on their class of entry into Canada. Two important indicators of the human capital of individuals admitted under the major categories of the Canadian immigration system are shown in Tables 1 and 2, which also provide an indication of the earnings and income dynamics of the different classes. I have used the proportion with a completed university degree as a measure of the relative educational attainment of each category. The next column in the tables shows the proportion of each group who are able to communicate in one or both of Canada's official languages (based on self-assessment).

The first and entirely predictable point is that the average educational attainment and familiarity with English and French varies a great deal between classes, with Skilled Workers distinctly better prepared for the Canadian labour market than members of all other groups. The priority placed on education in the points system yields the expected result - 60 per cent of the Principal Applicants in the Skilled Worker programme have completed a university degree. Meanwhile, 87 per cent claim proficiency in one of Canada's official languages. It is interesting to see that the spouses of those admitted in the Skilled Worker class also have quite a high level of human capital, with nearly 27 per cent having completed a university degree and about 64 per cent able to communicate in English or French.

Next, we see that just over one-quarter of the Principal Applicants who were admitted into the Business Class have a university degree (a figure that has increased in recent years), and about 55 per cent are proficient in an official language. In fact, this group is fairly similar in these characteristics to the total immigrant

population. The spouses and dependants who accompany business immigrants, however, are the least educated sub-group in the table, and also have the least linguistic preparation for settlement in Canada.

Family Class immigrants have considerably less education than the average, with less than 15 per cent arriving with a university degree. Only about half arrive with knowledge of one of the official languages. The situation for refugees is even more challenging, with even lower levels of university education and ability to communicate in the official languages.

These characteristics are registered in labour market participation and earnings. A sense of participation can be gained by comparing the number who report employment earnings on their tax form (the first column of Table 1) with the number reporting income of any type (the first column of Table 2). In general, about 73 per cent of those who have an income also reported employment earnings. This was the case for nearly 80 per cent of Skilled Workers, the group with - by far - the highest level of reported earnings, for both men and women. Apparently the human capital of this group has been acknowledged in the labour market, with a high proportion working at relatively well-remunerated jobs.

Table 1 - General characteristics of the Canadian immigrant population by class, 2001 (landing years: 1986-2001): Employment earnings, 2001 tax year

	Total Number	Uni- versity Degree %	Official Language %	Female %	Total Average Income \$	Male Average Income \$	Female Average Income \$
Total	1,228,050	25.0	63.6	53.4	24,723	29,269	19,509
Skilled Worker PA	262,900	59.9	86.8	72.5	36,600	39,441	29,110
Business PA	16,415	26.0	55.2	87.6	21,524	22,230	16,518
Skilled Worker Spouse & Depen- dents	198,450	26.5	63.8	36.0	19,769	22,141	18,436
Business Spouse & Depen- dents	41,585	6.9	42.8	41.6	16,315	18,193	14,978
Family	408,860	14.4	53.1	48.5	21,645	25,983	17,555
Refugee	177,130	11.3	44.2	61.8	22,319	25,513	17,143

Source: IMDB special tabulation.

Secondly, the other classes fall into two general categories. For men, the next most successful groups in terms of employment earnings and total income are individuals sponsored by family members and refugees. Business Class Principal Applicants, and the spouses and dependents of all economic immigrants, earn the least of all groups. The same general structure is evident for women, with one exception: the spouses and dependents of Skilled Worker Principal Applicants earn approximately the same incomes as Refugees and Family Class immigrants.

The situation of business immigrants is particularly interesting. Principal Applicants and their spouses have the lowest level of participation in employment. In fact, less than 40 per cent of all Business Class Principal Applicants who report an income also report employment earnings (the corresponding figure for spouses and dependants is 58 per cent), far below that of immigrants generally. Moreover, even those who have found employment are not paid very well. In other words, the skills brought by business immigrants to Canada are not particularly well received in the labour market. Of course this may not be a problem. After all, Business Class immigrants are not admitted for their potential to work for others (and obtain employment earnings), but to be entrepreneurs. In that sense it is better to look at total income statistics rather than those for employment earnings.

Before turning to these, though, it is useful to reflect for a moment on the unexpected situation of refugees. This group arrives with the greatest challenges, yet receives employment earnings that are similar to those of Family Class immigrants and actually higher than those of Business Class Principal Applicants and their family members. Many Canadians would be surprised to learn of this outcome, as it is not widely publicised.

Table 2 - General characteristics of the Canadian immigrant population by class, 2001 (landing years: 1986-2001): Total income, 2001 tax year

	Total Number	University Degree %	Official Language %	Female %	Total Average Income \$	Male Average Income \$	Female Average Income \$
Total	1,686,060	24.6	60.7	51.1	20,777	25,429	15,922
Skilled Worker PA	331,215	59.5	85.7	72.2	32,073	34,600	25,501
Business PA	41,525	27.2	49.8	86.7	14,822	15,242	12,083
Skilled Worker Spouse & Dependents	267,360	29.4	62.6	32.8	16,535	19,952	14,867
Business Spouse & Dependents	75,350	9.1	38.3	35.4	11,965	13,994	10,854
Family	563,750	14.0	50.3	44.9	18,132	22,998	14,168
Refugee	248,405	11.2	44.1	58.7	19,424	23,040	14,293

Source: IMDB special tabulation.

The figures on total income presented in Table 2 include all forms of income (including net self-employed income as well as interest earned on investments). They paint a bleak picture of the fortunes of Business Class immigrants. For both men and women, the Principal Applicants and family members who were admitted within this programme report the lowest incomes of all groups. It is important to recall, though, that researchers analysing this group tend to be sceptical about its reported taxable income (for example, Ley, 2003). Business immigrants have a high propensity to be self-employed and the IMDB traces only their *net* self-employment earnings. Arguably, the economic activity that they generate might be better revealed by gross self-employment earnings. Also, of course, it is in the interest of the taxpayer to minimise reported net self-employment income. Statistics Canada and CIC are investigating better methods of monitoring the economic engagement and success of this group. For now, however, it is clear that none of the data available in Canada suggest that individuals admitted in this category are, in general, economically successful.

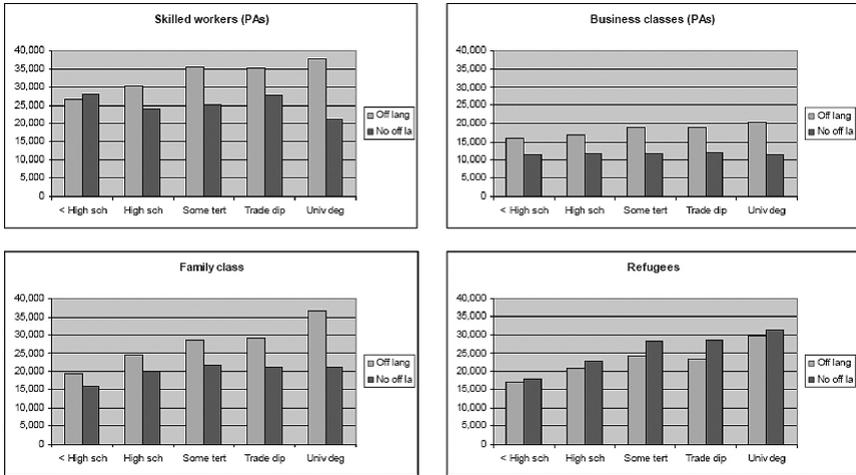
Additional information on the relationship between the human capital of immigrants and associated economic outcomes is provided in Figures 1 and 2, whi-

ch explore the contribution of language skills and education to total income, for different admission classes. These figures show that, for all admission classes, earnings rise quite steeply in accordance with educational attainment. However, for all but one class, this pattern is true only for those who arrived with the ability to converse in an official language. Without the language, immigrants are far less able to capitalise on their educational background. In fact, in a number of specific cases, earnings are flat regardless of educational attainment. This is true for both men and women.

Refugees represent the only exception to this pattern. Refugees, regardless of their *language ability*, earn higher incomes if they have a higher level of education. In fact, refugees who arrive without knowing an official language earn more than any other category of immigrant in the same linguistic circumstances, except Skilled Workers. Why? In another paper I have argued that the most plausible explanation is that those who enter Canada through the Refugee Class, particularly Government-Sponsored Refugees, receive the most extensive settlement services (Hiebert, 2002). Significantly, they are the only group who receive both free language training and income support while learning English or French. Thus refugees are able to fulfil their need to learn the local language more quickly and efficiently than other immigrant groups. Those who arrive without knowing English or French therefore do not face a substantial income penalty in the labour market.

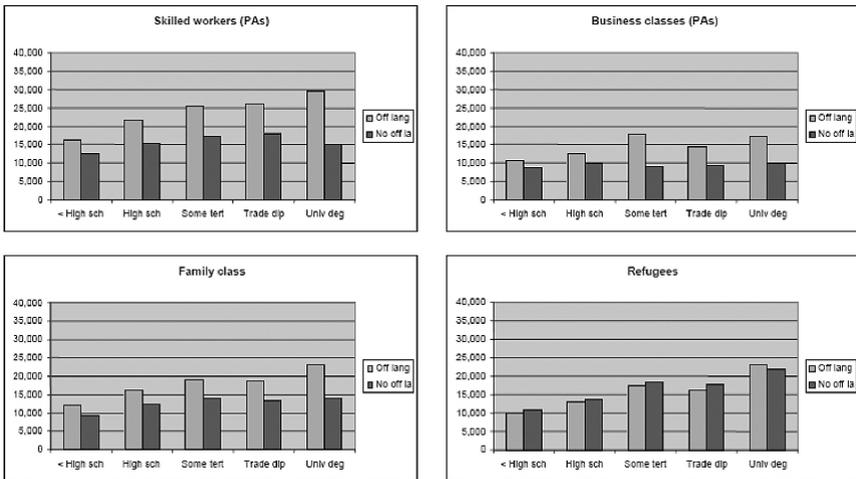
The statistics on Business Class immigrants are also distinctive. Total incomes for this group are flat, regardless of education, for those entering without an official language. Even for those with an official language, the premium received for additional education is rather modest. This is in sharp contrast to the situation for Skilled Workers; in that case, higher levels of education are directly correlated with correspondingly higher levels of income (again, provided the individual arrives with an official language, which is the case for over 85 per cent of the Principal Applicants in this group).

Figure 1 - Average total income, Canada, males (2001)



Source: IMDB special tabulation.

Figure 2 - Average total income, Canada, female (2001)



Source: IMDB special tabulation.

Conclusion

Canada's immigration programme is multifaceted, with a certain level of tension between its instrumental-economic and humanitarian objectives. The different intentions for immigration have crystallised into specific admission classes and the rules for these are under constant evolution. Meanwhile, the Federal and Provincial Governments are in a period of profound transition, leading to ever more complex jurisdictional practices. Within this dynamic system, the Canadian Government has framed particular categories of economic immigration to serve the needs of the Canadian labour market (the Skilled Worker Class) and to enhance the economy through greater entrepreneurial activities and investment (the Business Classes). Provincial Governments have also adopted this logic and have framed their own programmes to facilitate the admission of skilled workers and entrepreneurs.

The Business Class programme is designed to attract immigrants who will either establish private companies or inject investment into the economy. The programme assumes that immigrants who have demonstrated business success in their original country will replicate it after landing in Canada. Admission criteria have been set to ensure this outcome.

The programme has been relatively successful in numerical terms, with Business Class immigrants accounting for approximately five per cent of Canada's very large annual intake of newcomers. By all accounts, business immigrants bring substantial sums of capital when they come to Canada. This issue is not explored in this article, but I have documented the extensive investment of this group in the Canadian housing market in another paper (Hiebert et al., 2008). Available evidence points to a far less successful integration into the economy more generally. In fact, it seems that the annual total income of Business Class immigrants is actually the lowest of any of the categories examined in this study.

The reasons behind the apparent failure of these immigrants in the economy are no doubt complex, but the general pattern of low human capital, low returns to human capital and low incomes is unmistakable. As Ley (2003) has shown through interviews with business immigrants in the Vancouver area, many who entered Canada through the Entrepreneur Class programme experience great difficulty adapting to the regulatory and tax environment in which they find themselves. They are unaccustomed to the labour codes of British Columbia, resent higher tax levels than they were accustomed to in East Asian countries, and are unsure about the nature of consumer demand. Many simply give up and either return to successful businesses overseas or decide to take early retirement funded by savings and investments generated from profits made before immigrating. These findings from a relatively small qualitative study, coupled with an exploration of

IMDB data specifically for British Columbia, coincide with those of this Canada-wide study.

I would add an important caveat about the precision of data to this plausible explanation. As noted earlier, the particular way that incomes are registered in the IMDB - with net self-employment earnings included in total income rather than gross self-employment earnings - may serve to under-represent the economic activity of this group.

In any case, the business immigration programme was not designed with these outcomes in mind. Although the data explored here cannot be considered definitive, it seems that success in one political-economic-institutional context does not guarantee success in another. The assumption that immigrants can come to Canada and quickly adapt to the new environment appears to be unfounded.

Notes

¹ Landing statistics reported in this paper have been taken from the Landed Immigrant Database System, a compilation of administrative records held by the Government of Canada. I thank Citizenship and Immigration Canada for access to these data, as well as the Metropolis British Columbia research centre, which houses the data.

² It is difficult for researchers to obtain administrative data in Canada. I thank the Ministry of the Attorney General, British Columbia, for enabling me to order a custom tabulation of the IMDB, and researchers in Citizenship and Immigration Canada and Statistics Canada for helping me to understand the structure of the data. It may be confusing to readers that access to national data was facilitated by a provincial government. This is actually an indication of the complexity of jurisdiction over immigration noted above. Provincial governments have special access to administrative data because of their growing responsibility in the area of immigration.

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