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**Seeking *Homo Economicus*:
The Strange Story of Canada's Business Immigration Program**

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Seeking *Homo Economicus*:
The Strange Story of Canada's Business Immigration Program¹

by

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Abstract: Active for more than twenty years, the Business Immigration Program has permitted close to 300,000 business immigrants and their families to land in Canada. Representations of this immigrant class in the media, public opinion, official statistics and academic assessments have emphasized as outcomes the objectives of the program: economic activity and wealth creation. However, in-depth interviews with two dozen households in Vancouver, the most popular destination of business immigrants, together with census data and tax filer returns, suggest a different conclusion of limited entrepreneurial activity and modest income generation in Canada. Many business immigrants find the economic culture in Canada, notably taxation levels, economic regulation, and the language and networks of commerce, creates an unfavourable regime for their own entrepreneurialism. Many are not engaged in active, full-time economic activity in Canada and have developed other strategies including off-shore employment, early retirement, and return migration. Among those who have entered business, many undergo long hours and marginal returns in the crowded ethnic enclave economy. A number of business immigrants express high levels of frustration and disappointment at their experience of limited economic opportunities, while nonetheless valuing British Columbia's quality of life.

Key words: Business Immigration Program, entrepreneurs, investors, Vancouver, British Columbia, East Asia.

For several months during 1998 and 1999, *Titans*, Peter Newman's study of Canada's corporate elite, was securely embedded at or near the top of the nation's best selling non-fiction list. As Newman (1998a) turned his attention to Vancouver, his present home, he identified members of the Chinese diaspora as the most dynamic sector of the business community. This part of the book, celebrating the success of a new immigrant elite, was abridged in an extensive two-page feature in the principal city daily, *The Vancouver Sun*, which, after an unflattering representation of the new migration regime in the years around 1990, has taken to heralding immigrant success more recently. The story led off with a profile of newcomer Terry Hui, in his mid-thirties the CEO of the corporation responsible for the vast Pacific Place redevelopment, a downtown project that will house up to 20,000 people by 2005 (Newman 1998b). A few weeks earlier, a front-page feature in the *Sun's* business section had profiled Kevin Wong, a 1992 immigrant from Hong Kong, who ran a children's garment factory and retail chain. Announcing a trade tour to China, Glen Clark, the NDP Premier of British Columbia, held up Mr. Wong's company as "a very good success story," a prototype of entrepreneurial achievement (Aarsteinsen 1998).² In the same vein, a federal cabinet minister was on hand beside the *Sun's* reporter and photographer a month earlier for another high profile business story concerning a \$500-million high-technology industrial park, funded largely by private Asian investors and orchestrated by Steven Wu, a 1989 business-class immigrant from Taiwan (Chow 1998).

There are certain common features to the three accounts. Each leads with the photograph of a young, dynamic entrepreneur who is a recent immigrant to Canada. All three men had been sent to university in either Canada or the United States prior to immigration, and in their dark business suits each conveys a quintessential image of the self-made man, a confident, late twentieth-century Horatio Alger who has flown east to make his fortune. The discourse of youth, energy, success was all the more striking in 1998 as the economy of the

² Later in the story it emerges that the business lost money in 1997, but is hoping for a "small profit" in 1998.

province of British Columbia was sunk close to recession; here was a counter-trend, a new beginning, economic vigour that will re-direct the province's future development. There is also a political sub-text: in Canada, business achievement is attainable on a culture-blind, colour-blind basis, and herein we are led to believe, lies the genius of multiculturalism, increasingly one of the precarious icons binding this symbolically underdetermined nation (Day 1998).

As we shall see, the portrayal of entrepreneurial success by well-educated immigrants from East Asia is an abiding motif that is commonly shared by the media, public opinion, government and academics. It is embellished in popular culture and legitimated in official statistics. It resonates with the West Coast representation and *self*-representation of the Chinese-origin business immigrant as *homo economicus* (Ong 1999). Like all myths, it captures an element of a wider reality. But like all representations it is partial and positional, both a projection and a project. While a triumphant Horatio Alger emerges in these texts, such selection suppresses other voices, other experiences. Later in the paper, ethnographic interviews will introduce a more complex and troubling set of economic experiences in Vancouver, the most popular destination of business immigrants to Canada, experiences that reappear in a larger data set of immigrant tax returns. But first, it is necessary to see the consistency of this construction of the new *Titans*.

BMW's and Monster Houses: Popular Representations

The affluent status of new immigrants from East Asia is an abiding stereotype of the media and popular culture in the Vancouver region, and it is an image that has substantial materiality in a lifestyle that frequently evokes conspicuous consumption. In contrast to the Toronto Chinese community, Aida Liang, Chair of the Vancouver Chinese Advertising Marketing Media Association, observes that "people will spend more disposable income here, like in restaurants and retail or entertainment or real estate. They have more money, cash" (Fong 1997). Media and marketing consultancies and guides have emerged to profile the distinctive configuration of the recent Chinese immigrant consumer (Ng 1996). The most cited analysis by DJC Consultants (1995) noted that the new immigrants "have great spending power" and

“have a taste for luxury durable goods” citing cellular phones, CD players and home computers in particular. Home electronics of all kinds are popular consumer purchases, and an entertainment room that includes wide-screen television and surround sound is a widely available desideratum of the million dollar homes that have been constructed for the new market.

From conversations with business immigrants, Edward Woo (1998) estimated that a family required “at least \$350,000” over a three-year period to live comfortably. In my own interviews, households acknowledged bringing with them disposable funds that ranged from \$500,000 to \$5 million. The first item of business is to buy a vehicle and European and Japanese imports are popular acquisitions, especially Mercedes, BMW, and Toyota models, sometimes several per family. Stories abound of young men driving to high school in cars more expensive than those of their teachers (Cernetig 1995).³ Home purchase is almost always preferred to renting, and there is a high level of home-ownership among recent immigrants from Hong Kong and Taiwan in Greater Vancouver (Lapointe Consulting and R. Murdie 1996). Within only five years of settlement, reports Laryea (1999), the probability of home-ownership among Asian immigrants in Vancouver was already 0.7, considerably above the figure of 0.57 for the Canadian-born. In the Oakridge district, with its million-dollar homes, upwards of 80 percent of immigrants landing during 1991–96 were home-owners by 1996.

Declarations of personal wealth indicate that household assets close to \$20 billion were available for expenditure by business immigrants in Greater Vancouver between 1991 and 1996 (Ley 1999). The availability of substantial funds by new arrivals and investors has impacted the housing market significantly as immigration became the major source of metropolitan population growth in the 1986–1996 decade. By the late 1980s, inflationary Vancouver house prices had become the most expensive in Canada and remained in that position throughout the 1990s. Indeed over the 1971–1996 period, the correlation between annual immigration levels and house price movements reached the giddy level of 0.96 (Ley

³ M. Cernetig (1995) “White flight, Chinese distress” *Globe and Mail*, 30 September, trades in a number of media caricatures, including this one.

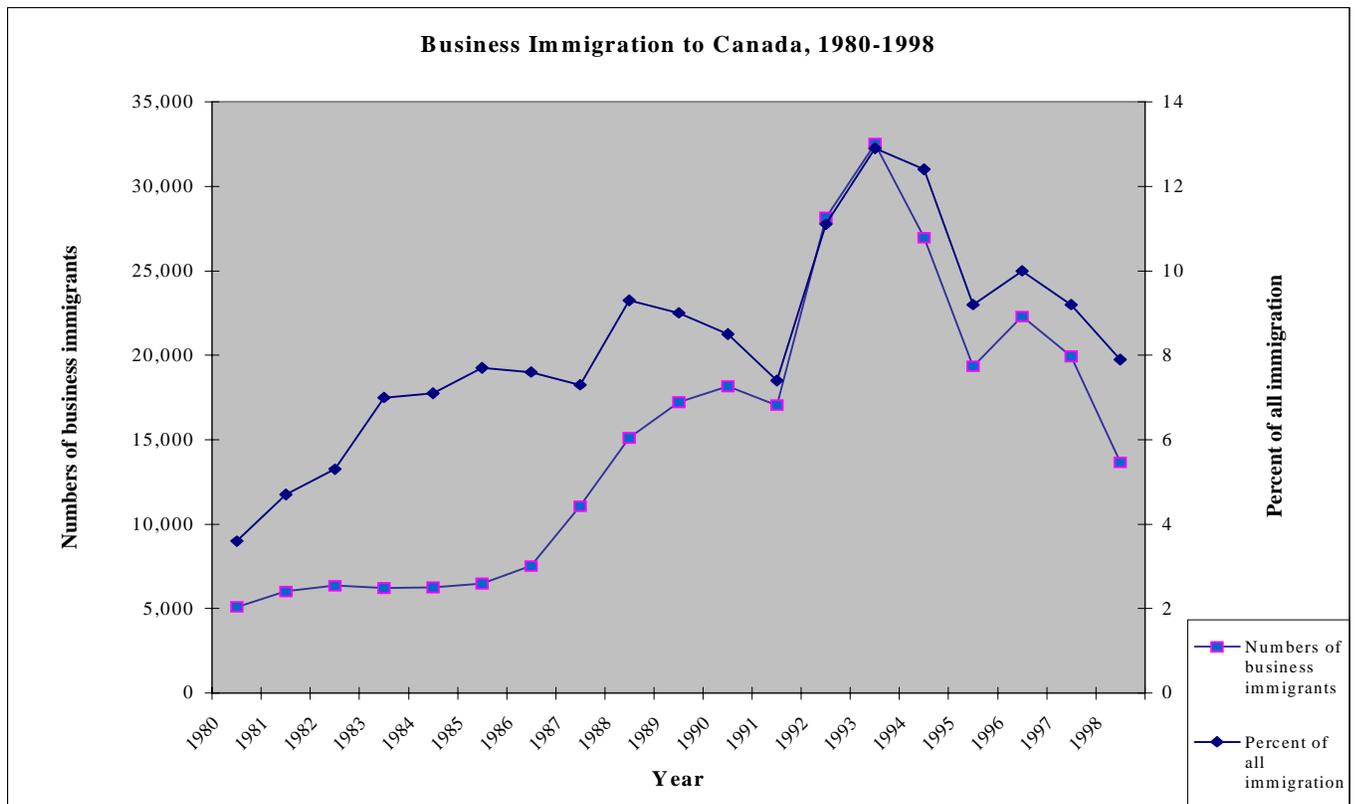
and Tutchener 1999). Not surprisingly, impacts upon the housing market have become something of a *cause célèbre* in Vancouver. Builders responded to the aspirations and budgets of the new market by building large houses with the maximum permitted dwelling size in desirable neighbourhoods, structures that held no sympathy for existing styles or streetscapes and quickly attracted the uncomplimentary moniker of the “monster house.” The niceties of *feng shui* were swiftly learned and trees that offended the countervailing metaphysical forces of *Ch'i* and *Shà* were removed from the lot. The demolition of houses in traditional styles prior to rebuilding and the clear-cutting of mature vegetation led to a prolonged conflict in the city's elite neighbourhoods and several suburbs (Mitchell 1993, Li 1994, Ley 1995). The ominous monster house episode threatened to aggravate seriously intergroup relations, while neighbourhood mobilization against rapid redevelopment challenged profitable commodification of the built environment. Both dangers were parried, as real estate interests launched reactive strikes (Ley 1995, Mitchell 1996). Critics of various political stripes identified racism as the abiding motivation behind local resistance. Others saw neighbourhood mobilization as a more defensive identity politics or as an anti-growth response during a turbulent period in the local land market, precipitated by the influx of unprecedented flows of private capital. The real motive, concluded Wong and Netting (1992) was not racism, but envy of the wealth of the new immigrants.

Canada's Business Immigration Program

Like some other nations whose growth is predicated upon immigration, Canada has, in recent years, moved increasingly to a selection policy that rewards applicants with considerable human capital. As this economic imperative in selection increased, so the business immigration program expanded, reaching its maximum impact in the mid-1990s when it accounted for over 10 percent of the annual inflow (Figure 1). More recently an unwelcome reduction in numbers has occurred, from a peak of over 32,000 arrivals in 1993 to 13,000 in 1999 (CIC, various years). The decline has been attributed to a tighter regulatory and tax regime in Canada and a weak economy in British Columbia, the most favoured province for business immigrants, together with new-found optimism concerning the business and political consequences of the

repatriation of Hong Kong in 1997. For until 1998, the leading countries of origin of business immigrants in the 1990s have consistently been Hong Kong and Taiwan, accounting for 50-60 percent of new arrivals. With the growth of this movement from East Asia, the proportion of business immigrants destined for British Columbia rose steadily to more than a third of all those landing in Canada for most years between 1986 and the late 1990s.⁴

Figure 1: Business Immigration to Canada, 1980-1998



⁴ Including secondary migration, principally out of Quebec, 37 per cent of business immigrants who landed in Canada between 1980 and 1995, and completed a tax return in 1995, were living in British Columbia that year. (CIC, 2000).

The economic mandate of the business program is evident from its name and formal description (CIC, nd):

The objective of the Business Immigration Program is to promote, encourage and facilitate the immigration of experienced business persons from abroad who will make a positive contribution to the country's economic development by applying their risk capital and know-how to Canadian business ventures which create jobs for Canadians.

The emphasis on business experience, economic development, risk capital and job creation in Canada leave no doubt as to the intent to generate a pool of experienced, successful and resourceful entrepreneurs. More detailed specifications make it clear that the government's desire is to develop manufacturing expertise in particular, with less interest in retailing or other services (Froschauer 1998).

The program comprises three immigrant categories, which have been subject to detailed fine-tuning since their inception (Nash 1996). Government has in general become more lenient in its designation of the *entrepreneur* stream, founded in 1978. In 1999,

An entrepreneur must establish or buy a business in Canada . . . The entrepreneur is expected to participate actively in managing the business. The business must contribute to the Canadian economy and create one or more jobs in Canada in addition to the jobs created for the entrepreneur and his family. The entrepreneur is admitted on the condition that these requirements are met within two years of landing, and is expected to meet regularly with an immigration officer to monitor compliance with the terms and conditions (CIC 1999a).

Active business involvement and outputs that are measurable and monitored are clearly specified in this description. Specifications for the *investor* stream have become more demanding in response to perceived and actual abuses since its introduction in 1986. As of April 1, 1999, with the most recent reworking,

Investors must invest a minimum amount in approved projects in Canada. CIC will act as an agent on behalf of the provinces and territories, which will decide where to invest the money. All investors must provide a minimum investment of \$400,000 and have a minimum net worth of \$800,000. Provinces and territories secure the investment against loss (CIC 1999a).

This revision raised the financial eligibility level for participation and also provided for greater security for investors and closer scrutiny of investments to check against cases of fraud. The third category of business entry is the *self-employed* stream that permits entry of a range of skilled individuals, including artists, professional athletes, and also wealthy individuals. The specifications here are more general: “Self-employed applicants must be able to establish or buy a business in Canada which will provide employment for themselves and will make an economic or cultural contribution to Canada” (CIC 1999a).

Potential business immigrants are scored on a range of selection criteria. However, the threshold for success is low; out of a maximum of 87 total points across seven criteria, a pass is secured by an applicant who scores only 25 points (CIC 1999a). In contrast, applications for independent economic status must score at least 70 points from a maximum of 110 across ten criteria. This means that entry can readily be assured even if an applicant has no post-secondary education, and speaks neither English nor French. Between 1995 and 1997, almost half of the principal applicants granted business class status had no post-secondary education, while slightly over half did not speak either official language (CIC 1998). But at least 60 percent of this cohort planning to enter the work force stated an intention for self-employment, exactly the energetic, entrepreneurial profile sought by the welcoming nation.

In establishing selection criteria, the Canadian government has simultaneously sought to introduce quality controls while making immigration an attractive proposition to footloose entrepreneurs who are sought after in a number of nations. In general Canada has established liberal entry criteria in order to meet high overall immigration targets and to ward off competing business programs in Australia, New Zealand, the United States and Singapore. The liberality of entry conditions is evident in responses provided to three “frequently asked questions” by potential immigrants in the entrepreneur class, available in the on-line “Guide for Business Class Applicants” (CIC 1999a):

How much money must I have to qualify as an entrepreneur?

Entrepreneurs require enough money, transferable to Canada, to start a business in Canada. The system is flexible so that applicants who do not have a comparatively high net worth may qualify. They must show by their qualifications, experience, and business plans that they intend to and are

able to establish a business. This business must bring significant economic benefits to Canada. The ability to meet this test, not the amount of money you have, is the determining factor.

I have never owned a business. Does that count against me?

While experience in owning a successful business certainly helps your chances of meeting the entrepreneur definition, it is not essential. You should, however, be able to show significant business management experience and potential to qualify.

Must I submit a detailed business plan with my application?

No. Selection is based on the qualities of the applicant, not on the business proposal. You must simply submit a brief outline of the type of business you propose to establish and your general plans for operating it. The visa officer may ask additional questions about your business plans to help assess your ability to meet the definition of an entrepreneur.

In these responses in its on-line promotional materials, the federal government has implied that prospective entrepreneurs do not require substantial financial resources, nor ownership experience, nor a detailed business plan to qualify for the business immigration program. We have already seen that neither is it necessary for them to speak English nor to have attained post-secondary education. While all are helpful, none is mandatory. In this inclusive and flexible administrative face presented to the business class applicant, a warm welcome is promised, and perhaps a message that the state will remain flexible once landing in Canada has occurred and the pressing task of establishing a business is undertaken. Its liberal strategy and national policy of a tolerant multiculturalism have certainly proven successful in drawing Hong Kong immigrants in particular away from competing nations. Canada was consistently more successful than the United States, Australia or New Zealand in securing the Hong Kong exodus after 1986 (Skeldon, 1997). With between a third and a fifth of Hong Kong immigrants during the 1990s qualifying for the business class, the recruitment of this cohort was a significant achievement.

The onset and expansion of the business program between 1978 and 1986 coincided with a national repositioning following the 1967 Immigration Act. That Act ended preferential recruitment of European (particularly British) immigrants, and it became evident that an important future lay in opening the country's Pacific gateway both to immigration and to trade

from the fast expanding East Asian economy. A 1985 report referred to “a shortage of entrepreneurs” in Greater Vancouver and a “misunderstanding of the Pacific Rim’s potential” (GVRD 1985). Capturing the benefits of a Pacific Rim location became a new policy imperative, pursued energetically by municipal and provincial politicians from British Columbia in trade missions to East Asia (typically Hong Kong, Singapore, Taiwan, South Korea and Japan) throughout the 1980s. These missions were undertaken primarily to pry loose capital and technological investment for British Columbia during a severe recession. They were followed as part of the same investment strategy by the spectacle of the world’s fair, Expo 86, in Vancouver (Ley and Olds 1988). By 1988, passive trans-Pacific investment had been followed by the active entrepreneurialism of new Asian immigrants: “These new immigrants tend to be very entrepreneurial, and provide much of Vancouver’s contemporary economic dynamism” (City of Vancouver 1988, cited in James 1999; Olds 1998). They were regarded not only as a source of capital but also as pioneers of high technology and value-added production for the export market. The intent was simultaneously to steer such entrepreneurs away from retailing and other service activity for a merely local market. At the same time, as multiculturalism had itself evolved by the 1980s to facilitate a policy of international trade opportunities through deploying Canada’s “ethnic advantage” (Mitchell 1993) both economic and cultural policy fields were aligned to endorse a vigorous entry program.

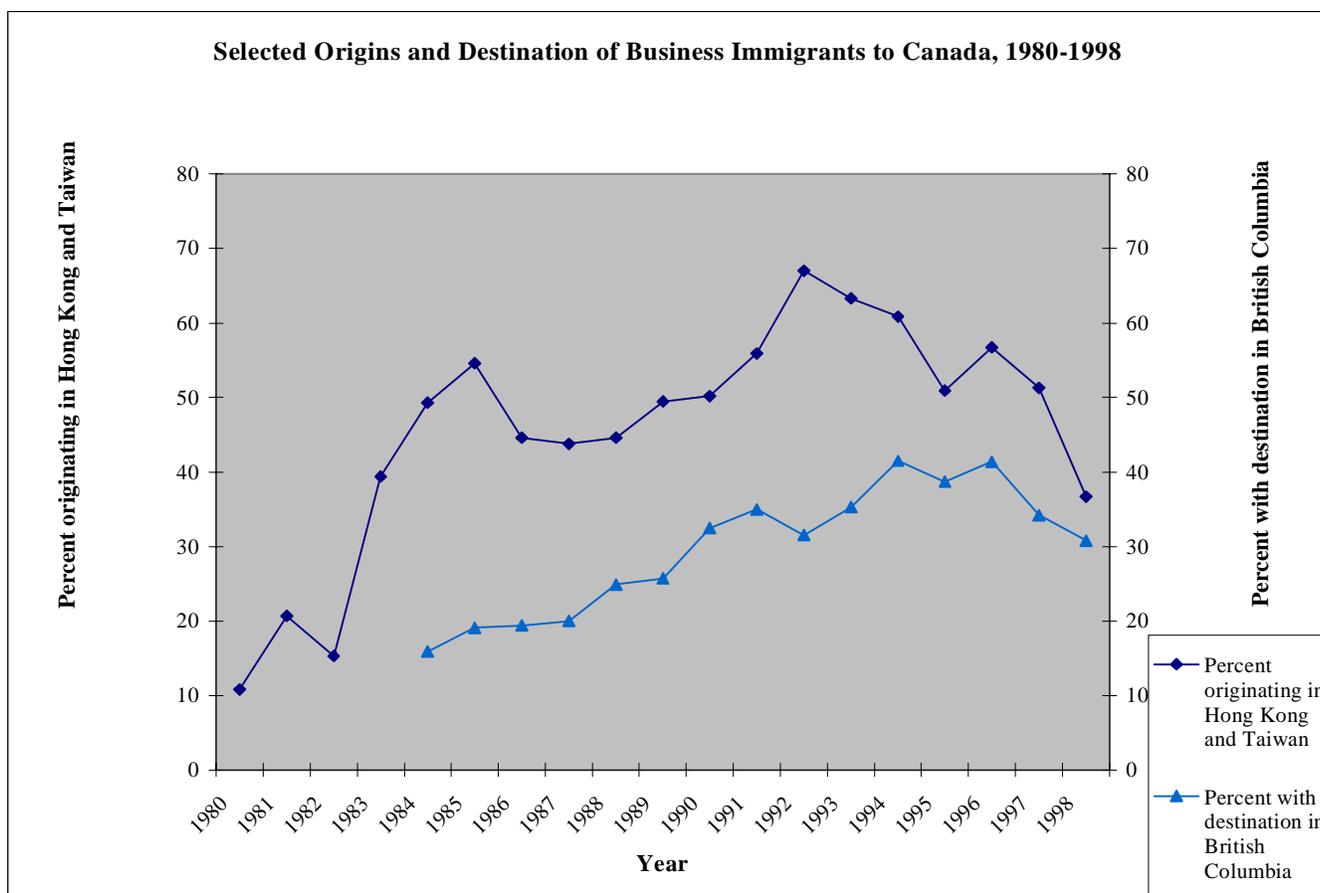
Business Immigration and Economic Development: The Story from Official Statistics

From 1984 to 1998, Hong Kong became the primary source of business immigrants to Canada, accounting for between a third and a half of the total (Figure 2). By the 1990s, Taiwan was adding another 15–20 percent of the landings. In British Columbia, though the record is incomplete, it is highly probable that the combined figures from the two countries amounted to 65–80 percent of the tally over a 15-year period. The value of assets declared to immigration officers by business immigrants was substantial, with totals exceeding a billion dollars each year during the first half of the 1990s from both Hong Kong and Taiwan for

entrepreneur and investor streams who received visas to land in British Columbia.⁵ Not surprisingly, the senior immigration officer at the Canadian Mission in Hong Kong was laudatory in his assessment of the recruits: “They are one of our best immigrant groups. They are used to standing on their own feet. They bring education, language skills, a good attitude and enough finances. They hit the ground running” (Mickleburgh 1996). In British Columbia the enterprise and capital of the new trans-Pacific business migrants were widely credited with the province’s good fortune in escaping the severe recession that incapacitated the rest of the nation in the early 1990s.

⁵ Total declared assets of successful entrepreneur and investor class applicants bound for British Columbia and reported to Canadian immigration officers in Hong Kong amounted to \$1.35 billion in 1994, \$1.38 billion in 1995, and \$1.05 billion in 1996. These totals were equalled or exceeded by fast-rising applications from Taiwan for these years (BC Stats 1997).

Figure 2: Selected Origins and Destinations of Business Immigrants



The assessment has been supported by official statistics published annually by Employment and Immigration Canada (Citizenship and Immigration Canada after 1993). For example, the 1995 report announced a series of impressive investment and job creation achievements through the business program over the previous three years (CIC 1996). In 1995 some 11,400 immigrants landed in Canada through the entrepreneur stream with another 5150 arriving through the investor category (figures well down on the peak year of 1993). Adding in the smaller self-employed category, 38 percent of these newcomers were headed for British Columbia and 30 percent for Ontario. Most important are two tables declaring outputs from the program, tables much quoted in the press, by policy-makers and by immigration scholars. Funds invested through the program plus jobs created are listed for each province. In

the investor stream, and for the ten years since the program's inception in 1986, over \$3 billion had been invested in commercial ventures with almost 22,000 jobs created or maintained. Half these investments had gone into the hospitality industry (accommodation, food and beverage sectors) or construction; another 12 percent of investment had entered the manufacturing sector. The score card for the entrepreneur stream was equally impressive. In the four years from 1992 to 1995, new immigrant-owned businesses had created or maintained 23,773 full-time jobs and close to 10,000 part-time jobs with a declared investment of over a billion dollars. British Columbia, the province of choice for business immigrants, had done particularly well. Entrepreneur immigrants had invested \$540 million in small businesses over the four-year period, creating or maintaining 12,400 full-time jobs and 5450 part-time jobs. More recent data for the entrepreneur stream in British Columbia show the benefits over the 1990-98 period as over a billion dollars of business investment with the creation or maintenance of over 25,000 jobs (CIC 1999b).

A law, perhaps a magic, of large numbers has enveloped these statistics. By any respect they represent a remarkable achievement, signaling a significant infusion of working capital while avoiding the disadvantages of foreign ownership, or the servicing and political costs of borrowing money for state-primed economic development. The business program brought entrepreneurial skills, capital, and local ownership in a vigorous swarming of small business activity, heavily concentrated in the Vancouver region, the destination of at least 85 percent of business immigrants to the province. When business class landings declined following the peak year in 1996, considerable anxiety followed in Greater Vancouver with vigorous representation by business groups to facilitate entry by removing or lowering regulatory barriers. Citing a realtor, an immigration lawyer and a banker, a lead story in *The Vancouver Sun* announced that "Business leaders say the financial impact of the major drop in investor migrants is being felt in every sector of the economy" (Hunter 1999). The provincial government has lobbied vigorously with the federal government against tighter taxation laws requiring disclosure of foreign assets and against stricter immigrant residency requirements, both of which it argues are repelling prospective immigrants from East Asia. Its rationale is derived directly from its assessment of economic benefits from the business program derived from CIC's annual statistics. Up to the present the provincial government has continued to use

the CIC annual score card of investment and job creation through the Business Immigration Program.⁶

Over the years a number of consultants have been contracted to provide evaluations of the Program (EIC 1990, 1992). An extensive 1989 survey by Price Waterhouse of almost 400 entrepreneurs who landed in 1986 and 1987 found generally encouraging outcomes: 82.5 percent of entrepreneurs had established a business, although 7.5 percent had already experienced failure (EIC 1990). Two-thirds started a new business, while one-third purchased an existing one. On average businesses had been in place for 18 months and had created or sustained 6.3 full-time jobs at the time of interview (and 3.5 jobs at start-up). Entrepreneurs reported working long hours, half of them more than 50 hours a week. Other aspects of the study attracted less attention: 29 percent of the initial sample of entrepreneurs could not be located even with a Canada-wide search of credit records (some were known to have left the country), 25 percent refused, or were unavailable for interview. Of those interviewed only half were meeting both major conditions of a successful program, active management plus employment of at least one Canadian. In short less than a quarter of the initial population could be shown to be meeting the terms and conditions of the program. The reporting of average job creation was inflated by a few very successful businesses; one firm for example was employing 300 people. A more representative statistic would be the median level of employment, and here the record at start-up contracted to one employee per business, the minimum permitted by the terms and conditions, expanding to about two per business at the time of interview (EIC 1990: 59). Profitability was also a moot point. At the time of interview only 35 percent of businesses were acknowledged to be profitable.⁷ To place this statistic in context it should be remembered that the end of the 1980s, when the survey was undertaken, was a period of sustained economic growth, abruptly ending in 1990 with the onset of far less favourable market conditions.⁸

⁶ From conversations with provincial managers of the business immigration program.

⁷ By way of comparison, 40 percent of all Canadian retail firms in existence in 1978 went out of business by 1986, with another 25 percent in decline (Ray, 1996). The retailing sector's profile was similar to the overall total for all industries over this period. Note that Ray's data are for firms of all sizes.

⁸ National growth of GDP more than halved between 1985-89 and 1990-1994.

Management's response to the report was upbeat: "The Program Evaluation Report confirms long held assertions that the Entrepreneur and Self-Employed components of the Business Immigration Program make a positive contribution to the Canadian economy, both in terms of funds being brought into the country and invested in an active business, as well as in terms of the creation of jobs for Canadians. . . ." (EIC 1990: ix).

A second evaluation, of the investor program, was commissioned from Ernst and Young (EIC 1992). A range of data sources was employed including interviews with 180 investor class immigrants who had landed in Canada between 1986 and 1989, the first four years of the program. Results were somewhat less encouraging than the Price Waterhouse study of the entrepreneur stream. First the consultants found that according to their interviews the Department's score cards for the investor stream exaggerated job gains, that amounted to only two-thirds of figures quoted in annual reports. Making further (debatable) adjustments derived on the basis of gains attributable solely to the program led to a further reduction of the employment component to between 2,820 and 1,128 jobs, far below the program's imputed achievement of 7,833 full and part-time positions. Following the terms of the program, investors were a far more passive group despite their wealth; while almost half were self-employed, one-third declared themselves to be unemployed or retired. The investors had numerous complaints about the program. Three-quarters had experienced or had heard of bad management practices, including abuse of funds. More than half the investors were dissatisfied with the management of their own funds. Once again many of the sample could not be located. Some 40 percent of investors landing in the preceding four years could not be traced; the consultant considered that many were not living in Canada. A review of program files revealed a significant incidence of lax administration, including overdue documents, program non-compliance and other problems. The consultant concluded that while the Program's rationale is "clear, workable, and of continued relevance...its success is much more limited than is suggested by gross estimates of numbers of immigrant investors, or their gross investment" (EIC 1992: ix). Management response on this occasion was somewhat more testy. EIC noted that the analysis was in part outdated since "most of the specific problems noted by the evaluators have long-since been addressed" (EIC 1992: 1). At the same time the Department promised a full policy review would follow in 1993.

Despite the cautions of the Ernst and Young study and the more understated findings of the Price Waterhouse review, the annual summary tables of program performance produced by Citizenship and Immigration Canada continue to be accepted uncritically by almost all sectors of the immigration community. As we shall now see, that tendency is shared by some scholarly studies whose unproblematic usage of official statistics has aided in constituting their authority.

Academic Assessment of the Business Immigration Program

A number of academic reviews of business immigration have taken the government's program performance data at face value with relatively little critical commentary. A study by Kunin and Jones (1994) seems to exaggerate the level of job creation. Business immigrants entering Canada between 1986 and 1990 are credited an average of 4.9 jobs created or maintained, a figure well in excess of the start up achievement of the 1986–87 Price-Waterhouse survey, while making no allowance for those entrepreneurs (over half the 1986–87 intake) who could not be located or who declined to be interviewed – circumstances suggesting that their job creation level would likely be much lower.

Early assessments of the entrepreneur program were obligated to use the *intentions* of immigrants as laid out in their business proposals to assess economic impacts. Nash (1987) urged more complete monitoring of the program to provide adequate data for evaluation, and cautioned against the unequal regional effects of immigrant investment. In a later valuable review of the literature on business class immigration in Canada, Nash (1996) judged that research was inconclusive in its overall assessment. Frequently drawing upon the annual CIC performance score cards, he observed that the “bulk” of research had assumed the same “laudatory” style as Kunin and Jones (1994).

Critics have also observed sectoral problems with the program (Froschauer 1998). Repeatedly provincial governments have expressed strong preference for business immigrants to invest in manufacturing and other value-added sectors with export potential. But in the 1980s, between 60 and 80 percent of investment entering Canada from Hong Kong was

estimated to be targeted for real estate, funds that included large amounts of capital from business migrants (Nash 1991). As noted earlier, the hospitality industry and construction accounted for half of the funds deposited through the investor program during its first ten years (CIC 1996). In the entrepreneur program, 27 percent of businesses established between 1993 and 1995 were in retailing, 17 percent in the hospitality sector, and 14 percent in wholesaling; despite encouragement, manufacturing amounted to only 15 percent of all companies (CIC 1996). Occupations such as shopkeeper and restaurateur, with their relatively easy entrance and exit opportunities, have remained popular immigrant choices.

A more persuasive line of research has interviewed business immigrants themselves. Early work in particular maintained considerable optimism. A large sample of immigrants in Ontario who entered Canada through the entrepreneur stream in 1986–87 were shown to be employing on average 4.4 workers (Marger and Hoffman 1992). Li's work, based on Chinese-origin immigration to Richmond, a suburb of Vancouver, is similarly optimistic in seeing a successful corporatization of Chinese economic activity in larger enterprises (Li 1992, 1993) – a corporatization that Harrison (1996) urged is related to a political economy leading not only to the commodification of multiculturalism but also to the commodification of Canadian citizenship. Harrison is certainly correct in stating that the benefits of the business program have been presented entirely in terms of a “cash nexus.”

More recent studies have raised rather more concerns. Wong and Ng (1998) interviewed 59 Chinese-origin entrepreneurs, primarily from Hong Kong and Taiwan. The sample had arrived in 1993 or 1994 and were interviewed in 1995. As the interview date fell well before the two-year limit under which entrepreneurial terms and conditions of entry had to be met, many members of this cohort were likely not yet established in their businesses. This might account for the low response rate of less than 10 percent who were willing to be interviewed. The authors found that a high proportion of entrepreneurs was working within the enclave economy in intense competition with co-ethnics. Almost half were running import-export or retail businesses. The average work force was 5.5, with four-fifths co-ethnic and over a third family members. Profit margins were low and hours of work long; 60 percent

took no holidays at all.⁹ Dependence on ethnic business strategies and weak profits were also the norm from a second study of a small number of entrepreneurs in 1994-95 who had entered Canada from East Asia since 1980 (Froschauer 1998).

Woo (1998) held conversations with twenty business immigrants from Hong Kong, split equally between entrepreneur and investor streams, who had moved to Vancouver. Entrepreneurs, he noted, are required to set up a business:

It is not a secret that some of them do so merely to fulfil this requirement. Many of these businesses are set up in haste and are not profitable. Nearly all of them anticipate they would lose money in the short term... Once the immigration condition is removed, these entrepreneurs would either move into some other business or return to Hong Kong (Woo 1998: 323).

By the time of these interviews in 1997, the options facing both groups of business immigrants appear far more grim than the results of research conducted with the 1980s cohort.

Most investors have other financial resources over the \$150,000 they spend on investment funds but they do not find many profitable businesses attractive to them here. Some, therefore, may decide to return to Hong Kong where the business environment is much more encouraging (despite the political uncertainty). Some may simply enjoy an early retirement. Others, weary of leisure, may try to find jobs with little use of their entrepreneurial expertise. All this means a loss to Canada and the entrepreneurs (Woo 1998: 328).

This alarming scenario was repeated among the entrepreneurial stream:

Most of them hope to set up a business here but that is not often possible. Eager to establish themselves, they would rush into buying a business unfamiliar to them. They know the risks but would consider subsequent loss to be the price of removal of their immigration condition. Afterwards, they will sell their business and either return to Hong Kong or find other opportunities here. This would be a waste of their time or their entrepreneurial effort (Woo 1998: 328).

The results of Woo's conversations are akin to ethnographic interviews undertaken by Smart (1994) with two Calgary business immigrants who expressed considerable dissatisfaction with the immigration program. Too often the investor program involved deception and financial

⁹ A Vancouver study of Chinese-Canadian entrepreneurs, much cited in the local media, found that 'hard work' was the best predictor of immigrant success: Kunin and Lary (1997).

loss; at best the return of the principal after three to five years involves a significant fee for citizenship rights. Too often the entrepreneur program involved exploitation and self-exploitation in order to attain a status where “she can call the immigration official in for an inspection to verify that she has fulfilled her business immigration obligations.” Smart notes:

There are many business proposals that are created more to please and appease immigration officials than to reflect realistically the expertise and commitment of the applicant. Often the feasibility of the proposal is exaggerated to enhance its chance of being approved. The listed destination, the scale of operation, the number of employment opportunities created or retained, and the type of business for such proposals are at best an illusion to fulfill the immigration requirements. Once their conditional immigrant status is lifted, many immigrants move to the major urban centers to start another line of business or to return to wage employment. Return migration is another option for many immigrants once they receive their Canadian passports (Smart 1994: 113).

These assessments employing in-depth interviews offer interpretations that are a far cry from the confident roll call of the annual score card. They introduce some dark clouds that obscure the sunny skies of official statistics and suggest the wisdom of further in-depth examination of the Business Immigration Program as it is negotiated and worked with by knowledgeable immigrant subjects, who like all citizens are bent on making rational choices in pursuit of their own best interests. The following section carries the examination forward.

The Business Immigration Program in Practice

Following an initial focus group that included a dozen business immigrants from Hong Kong and Taiwan, 24 in-depth interviews were conducted with economic immigrants living in Vancouver’s affluent west-side neighbourhoods during 1998 and 1999. Interviews were conducted in English, Cantonese or Mandarin according to the preference of the respondent and conversations were tape-recorded.¹⁰ Seven interviews were with men, eleven with women, and five with couples; one man invited a male friend to accompany him at the

¹⁰ Ten interviews were conducted in Cantonese or Mandarin by Hugh Tan and Andrea Tang. Mr. Tan was also present at the focus group meeting.

interview. Seven of the women were members of “astronaut” families, with their husbands working overseas, while two of the couples had recently terminated an astronaut arrangement. Six years was the median length of residence in Canada among the group, with a range from 3 months to 10 years, and a single outlier of 19 years. The median age at landing in Canada had been 40 years. Eight of the group had landed through the investor category, eight as entrepreneurs, two as self-employed, and six as independents, economic immigrants who had qualified through the points system. The sample is small and cannot be expected to give definitive answers to statistical questions. What it can show in some detail is the range of experiences of immigrant households confronting economic opportunities in Canada. The question of representativeness will be addressed in the next section when the interview findings are contextualized against a large data base of immigrant tax returns.

The intention was to pursue a snowball sample with several independent points of entry into the immigrant community. However, fewer referrals were offered than expected, so the data represent a larger set of separate entry points. Respondents were recruited by a number of means: through the listings of an immigrant-serving NGO, through membership in an ESL program, through clients suggested by co-ethnic business professionals and a co-ethnic church minister. The interviews are part of a larger, six-year community study of this region of Vancouver that has received a relatively large number of economic immigrants from Hong Kong and Taiwan over the past decade. As such, the interpretation of the interviews has benefited from a broader set of contacts including immigrant serving NGOs, ethnic churches, bankers, realtors, and media spokespersons. We have heard many similar accounts to those that are presented here.

I initially approached these interviews sharing the preconception of popular images and government statistics, expecting to meet a population of vigorous entrepreneurs. To my surprise, the first six interviews, located through three different entry points into the immigrant community, revealed that neither the household head nor any immediate family members were working in Canada. For sure, the investors had made their financial commitment, and others had passive stakes in real estate or the stock market, but none of the interviewees was gainfully employed. Some had taken early retirement, some were astronaut households, others were waiting for a business opportunity that had not yet materialized.

Subsequent interviews were weighted to finding economic immigrants who were gainfully employed, but nonetheless of the 24, only one-half were working in Canada. Five respondents owned a store or fast-food outlet, three others were in a trans-Pacific import-export business, three had part-time jobs, and one was an office manager.

This performance level fell so far beneath the expectations of economic immigrant scenarios that some time was taken in the interviews trying to understand the decision-making and circumstances that had contributed to these economic outcomes. There was unanimous sentiment among all respondents that economic success in Canada, even modest success, was extremely difficult to achieve. Mr. Chen, highly qualified with a British advanced degree, had owned a very successful business in Hong Kong and moved to Canada in his mid-forties. He has not been involved in economic activity in Vancouver, other than some passive real estate investment. He saw an uninviting business culture with significant barriers to entry:

What really surprised me and is still surprising me is the tax situation. Not surprising, it's shocking compared to Hong Kong. . .

Be prepared not to be too optimistic regarding finding a job or making money or building a new business venture or enterprises. [Immigrants] should not be too optimistic and be prepared to eat up your capital. I think that's pretty serious. . . In Hong Kong when we invest, we look at three, five, seven years at most. But here you have to look long term. If you fail in one business, we say, "Well, let's do it again." Maybe one of these days I can strike the jackpot, but in Hong Kong if you don't hit the jackpot once or twice then forget it because time is short. It was before 1997. So the mentality is that we cannot look at things long term, keep on paying tax and keep on trying, trying...And the rate of return, if we have less than 10 percent, then we say "Forget it, it's a waste of time." But here if you have 10 percent return a year, "Wow, that's great!" So it is a different mentality.

High levels of taxation and low levels of return have discouraged or delayed entrepreneurial activity by potential business people. Mr. Chen told the story of a very wealthy acquaintance, a billionaire, who had planned to construct a large factory producing batteries outside Vancouver, but who relocated his investment to Mexico in the face of what he regarded as interminable environmental studies. Two of the interviewees had themselves been manufacturers prior to moving to Vancouver, but both had been discouraged by the regulatory environment they encountered. Mr. So had been in the dyeing and finishing sector

of the textile industry in Hong Kong with a factory employing a hundred people. He had concluded that pollution laws, labour regulations, and start-up costs made the business not feasible in British Columbia. Upon his arrival, Mr. So took early retirement. In contrast Mr. Yee had been co-owner of a garment manufacturing business in Hong Kong and had tried to enter the same sector in Canada. But the business had failed due to a combination of problems with unreliable suppliers and buyers as well as tough labour relationships. Mr. Yee had made a career change and become a greengrocer in a primarily white suburb; after 14 years in Canada he was finally making money, at the time of the interview a net profit of some \$3,000 a month, for a work week of 70-80 hours:

For me the best thing is, yeah, because I lost a lot of money in Canada, it's the first time I make money in Canada. This is very, very pleasant, because we really make a profit. This is the best thing in my life (laughs). Because, since the day I came, before I start this job I always lost money.

As a long-term resident (he was the oldest arrival, landing in 1980) who had tried a number of career paths before opening his shop, Mr. Yee's reflections on the business options open to immigrants like himself are illuminating:

Yes, I change, a 360 degree change. . . To make a living either it's being employed or being self-employed...Self-employed there's only a certain kind of business you can make a living. There's a café, small restaurant, and produce. So I choose produce because, you know, it generates more people and more cash flow.

A significant career change in a society where the business culture and language are unfamiliar is, as Josephine Smart (1994) has suggested, a prescription for failure, and both the experience and the fear of failure weighed heavily on the respondents. John Kim had been in Canada only three months at the time of the interview. Landing through the entrepreneur stream, he felt the pressure to establish a business. But there were significant barriers. Like Mr. Yee he had realized that a career change was necessary; enquiries had shown there were no openings in Vancouver in merchant shipping, where he had risen to a senior management position in South Korea. A friend, also in the entrepreneur stream, had opened a shipping agency three years earlier, but was now losing substantial money from it. Prospects are daunting:

[We] have much concern because I see other Korean immigrants are gloomy. They are idling, they are eating only. . . I heard of, from some of the Koreans, who was successful in business. But only a few, that we can count very easily with one hand. Only a few. Most Koreans lose money. I visit one Korean grocery yesterday who immigrated here about nine years ago. He was my senior in the same department in our company. . . He's now doing his own business as grocery in New Westminster. I visit there and hear about their family's last nine years from his wife. They also when they land, landed in here, they made some contracts, buy some small business here from some other people. But later on they realise that. . . it was not honest. He broke the contract. So he lost some money. . . Not making money. Only getting money for his labour. They cannot hire somebody. If they hire, no money. My friend is working 365 days a year. . . They go to the store 8 o'clock, close 11 pm. I think they cannot make any profit, any money, only their living costs.

For Mr. Kim pressures are intense. Both the Korean and the British Columbian economy were in recession, his fellow countrymen in Vancouver were losing money in their businesses, despite more experience and better English than his own. His wife was becoming impatient, and family feuds had broken out. The clock was ticking toward the two-year deadline for meeting his entrepreneurial terms of establishing a business employing a Canadian, but he had no idea of which way to turn.

Investors are not under the same deadlines to establish a business. But waiting does not make the entrepreneurial decision any easier. Mr. and Mrs. Tsai have been landed for four years but during this time have not been employed or started a business. With two sons doing well in school, and living in a million-dollar house in a good neighbourhood, they have made a commitment to Canada. But they are living off savings, and the prospects of earning money in Vancouver are not good. Mr. Tsai, owner of a small installation company in Hong Kong, makes the comparison:

Well we have a lot of experience. . . Not only my experience. We always speak with the other immigrants who are from Hong Kong or from Taiwan. We have a lot of experience also from them...95 percent of female immigrants like here very much. . . 95 percent of male immigrants feel upset, feel embarrassed, feel very bad. . . middle age. Around 35 to 50. . . men in this age usually feel upset because they have lost their self-confidence. . . their job, lost their respect because when they are in Taiwan and Hong Kong, maybe in the highest position in the company. . . very high level position. After moving here they live with the family, wife and

children go to school, the husbands stay home. Nothing to do. No work to do. It is very hard to look for a job same as they are in Hong Kong, They can only have their job in very low class job, very low class.

Mr. Tsai's observations rang true in the experience of virtually every respondent, who had invariably faced downward mobility and deskilling in Canada. The asymmetrical gender impact, penalizing men, is worthy of further study, though it can be savagely reversed in the case of some stranded astronaut wives, or 'widows' as they may call themselves (Ong 1999). Male identity challenges are frequently associated with additional family quarrels, and in the case of one respondent led to divorce, as her husband returned home with the failure of his company, while his wife chose to remain in Vancouver, living off payments from investments in a separate family business in Hong Kong. Another respondent told of the stress that overcame a friend's husband, formerly a successful accountant, who had been unable to secure employment in Canada. After four years he entered a deep depression, threatened his son with a knife, and broke down. Adding to the trauma, the parents decided to return to East Asia, but their two teenage children refused to accompany them.

Inactivity, then, becomes a response to perceived weak business opportunities. Another is early retirement, for respondents all agreed that if British Columbia's economy could not compete with Taiwan or Hong Kong, its quality of life was unequalled. Mr. and Mrs. Leung have four other family members living in Canada, and two in Hong Kong, all of them bearers of a Canadian passport. At the age of 52, Mr. Leung landed in Vancouver in the investor stream, and began his retirement. He had earlier worked for a multinational corporation in Toronto before returning to Hong Kong, and had a keen sense of business opportunities in the two nations:

Frankly, you can't earn any money here. [If] you have your own money you can come. Just stay here and relax. You cannot earn good money here because the tax here is so high. So you must have earned enough money to come. And then if they come they must expect their lives to be totally different especially when they are working. Even though they have money in Hong Kong, they earn a very good salary in Hong Kong, when they come here they may not be able to find a job, or the salary would be about one-third or even less that of Hong Kong.

In Mr. Leung's circle, those over the age of 50 were retired. "Those who come recently, they, we, are all retired people." A barrier to economic activity in Canada was the high tax rate and other costs like employment benefits that removed any incentive from doing business. He estimated that even returns from property investment were no better than 3 percent. Aside from his mandatory business investment, his funds are all in the stock market.

The apprehensions of immigrants, hesitant while outside business participation, are repeated and thereby confirmed by respondents who are doing business in Vancouver. Almost every one of them found the going very difficult. Mrs. Chi, who entered Canada from Taipei with her husband as an investor, has an import-export business. She is disillusioned as a result of the conditions she has encountered:

When we first came here, we were told this country is open for us in terms of business. When we got here we found that we were not needed. . . Our 20–30 years' working experience are not needed here, they are not recognized.

She has advised relatives not to migrate to Canada, and "they threw away the application form."

We had to adjust to the situation of being unemployed. We had to start our business from scratch. We could hardly face it. . . We just tried to make enough to cover our expenses. . . It's more stressful here. . . We really don't know what to do, we are kind of, at a loss, we are confused.

Because of language difficulties and business experience, the couple is working within an ethnic enclave economy. But this economy is overcrowded, and they find the competition to be fierce (cf. Wong and Ng 1998). With a business that is not profitable, they continue to live on long-term savings six years after landing. Repeating an experience James (1999) discovered in his interviews with traders, entry to the broader economy faces resistance from buyers and sellers alike: "they seem only to trust those who have grown up, those educated here locally." Mrs. Seng had also been in Canada for six years at the time of the interview. Entering through the entrepreneur stream, she and her husband opened a health food store. A teacher in accounting at a business school in Taipei, like Mrs. Chi she had high hopes initially for economic success. Inability to speak English has been a greater problem than they expected, and adjustment has been difficult and has led to family arguments. Like the Chi's

they are also finding that heavy competition is crippling their business: “Here people have to ‘steal’ customers from each other. We are not able to make a reasonable profit.” Business is getting worse, and her husband is trying out real estate. They are clearing only a little over a thousand dollars a month. Mr. Chow is a tailor operating from a small store-front. He had been working in Beijing before he entered Canada in 1991 as an independent immigrant with an elementary school education. His two children, however, are both university graduates. Mr. Chow was able to find work quickly and later opened his own business; despite modest returns on his business and long hours (over 60 a week) he is content with his move to Canada.

Mrs. Wang is much less satisfied with her life in Canada. Unlike Mr. Chow, who only considered Canada as a destination and was uncertain of the success of his application, Mrs. Wang’s family considered immigration options carefully, checking the United States, Singapore, and Western Europe, and visiting Vancouver three times before submitting their application. Perhaps it is this care in the application process that has contributed to her current unease. In Taiwan they were successful entrepreneurs, owners of a company manufacturing telephone components. Qualifying in the entrepreneur stream, they brought \$2 million with them. The family owns two homes in British Columbia, and their son is in boarding school. The family set up a business as required by the terms and conditions of their visa, but it did not bring in sufficient income. They imported products from their Taiwanese company for the North American market. But they could not make their prices competitive and the business has become inactive. Her husband was unable to find an alternative, and returned to Taiwan.

Mrs. Wang’s disappointment has been fuelled by the failure of a second initiative, an investment in a local printing company, which subsequently declared bankruptcy. These reverses are hard to take for a family that has proven its entrepreneurial skills in Taiwan. Like virtually every respondent, Mrs. Wang appreciates the quality of life in Vancouver. But the economic liabilities are substantial. To survive, a new immigrant needs “enough huge money, because the expenses are high, the tax is very high. And everything you have to spend money on, you cannot make money here.” Within two or three years even that “huge money” would be seriously depreciated. The prospects for finding work are limited. In Taiwan Mrs. Wang, a university graduate, was a successful business woman:

I think I'm still young, and have enough energy and have very good work experience to find a job here, but they don't agree with your previous work experience. So we're just wasting our experience. We have more than twenty years' experience. I think I'm a really good business woman but I cannot do anything here.

It is interesting to note that once the probationary terms and conditions were lifted, the Vancouver business, already struggling was allowed to languish, and out of necessity Mr. Wang became an astronaut, working in Taiwan and returning every three months to see his family. A similar transition has occurred in the Nam family who entered Canada in 1991 as investors. Initially unemployed, Mr. Nam subsequently rekindled business interests in Taiwan. But the astronaut option is a difficult one. Women can get lonely and depressed at the burden of managing a family in an unfamiliar culture. Men can become disconnected from their families. Affairs occur; marriages break up; children become unruly.¹¹ Some of these circumstances showed up in the Tse family, who landed as entrepreneurs in 1992. Neither had any post-secondary education; neither of them spoke English. Mr. Tse had a business as an electrical contractor in Hong Kong and looked for a similar business opportunity in Vancouver. His linguistic limitations confined him to the Chinese ethnic economy. He worked long hours, and came home late leading to suspicions by his wife of his whereabouts. Nonetheless, returns on the business were "very, very low" and as the Hong Kong enterprise had not been wound up, Mr. Tse resumed these activities, with his Vancouver operation becoming an absentee, part-time operation "when the condition for immigration was removed." Mrs. Tse became depressed and fearful in her home in his absence: "We do miss him a lot. But it's been like this for so many years, we are used to this situation now. . . it is tough. . . not an easy kind of life (*in tears*). If I don't have the religion I don't think I could handle my life."

Consequently just as readily as families fall into the astronaut option, they fall out of it. This was true of two of the married couples interviewed together. Both had young children, the wife spoke little English and felt isolated and insecure. "When he leave Vancouver. . . we cry in Vancouver and he cry in Taiwan." But the movement out of the astronaut lifestyle

¹¹ Ong (1999) places the divorce rate as high as 20 percent among wealthy East Asian immigrants in the San Francisco region.

solved one problem only to produce another, for the couples had no answer to the dilemma that had prompted them to economic transnationalism in the first place, the lack of an employment income source in Vancouver. Both families were demoralized with no clear strategy for economic improvement. One was surviving through rentals on two Vancouver houses they owned and some stock market investment; the husband was fearful of starting a business which he knew to be a high risk option. The second family was spending its way through its dwindling savings fund and Taiwanese investments. They estimated their savings would last a total of 3–4 years.

These families may well be candidates for return migration (cf. Mak 1997). Inevitably business immigrants who have left Canada have fallen outside the sampling net of CIC statistics and are absent from consultants' and academic surveys. But their numbers are substantial though imprecisely known. Guestimates in the early 1990s located some 25,000 Canadian passport holders in Hong Kong, but in the wake of 1997 these figures have been revised upwards to as high as 150,000. Undoubtedly, immigrants in the business program who have experienced unsatisfactory economic returns in Canada would be strongly represented in this group. All of my respondents had friends who had made the return move:

I have quite a number of friends that have already returned to Hong Kong in 1997 and this year. It's about six or seven families that are already gone for different reasons. The most common reason is that they cannot find a job.

Once her children have graduated from university, this respondent will also return permanently to Hong Kong to reunite with her husband whose professional status has not permitted him to find an equivalent position in Canada.

Of the 24 families that were interviewed only three could be said to have made a satisfactory economic transition to life in Vancouver. The Ling family decided to leave Hong Kong because of its intense business culture that crowded out family life. After visiting a number of nations in the late 1980s, Mr. and Mrs. Ling selected Vancouver as their destination. Mr. Ling left behind a senior position as a civil engineer in project management, while his wife was a health care administrator. The family spent their first year in Canada on an extended vacation. Employment, however, proved a problem and Mr. Ling ran through

several positions before he accepted the challenge of owning a fast food franchise. The business seems to be doing quite well, and the family now employs 5–6 staff. While the position represents a considerable social demotion from their former careers, they are well satisfied with the additional time it offers for family and community opportunities.

Mr. Chun is the success story in the sample. An investor, he has established a successful ginseng store at a high rent location within two years of landing in 1997. At the time of interview the store was generating an income of \$6,000 a month. Undoubtedly a previous business selling herbal remedies in Hong Kong had prepared the Chuns for this market niche, aimed at the mainstream as well as the ethnic market. The To family has also made a relatively easy transition. Mr. To is vice-president of a Taiwanese development company. He entered Canada as an entrepreneur and established an import-export business sending hot tubs to construction companies in Taiwan. This carefully planned venture, employing at the time of interview one or two other people, will allow the terms and conditions of his visa to be met. But he is also preparing the ground for his Taiwanese company to enter the development sector in Canada. Within six years of landing he is commanding a Canadian income of some \$50,000 a year.

The tenor of these interviews was often melancholy. The business program is predicated on a model of continuity, of an unproblematic transferal of proven business skills to the Canadian market. But in almost every case, the experience of the interviewees had been demotion and deskilling. Investments had failed, and fear of entering entrepreneurship was high; there was widespread apprehension of ever achieving business success. The common perception was that the barriers of taxation and regulation, the whole *culture* of business, made success unattainable even without the liability of poor English and difficulties in establishing trust and credit to enter business relations with mainstream companies. The overcrowded ethnic enclave economy produced severe competition and small profit margins at best. Several adjustments were made. Wealthier migrants moved into early retirement, younger and less affluent households adopted the astronaut strategy or else hunkered down, living off savings or passive investment, in some cases anticipating a return to their home countries once they had secured the residency requirement for citizenship. For non-retirees family relations were often tense as families were divided by transnational commuting or

forced together as men had no economic activity outside the home, and a damaged self-identity. Outside the astronauts, women and children found greater opportunity in Vancouver than in their home countries, and no one complained at the quality of life and consumption options in Vancouver. But for astronaut families, the suffering of separation was often considerable. In virtually every case, economic activity in Canada, the rationale for the business immigration program, was avoided, or entered fearfully, with outcomes that were typically modest and unrewarding.

The Broader Picture: From Interviews to Data Sets

While interviews provided a sharpened understanding of the practices and experiences of respondents, there is always the question of representativeness to be addressed. To what extent can one generalize beyond the 24 interviews to argue that these results may depict a wider reality among business immigrants in Greater Vancouver? In light of findings that sharply contradict popular stereotypes and official statistics, additional evidence is required to make the argument more robust.

Some supplementary evidence is found within the interviews themselves. Many respondents explicitly equated their own experiences with those of a network of friends and acquaintances. Other members of the immigrant community confirmed these outcomes. “It wouldn’t matter if you interviewed 20 people or 2000 the results would be the same”; “I asked the 30 members of the ESL class who had lost money in Canada. Every person raised their hand.”

But there is also more widely shared data that reached the same conclusion. A national housing study noted in Greater Vancouver the inconsistency between the value of housing owned by new immigrants and their modest incomes (Lapointe Consulting and Murdie, 1996). Cross tabulations from the 1996 Census reveal remarkably high levels of poverty among new arrivals.¹² One in four immigrant families in Greater Vancouver reported incomes below the

¹² The results come from unpublished analysis commissioned in 1999 by the Ministry Responsible for Multiculturalism and Immigration, Province of British Columbia.

Statistics Canada low-income cutoff, the conventional threshold for identifying family poverty. Families who had landed between 1991 and 1996 were twice as likely to report incomes falling below the poverty line. The level of poverty among families of Hong Kong and Taiwanese origin, the groups that include the largest numbers of business immigrants, was surprisingly high. The poverty rate for immigrants originating in Hong Kong was 35 percent and for those from Taiwan, where most had arrived since 1991, in excess of 60 percent, the highest level among the major national groups. A census tract of new large houses in Oakridge, a popular site for recent immigration from East Asia, included close to 80 percent home ownership among 1991-1996 immigrants. But in an astonishing reversal of expectations, 56 percent of the same cohort simultaneously reported household incomes below the low-income cutoff, the conventional poverty threshold (Hiebert 2000).

Of course the Census is unable to differentiate by class of immigration entry, and so the Census data, while suggestive, do not throw definitive light upon the achievements of business immigrants. The only major source that stratifies the immigrant population by entry classification is the longitudinal immigration data base (IMDB), containing linked records from landing forms with subsequent tax returns for annual cohorts that have entered Canada since 1980. Due to serious confidentiality issues, access to the IMDB is tightly controlled by Statistics Canada and a release made available to researchers does not include a cross-tabulation of immigrant classification by place of origin. However, in as much as immigrants from Hong Kong and Taiwan have dominated the business programs in Greater Vancouver since the mid-1980s, we can have some confidence that the profile of the region's business immigrants in the IMDB is closely linked to the East Asian community in which interviews were undertaken. The IMDB, then, provides a bridge between the circumstances of the interviewees and the characteristics of the larger immigrant community of which they are part.

The IMDB comprises a large blended record of landing data and annual tax returns for over 1.5 million of the 2.6 million immigrants who landed in Canada between 1980 and 1995 (CIC 1997a). This sample includes about 69 percent of adults who were of working age (between 20 and 64 years) at the time of arrival. To justify inclusion in the data base an individual would have to file at least one tax return after arrival. The IMDB is a unique scholarly and policy resource and the only data base that allows immigrants to be sorted by

entry classification.¹³ It has been released to selected groups of researchers as a compendium of cross-tabulations on immigrant economic activity abstracted from T1 tax-filer data for each tax year between 1980 and 1995 (CIC 1998). Data are stratified by landing classification, gender, age group, and province. The sample covered in this analysis comprises just over 13,000 households, approximately 45,000 people, resident in British Columbia in the 1995 tax year who had entered Canada since 1980 through one of the three business immigration streams. The IMDB reports the income of the Principal Applicant whose profile secured landing for the family in Canada; in 88 percent of the sample the PA was a male.

Returns for the 1995 tax year are informative. Data are not disaggregated below the level of the province, but as more than 85 percent of business immigrants in British Columbia are residents of Greater Vancouver this slippage is not a significant concern. Income is reported in terms of employed earnings, self-employed earnings, unemployment insurance income, and total income from all sources (including investments). A first point to note is the proportion of the business immigrant sample reporting *any* employment earnings at all (Table 1, column (b)). The numbers are surprisingly small, ranging from 50 percent of tax-filers landing in 1983 to 33.6 percent in 1994, with a median of 42 percent across the 15-year time series.¹⁴ However, as we saw earlier, a majority of business immigrants intending to enter the work force plan to be self-employed, a status more consistent with their reputation as entrepreneurs and indeed, the business class does have the highest share of all entry groups declaring earnings from self-employment. The figure, however, falls some way below the intended level of self-employment of around 60 percent appearing in official statistics in recent years. Over the 15-year period, the self-employed range from 37 percent among 1981 arrivals to only 15 percent in the 1994 cohort, with a median level of 27 percent (Table 2).

¹³ The IMDB has only recently been made available to research groups: see for example the analysis of immigrant UI payments in Marr and Siklos (1999) and of Chinese immigrants in Greater Toronto in Wang and Lo (1999).

¹⁴ The figure for 1995 was only 16 percent but is omitted in the analysis as the first year of settlement, and therefore atypical. However, it is notable that a much higher proportion of all immigrants landing in 1995, 48 percent, declared earnings that year, indicative of slower entry to employment by the business class than the cohort as a whole, lower even than refugees who face many barriers to easy employment.

Table 1. Employment Earnings for Business Immigrants (Principal Applicants) in British Columbia, 1995 Tax Year

Date of Landing	No. of PAs	Percent of all Pas	Av. Employment Earnings	Av. Total Income	Ave. Total Income for PAs with no Employment Earnings
	(a)	(b)	(c)	(d)	(e)
1980	100	45.5	\$ 30,579	\$ 39,611	\$ 16,225
1981	125	49.0	30,342	40,142	15,819
1982	115	44.2	31,396	37,812	13,053
1983	125	50.0	27,659	36,243	16,865
1984	95	44.2	25,472	32,718	14,539
1985	115	43.4	30,948	36,140	11,195
1986	155	44.3	26,723	32,844	11,891
1987	185	39.8	20,208	25,016	10,986
1988	295	38.8	20,379	25,799	8,486
1989	280	37.1	19,545	24,469	8,324
1990	355	38.6	19,511	23,799	9,150
1991	385	38.9	20,427	25,718	9,904
1992	740	42.3	18,013	22,430	8,263
1993	890	37.6	17,162	21,789	8,639
1994	710	33.6	16,471	21,644	8,789
1995	190	16.0	9,879	12,894	3,128
Av. Empl Earnings all BC Taxfilers			\$28,141		

Source: CIC and Statistics Canada (1998); Revenue Canada (1997)

Unfortunately it is not possible to consolidate the separate tables describing the employed and the self-employed to gain an overall sense of the proportion of business immigrants in paid employment. Some immigrants will fall into both categories, some into only one of them, some into neither. One option is to assume non-overlapping sets falling in employed and self-employed categories, and thereby reach a very liberal figure of the numbers receiving earnings; the true level will be lower, but by an unknown amount. Summing the employed and self-employed PAs in this manner leads to a high estimate of 86 percent declaring earnings, with a low estimate of 49 percent. Subtracting the former value from 100 percent gives the inverse profile, a highly conservative estimate of the proportion of tax-filers reporting no earnings from employment or self-employment. Over the 15-year period, the

median value is 32 percent, *indicating that almost a third of business class tax-filers according to the most conservative estimate possible received no earnings at all from paid employment.* This performance compares unfavourably with the whole immigrant in-take of economic class, family class and refugees, where a comparable median level of 78 percent of tax-filers declared earnings from employment and/or self-employment. Of course the greater wealth of the business class makes the achievement of earnings less urgent, but from the government perspective, entry to Canada was offered because of the potential for more vigorous, not less vigorous, economic activity.¹⁵

Table 2. Self-Employment Earnings for Business Immigrants (Principal Applicants) in British Columbia, 1995 Tax Year

Date of Landing	No. of PAs	Percent of all PAs	Av. Self-Employment Earnings	Av. Total Income
1980	75	34.1	\$ 13,696	\$ 24,688
1981	95	37.3	14,700	29,469
1982	90	34.6	10,027	21,768
1983	90	36.0	13,373	29,316
1984	75	34.9	9,132	18,457
1985	80	29.6	9,244	21,401
1986	95	27.1	12,621	23,859
1987	130	28.0	9,933	20,397
1988	180	23.8	10,267	16,209
1989	170	22.5	7,658	16,037
1990	190	20.8	6,035	14,722
1991	250	25.3	5,496	12,597
1992	375	21.4	3,900	11,744
1993	480	20.3	1,889	11,294
1994	325	15.4	3,416	11,075
1995	105	8.8	- 921	3,409

Source: CIC and Statistics Canada (1998)

¹⁵ At the national scale, business immigrants declared average earnings 25 percent lower than the average for all major immigrant classes, and the lowest level for all groups, including refugees, in 1995 (CIC, 2000). Skilled workers, the independent class landing through the points system, consistently achieved the highest income levels.

The IMDB also reports the dollar totals for various forms of earnings. Table 1 (column c) contains the average employment earnings for business immigrants in the 1995 tax year who had landed in Canada each year since 1980 and reported such earnings. Also listed is the average total income (column d) for this group from all sources as reported on their tax returns. Employment earnings accounted for about 75 percent of total income most years. The 1995 levels of earnings and total income show a steady gain with length of residence in Canada, with total income reaching a maximum of \$39,611 in the 1980 cohort and falling to \$21,644 for those who landed in 1994. An important point of comparison is the average employment earnings of all British Columbia tax-filers. In 1995 this figure was reported as \$28,141, a level exceeded by business immigrants who had landed in 1985, 1982, 1981 and 1980. In other words, it took Principal Applicants in the business immigrant cohort 10–12 years to reach the employment earnings level of individual tax-filers in the whole population.¹⁶ The overall ladder of improving economic attainment with length of residence in British Columbia is a familiar pattern in Canadian immigration research (Pendakur and Pendakur 1997; Ley 1999). The BC profile confirms the results of a national study of business immigrants in the 1994 tax year, though in that study it took only eight years to reach and exceed the national average for individual employment earnings (CIC 1997b).¹⁷ Table 1 (column e) also includes total income data for those remaining tax-filers – half or more of all PAs filing a return – who reported *no* employment earnings in 1995. These incomes, representing between a half and two-thirds of all business immigrants, are very low, reaching a maximum of less than \$17,000 and dipping to a little over \$8,000 over the 15-year historical series.

Of particular interest is the level of earnings accruing from self-employment, the intended pursuit of a majority of business immigrants at the time of landing and the preferred

¹⁶ This statement assumes a constant cohort effect in successive landing years, a condition which is not met. For example, the Investor Immigrant stream was introduced in 1986, with the first substantial take-up in 1987. That year coincided with a significant drop in the proportion of PAs reporting employment earnings, as well as a decline of 25 percent in average earnings. It will be important to observe the stability of the 1986-87 breakpoint in successive tax years.

¹⁷ In 1995 the national employment earnings average was \$1500 lower than the BC average. With that threshold, BC business immigrants would have exceeded the population mean income after nine years of residence (subject to the caveat of note 16).

economic trajectory of government managers in its attempt to recruit successful entrepreneurs (Table 2). These earnings are recorded as we have seen by between 15 percent and 37 percent of 1995 tax-filing business immigrants by year of arrival. The earnings figures are extraordinarily low, ranging from a peak of \$14,700 for the 1981 cohort to less than \$1,900 for landings in 1993. The small group of 105 immigrants who had set up a business in 1995 in the same year as they arrived, reported an average *loss* of \$900. The data of course report personal income not business profitability, but the interviews suggested that there was a close relationship between low earnings for entrepreneurs and low profitability for their business. These entrepreneurs in fact received greater income from other sources than they did from their own enterprises. The data are very discouraging for those who have high aspirations for the success of the business immigration program as an incubator of Canadian entrepreneurialism.

It is possible to retrieve average incomes from all sources from the IMDB tables by multiplying the average total incomes in columns d and e in Table 1 by the number of those reporting in each column, adding the products, and dividing by the total number of tax-filers. Table 3 displays the result of this computation. Total average incomes for business immigrants living in British Columbia in the 1995 tax year range from almost \$28,000 for those who landed in 1981 to only \$13,000 for 1994 arrivals.

Table 3. Average Incomes for Business Immigrants (Principal Applicants) in British Columbia, 1995 Tax Year

Date of Landing	Number of PAs	Average Income
1980	220	\$26,619
1981	255	27,980
1982	260	23,797
1983	250	26,554
1984	215	22,572
1985	265	22,020
1986	350	21,170
1987	465	16,628
1988	760	15,206
1989	755	14,311
1990	920	14,803
1991	990	16,054
1992	1750	14,237
1993	2365	13,588
1994	2115	13,094
1995	1190	4,694

Source: CIC and Statistics Canada (1998)

A third income variable provided by the IMDB covers welfare benefits. Unemployment insurance payments have been tracked since 1980. Business immigrants have by far the lowest take-up of all immigration classes of this government transfer (Marr and Siklos 1999). No annual cohort of the 15-year British Columbia time series included as many as 8 percent of their PAs who received this benefit, with the median value only a little over 3 percent. The low level of take-up might be expected in light of the more uneven labour force participation of business immigrants, but it is surprising in light of their low incomes and business failures.

The extensive coverage offered by the IMDB confirms the intensive coverage of the qualitative interviews in its assessment of the economic performance of the business immigration program. The conclusion is that in British Columbia, the most popular destination of business immigrants in Canada, the program has achieved far more modest objectives than

its promoters and official statistics have claimed. In addition, as we learned from the interviews, in coming to terms with the program immigrants have not infrequently suffered considerable emotional turmoil through frustrated ambitions, business losses, fragmented families, and particularly among men, spoiled identities to their self-image as successful entrepreneurs. Those who have benefited most have typically been those seeking the desirable quality of life offered in Vancouver, and who have largely set aside earlier entrepreneurial activity and are now living from savings and passive investment. It is difficult to locate satisfactorily the formulated objectives of the program in the outcomes we have reviewed.

Conclusion: Revisiting Official Statistics

The business immigration program is not without its accomplishments. We identified several visible success stories at the beginning of this study and no doubt there are many others. The annual score card contains the records of numerous legitimate businesses that are meeting the terms of the program. But the evidence presented in this paper suggests that the level of achievement is considerably lower than is frequently asserted and commonly imagined. At what level does the rate of non-performance cross a threshold and identify program failure? Leading in the opposite direction are unassessed positive impacts of the program that might include the effects of consumer spending as a local economic multiplier, or a longer term view that considers the achievements, if not of the parents, then of their Canadian-reared children whose education has been so conscientiously planned for. There are broader negative impacts too, including the vexed issue of economic contributions to the state compared with the costs of social services that are drawn upon and, as Harrison (1996) has argued, the role of the cash nexus that has become the discourse of immigration eligibility. As we have seen there are also serious social and economic costs for many immigrants according to the adaptive income and family strategies that they employ.

This study began by noting a broad consensus that has arisen concerning the success of the business immigration program, shared by official statistics, the media, popular opinion, and academic studies. There is little doubt that business immigrants arrive in Vancouver with impressive amounts of disposable income from real estate or business activities overseas.

Among the interviewees, those who acknowledged the size of their assets declared funds ranging from \$500,000 to \$5 million available for use in Vancouver. The release of these funds helped create a buoyant consumer market, particularly in real estate, up to the mid-1990s, when the figures for new arrivals began to fall and return migration took unknown numbers out of Canada.

But inflated consumer spending may have led to a misreading of the current economic activity of this population in Canada. Despite the unambiguous emphasis of the business immigration program upon “experienced business persons from abroad” who will apply “their risk capital and know-how to Canadian business ventures which create jobs for Canadians” (CIC, nd) both the interviews and income data from the IMDB suggest that relatively limited entrepreneurial achievement has occurred. The longest-settled business immigrants, from the early 1980s, were reporting average earnings from self-employment of less than \$15,000 in 1995; among immigrants landing in the 1990s the highest average figure was just over \$6,000. Poor business results were repeated during interviews with 24 households who had entered Canada as economic immigrants.

These outcomes are not isolated, but are consistent with other recent interview studies by Smart (1994), Lam (1994) and Woo (1998). Lary and Luk (1994) noted that immigrants from Hong Kong had arrived “with deep anxiety rather than great expectations. . . many of them anticipated the worst.” As Skeldon (1994, 1995) and others discovered from their work in Hong Kong, middle class emigrants were frequently “reluctant exiles,” driven from their homes not by the hope of economic success in Canada, but by geopolitical uncertainties: “Most are in conflict. They may wish to exit for political reasons, but to remain for economic reasons” (Skeldon 1995: 196-7). The same is true of emigrants from Taiwan; following the sabre rattling by the PRC in the early 1990s, a record number of Taiwanese vacationed in Canada, and this first visit was followed by steadily growing immigration, particularly in the passive investor category. The uncertain geopolitics of East Asia was the principal reason the 24 households we interviewed had entered Canada, together with hopes for a better life for their children. *Not one* household nominated business opportunities as a factor in their migration; instead business in Canada filled them with apprehension. The failure rate and minimal profitability in an unfamiliar business regime were widely known. Avoidance became

the rational strategy in addressing uncertainty; avoidance of business through retirement, through passive investment, or through hunkering down until residential eligibility for passport status had been secured, avoidance of Canada through the astronaut option or return migration. Many of those who had started a business were facing self-exploitation in terms of hours worked for meagre returns. Of the seven interviewees in the entrepreneur stream whose terms and conditions had been removed, five had abandoned their business, one was operating at marginal profitability, and one was drawing reasonable returns. It is very difficult to escape the conclusion that many of these economic immigrants have little chance of business success.

Why in this case were their applications accepted? Here national and provincial policy interests are foremost. With Canada's relatively high immigration targets, the need to admit large numbers of business immigrants has been considerable, particularly before pressures from the provinces and vocal private sector interests. As we saw, the pass mark on selection criteria for entry is low, and might conceivably be accomplished by a non-English speaking applicant who had no post-secondary education, no experience in business ownership and only a 'brief outline' of a business plan. The program was, in the words of one immigration manager, "A yes program, acceptances without questions being asked."¹⁸ Another government administrator noted that "at present people select themselves." Aided by consultants who knew the system, the limited screening controls permitted the entry of applicants and their families with low prospects of business success in Canada.

Not only was there a permissive approach to entry, but government did not have adequate resources to monitor the program adequately. The abuses in the investor program became legion, with frequent scandals in the administration of investment funds publicized by the media when they became public knowledge. The availability of large capital pools in a poorly regulated environment created a feeding frenzy, driven by provincial competition and hungry lawyers, a very dirty program that brought out the worst in our legal and business

¹⁸ Conversations were held in Ottawa and a regional office with ten federal and provincial bureaucrats in middle or senior positions who were past or present managers of the business program. The managers were promised anonymity, and therefore are not identified further. Unless otherwise specified, unattributed comments in this section were made by this group of civil servants.

group. There was so much money around, the Department was swamped and every area was litigious. Former Departmental employees were leaving to become immigration consultants.

This view of a program with high levels of mismanagement was also shared by respondents, particularly those in the investor category, some of whom had lost some or all of their funds in circumstances they viewed as unacceptable. In a regional office, there is considerable skepticism of the achievements of the investor program:

You'll be hard pressed to find an investor doing much here at all. Dad's not sitting around here, he's made no effort to fit in, he has his safe bolt hole, and got his kids in Canadian universities. He did what he wanted to do and now he's back home. All we did was to expand the immigrant retirement class.

Unsatisfactory program management was noted in the early Ernst and Young evaluation of the Investor stream (EIC 1992). It has remained a feature throughout the life of the Business Program. "There was almost no monitoring. The provinces were opposed to it, the feds didn't have the resources." Or, from another manager: "Historically, we've never done well as a Department in monitoring issues, *for example terms and conditions*. It's just not worth the effort" [my emphasis]. The reference to the monitoring of terms and conditions is crucial, for their removal is an essential rite of passage for business entrepreneurs to qualify for citizenship status. Without the lifting of conditions, immigrants have not met the obligation of their entry and could be deported. But virtually no deportations occur, despite a high rate of non-compliance.

It's a failed policy. The sanctions don't meet the needs. If a person says that they can't follow their business plan, they are forgiven. This is a major difficulty. Monitoring is very labour intensive and the government lacks the resources. There's *de facto* forgiveness. Only 2-3 households in ten years have been asked to leave Canada.

Consider outcomes in a regional office which has a reputation for having upgraded its enforcement of the entrepreneur program. In the past three years in 54 percent of cases terms and conditions were met and removed; in 26 percent non-compliance was forgiven; in 18 percent households could not be traced and were presumed to have abandoned their landing

status; and in 3 percent of cases, non-compliance led to an enquiry. At enquiry¹⁹ half the households did not contest the judgment or abandoned their landing card; the other half were shown to be in non-compliance, but nonetheless only a handful of forced removals had occurred in the previous three years. Even when immigrant performance has been challenged, the cases have frequently been stayed on appeal, for the federal court has often been generous in its decisions.²⁰

Program abuse has been a continuous liability of the investor program, but recent allegations are more serious, for a forensic auditor hired by CIC claimed corruption existed not just in specific cases but was endemic throughout the program (Mitrovica 1999).²¹ From an examination of documents and imputed investments, the auditor described the investor program as “a massive sham. The middlemen made hundreds of millions of dollars...Claims about the benefits of the program in terms of job creation and investment have been widely inflated.” This damaging assessment has been challenged by government. But the question it raises concerning the accuracy of the impacts of the program, what earlier I called the annual scorecard, threatens the business program’s legitimacy, for as we have seen, this enumeration of investment dollars and job creation has become a mantra, warding off censure and consolidating program achievement. One of the auditor’s criticisms was that figures of program achievement were largely derived from the operators who benefited from the investment funds. The same source of information is employed in the entrepreneur stream, for a footnote to the 1997 annual scorecard declares that statistics appear “as reported by entrepreneurs” (CIC 1997b). The possibility of inflating program benefits exists, for as a manager observed “people will do what they have to do to get into the country.” When a group of managers was asked directly whether they were confident of the figures in the annual scorecard, they responded: “We don’t think so...first, 30-40 percent of people never report. Second, the data are a snapshot on the day the conditions are cancelled. We can’t measure the day after that. We know an industry exists that creates and flips jobs and businesses.”

¹⁹ Data are for 1998, the year in which by far the largest number of cases went to enquiry.

²⁰ See for example, A. Duffy (1999) “Court cites errors.”

²¹ The accusation was made by a senior forensic accountant at the World Bank who had been contracted to conduct audits on a sample of investor accounts. Non-compliance and fraud in the entrepreneur program also provide copy for the critical press: C. Clark (1999).

Both of these qualifications bear brief elaboration. The *idée fixe* of program success has been constructed from a very selective rendering of the data, from a consideration of presences not absences. The media identify the newsworthy achievers who form a minute share of the overall population; academic studies have worked only with businesses that are accessible; CIC data report only on those PAs who report to them. In a regional field office, “We’ve focussed on success stories. The rest of them we don’t see, we never see.” Missing in all of these accounts are PAs who have not formed businesses, who have closed businesses, who have left Canada. The non-reporting fraction of the business immigration program warrants as much attention as those who have reported. Even the IMDB in estimating average employment earnings does not include those who report no employment earnings, and thereby would reduce the mean level. In all of these circumstances the data reported are partial, not representative, and inflate apparent achievements.

The second point is that even the presences, the data on record, require interrogation. There have been suggestions that they are not valid, in the sense that they do not measure what they claim to. There are pressures for impacts to be exaggerated or short-term only; several of our respondents acknowledged that once the terms and conditions of their business had been lifted, the enterprise, commonly money-losing or barely profitable, was abandoned, a point also noted by Woo (1998) and Smart (1994).

The outcome is that managers working in Ottawa and regional offices appear unaware of the true performance of the program. “Our data miss the street level” noted an Ottawa manager, while from a field office came the observation “We have no evidence if it works or doesn’t work, and it’s been 15 long years.”

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