

Economic Benefits of Immigration: The Impact of Halifax's Lebanese Community

May 14th, 2015

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PARTNERSHIP**
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CANADIAN-LEBANESE
Chamber of Commerce & Industry
Halifax Section

HALIFAX PARTNERSHIP

The Halifax Partnership is Halifax’s economic development organization. We help keep, grow and get business, talent and investment in Halifax. We do this through leadership on economic issues, our core programs, our partnerships across all sectors, and by marketing Halifax to the world.

The Partnership is a public-private not for profit organization, funded by the municipality, 125 business investors, and project and research work funded by three levels of government, foundations, and business organizations.

We are connectors. We know Halifax and can make the connections that fuel business and economic growth. Through our partnerships and acclaimed programs, like SmartBusiness and Connector, the Partnership creates opportunities for people to connect and collaborate on big and small ideas that make our great city grow and prosper.

We are the go-to source on Halifax’s economy. We dive deep into what moves Halifax forward and are able to pinpoint and analyze the trends and health of our city. We are “in the know” and on the leading edge of opportunities that can ignite growth.

An investment in the Partnership is an investment in Halifax. A vibrant, growing city is essential for businesses and people to succeed. Our investors see potential all around them and believe in working together to build a stronger Halifax. If you want to know who and what makes Halifax tick, the Halifax Partnership is where you need to be. We are your guide through the dynamic ecosystem that is our city, helping you thrive among the thousands of other passionate people who call Halifax home.

THE CANADIAN-LEBANESE CHAMBER OF COMMERCE & INDUSTRY – HALIFAX SECTION

The Canadian-Lebanese Chamber of Commerce and Industry-Halifax Section is a non-profit organization that is committed to create an economic environment that encourages business to invest in the local community.

The Canadian Lebanese Business Community in Nova Scotia is a vibrant and dynamic community. The Canadian Lebanese Chamber of Commerce and Industry leverages its long history and expertise in business to become the trusted voice in the local Lebanese business environment and the community as a whole.

The Chamber of Commerce is a catalyst – a common vehicle through which business and professional people work together for the common good of the community. A better community means better business conditions and the Chamber works towards a better community for everyone.

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INTRODUCTION

Canada's work force is aging. This demographic shift points to looming labour shortages in the not too distant future. Indeed labour shortages could become acute in every part of the country regardless of economic circumstances. Policy-makers across Canada have called for increasing levels of immigration to replace the aging baby boomer generation. In slower growth provinces like Nova Scotia, immigration is also seen as having potential to nurture the entrepreneurial spark needed to help launch new businesses and new opportunities for employment.

Despite the apparent need, there remains misunderstanding among many as to the meaningful, positive impact that immigrants have on their adopted cities and provinces. Research into the economic impact of immigration supports the idea that immigration has strengthened the Canadian economy and our local communities in several ways, with the diversifying and enriching of the labour pool being the chief among them. In addition, research shows that immigrants contribute to the tax base, invest locally, create new businesses and jobs, innovate, and provide valuable trade and cultural ties to their home countries.

In Halifax for example, the Lebanese community represents a well-established and integrated part of the local economy. Now well into its second generation, the Lebanese workforce is highly educated and entrepreneurial, and has made substantial contributions to the building of Halifax.

This report will summarize some of the impacts that immigrants have on the Canadian and Halifax economies, with a case study focus on the Lebanese community in Halifax.

THE IMPORTANCE OF IMMIGRANTS IN CANADA

With over 6.7 million immigrants living in Canada (or just over 20% of the total population), there is no question that immigrants have huge economic and cultural impacts. A large and growing body of research into the economic impact of immigrants on their host countries has been conducted in countries across the developed world. The evidence generally points to positive outcomes, including the growth and broadening of the skilled labour pool, improvements in government financial positions, and significant contributions to research and innovation, as well as entrepreneurial activity and trade.^{i,ii}

While research on the Canadian context is not as plentiful as that on the US and Europe, existing information suggests the impacts in Canada have been generally more positive than in other developed countries due at least in part to the larger focus on economic class immigrants in Canadian immigration policy.ⁱⁱⁱ

Labour Market Benefits

The most obvious benefit of immigration is to supplement the local labour pool, both in number and skill. As of 2011, immigrant workers made up 22% of the Canadian labour force and had accounted for 41% of growth in the Canadian labour force since 2006.^{iv} Immigrants will become even more important to the sustained growth of the labour force as the baby boomers - now between the ages of 50 and 69 - begin retiring in larger numbers. In Nova Scotia, where the cohort entering the labour market is smaller than the cohort nearing retirement, projections suggest the working age population could shrink by 100,000 by 2036.^v Working age immigrants can play an important role in supplementing the labour force and smoothing that transition.

Beyond simply contributing to the number of workers, some immigrants contribute skills that may not be readily available in the local labour pool. The immigrant population in Canada is highly educated, with a greater share of immigrant workers having received post-secondary education than the non-immigrant population. In particular, immigrants are much more likely to hold an advanced university degree, with an attainment rate of more than double that of the non-immigrant population.

Share of the Canadian population with select post-secondary certifications

	Immigrants	Non-immigrants
Post-secondary education	60%	52%
University education	29%	18%
Bachelor's degree	17%	12%
Advanced degree	13%	6%

Source: National Household Survey

Despite the significant contribution immigrants make to the labour force, immigration critics often argue that the addition of immigrants to the local labour pool adversely affects the labour market outcomes of the non-immigrant population. A 2008 comprehensive study of international research (including several Canadian studies) found that the impact of immigration on the labour market outcomes of non-immigrant workers in the host economy are very small, if indeed there is any impact at all.^{vi} In particular, the evidence overwhelmingly finds that immigration does not cause a change in unemployment. While studies have found mixed results on the impact of immigration on local wages and employment, the majority of studies find that immigrants do not affect the labour market prospects of non-immigrants.

Research and Innovation Benefits

Immigrants are an essential component of the science, technology, engineering, and mathematics (STEM) workforce – accounting for 38% of the total - and they make a disproportionately large contribution to research and innovation.^{vii} Immigrants hold 35% of university research chair positions in Canada, which well exceeds their 20% of the general population and the percentage share of the

immigrant population holding a PhD is more than three times that of the general population.^{viii} International students account for a disproportionate share of enrolment in STEM fields – 40% of international students are enrolled in STEM fields (and 46% of international graduate students) compared to 30% of Canadian students.^{ix}

The product of immigrant-conducted research is often leveraged into innovations and commercial products. According to the U.S. patent office, immigrants file patents at double the rate of non-immigrants.

Entrepreneurial Activity Benefits

Immigrants are a highly entrepreneurial community. One American study found that immigrants are twice as likely to start a business as the non-immigrant population.^x Furthermore, immigrant-owned businesses are more likely to export, especially to countries other than the US. According to the Conference Board of Canada, small and medium sized enterprises which have a majority owner who is an immigrant are 60% more likely than non-immigrant owned businesses to export to countries other than the U.S. and 36% more likely to export in general.^{xi} Exports are an important source of growth for the Nova Scotia economy, bringing new money in from outside the region.

Fiscal Benefits

Evidence from Canada and abroad suggests that immigrants have a positive impact on government fiscal balances. While a larger population does cause an increase in government spending, it also causes a proportionately larger increase in tax revenue.^{xii} This is true for a few reasons, most notably because there are significant economies of scale to government services. National defence spending, for example, does not need to be increased in response to a growing domestic population. Infrastructure spending on things like roads, bridges, hospitals, and schools doesn't need to be increased for relatively small increases in the population.

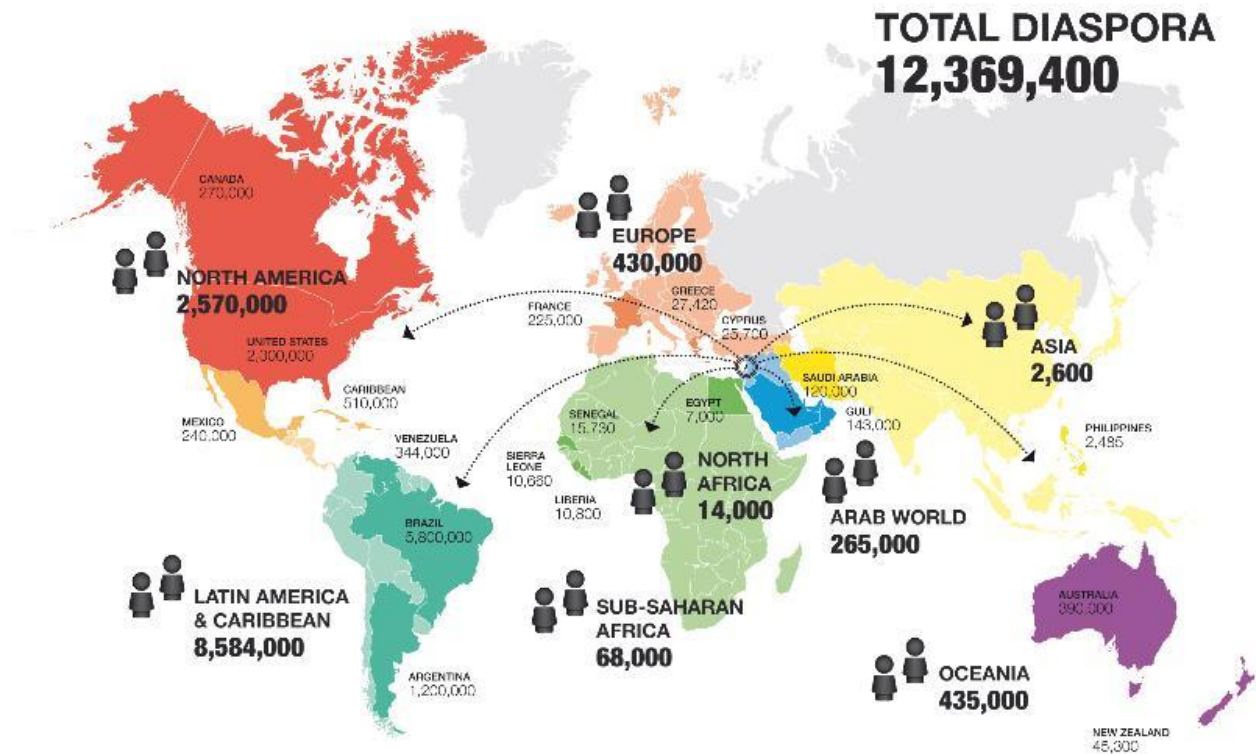
It is also important to note that one of the common criticism of immigrants – that immigrants make use of publicly provided benefits like healthcare, employment insurance, or welfare proportionally more than the non-immigrant population – is not supported by empirical evidence. Canadian research has shown that immigrants tend to be of a similar health status as the non-immigrant population and make use of healthcare services about as much as non-immigrant populations. Immigrants have also been found to receive government transfer payments, like employment insurance, about as often, if not slightly less, than the non-immigrant population.

Research by the Halifax Partnership points to substantial benefits to provincial government revenues for retention and attraction of young and mid-career talent with good levels of education. Professionals in the 20 to 55 age group generally tend to generate more in taxes than they cost in services. According to the Nova Scotia Office of Immigration, the average age at which someone immigrates to Nova Scotia is

about 30 years old. A university educated immigrant moving to Nova Scotia provides the province with over \$90,000 in net taxes after all program expenditures over their lifetime.

THE LEBANESE DIASPORA

Beginning in the 1860s, several waves of emigration from what is today known as Lebanon has seen the Lebanese people spread all over the globe, driven by conflict and encouraged by trade. Today, there are more Lebanese people living outside of Lebanon (estimates run as high as 12 million globally) than within (4.5 million in 2013), with the largest communities located in North and Latin America. Canada is home to a Lebanese born population of over 190,000 as of 2011 and 250,000 descendants. Estimates of the size of the Lebanese community in Halifax also have a range, depending on the source and definition of the community. According to the National Household Survey (NHS), Halifax had about 1,400 Lebanese born immigrants in 2011 and a total of 4,500 people reported to be of Lebanese ethnic origin, including immigrants and their descendants. However, as a voluntary survey, the NHS is noted to undercount some populations, including immigrants, and even those that do respond may not identify themselves as being of Lebanese origin despite descending from Lebanese immigrants. The Honorary Consul of Lebanon to the Maritime Provinces estimates the size of the Lebanese community in Halifax to be closer to 7,000.

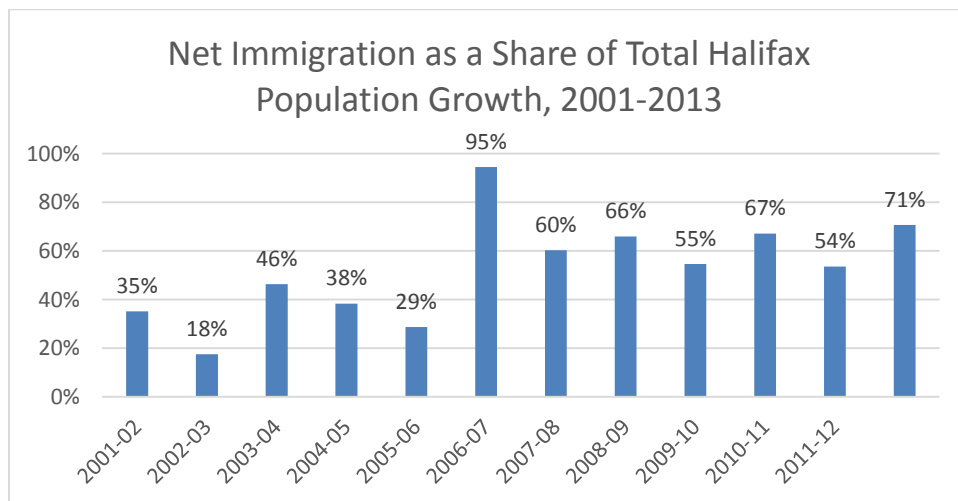
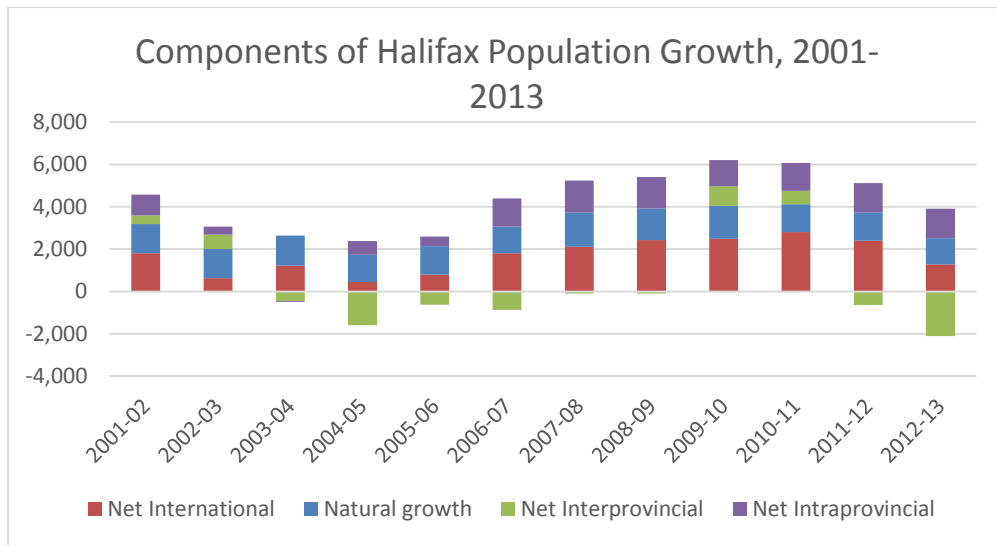


Source: Thehandfoundatin.org

THE LEBANESE COMMUNITY IN HALIFAX

The immigrant community is a vital part of Halifax and its economy. Beyond simply contributing to population growth – since 2001, immigration has provided 45% of Halifax’s population growth – the immigrant community provides an evolving and vibrant labour force, with fresh ideas and a strong entrepreneurial spirit.

Migration, international migration in particular, has become the driving force behind population growth in Halifax, as it has throughout the developed world. Natural growth (the number of births minus the number of deaths) has declined in its contribution to total population growth over the past several decades as birth rates slowly fell. Net immigration rates in Halifax have accounted for a big share of population growth since 2006. Two-thirds of overall growth from 2006-2013 came from immigration, compared to one-third of growth from 2001-2006.



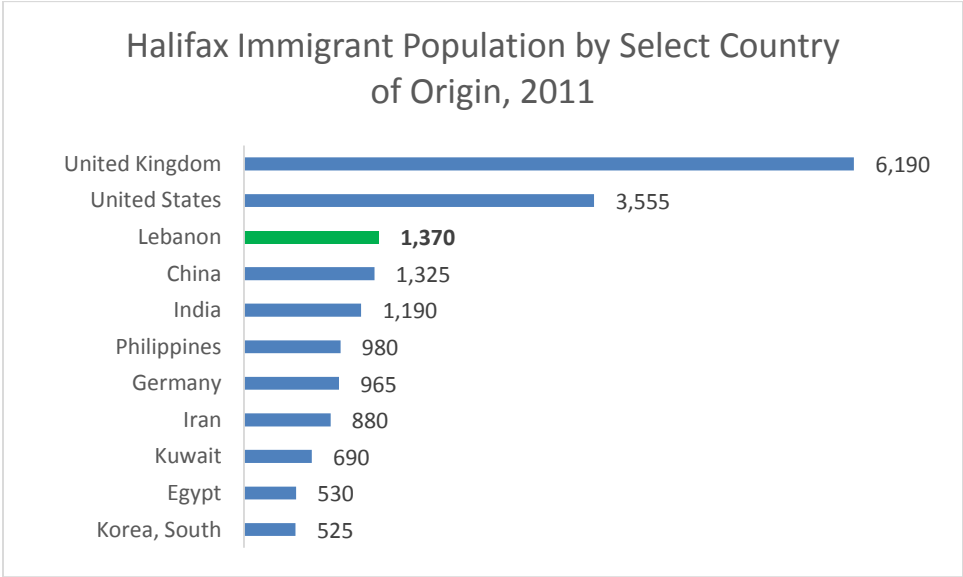
Source: Statistics Canada

While new arrivals often face an initial hurdle building their network and integrating into the local community, established immigrants exhibit a number of positive economic indicators, including high rates of educational attainment, business ownership and self-employment, and stronger labour market performance and attachment than the non-immigrant population. Reasons for this pattern include family reunification, settlement and integration assistance from existing ethnic communities, and high tendency for immigrants to pursue entrepreneurship.

Labour Market Performance of Recent and Established Immigrants in Halifax, 2011			
	Participation rate	Employment rate	Unemployment rate
Recent arrivals (within 5 years)	67.1	59.3	11.6
Established immigrants (>5 years)	74.0	69.2	6.6
Non-immigrants	69.9	64.9	7.1

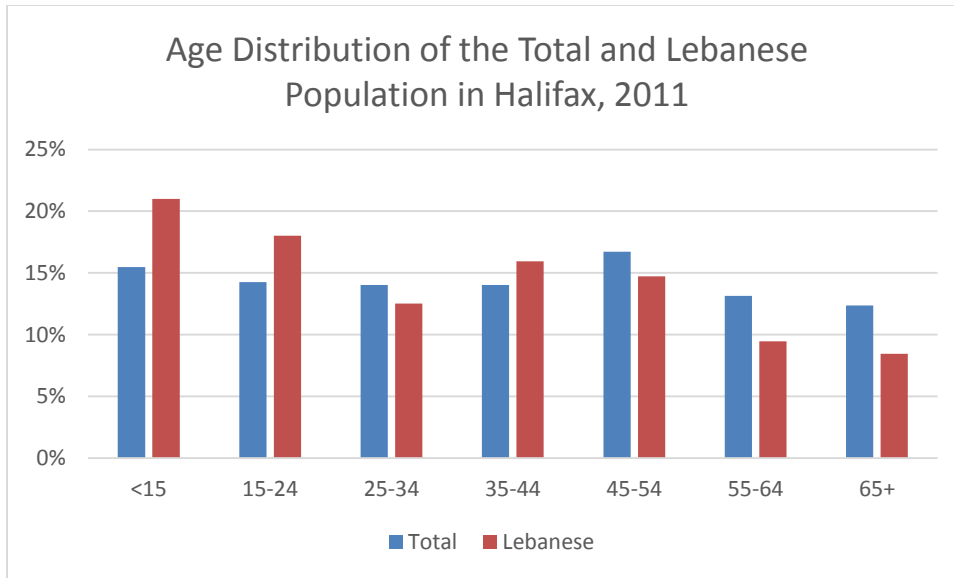
Source: National Household Survey

Halifax’s Lebanese community represents a good case study of the positive impact immigrants have on the economy and community. First arriving in large numbers in the 1970’s, today first-generation immigrants from Lebanon represent the 3rd largest immigrant group in Halifax, after those from the UK and the US. The National Household Survey shows the broader Lebanese community in Halifax includes 4,500 members, including over 2,500 in the Halifax labour force.



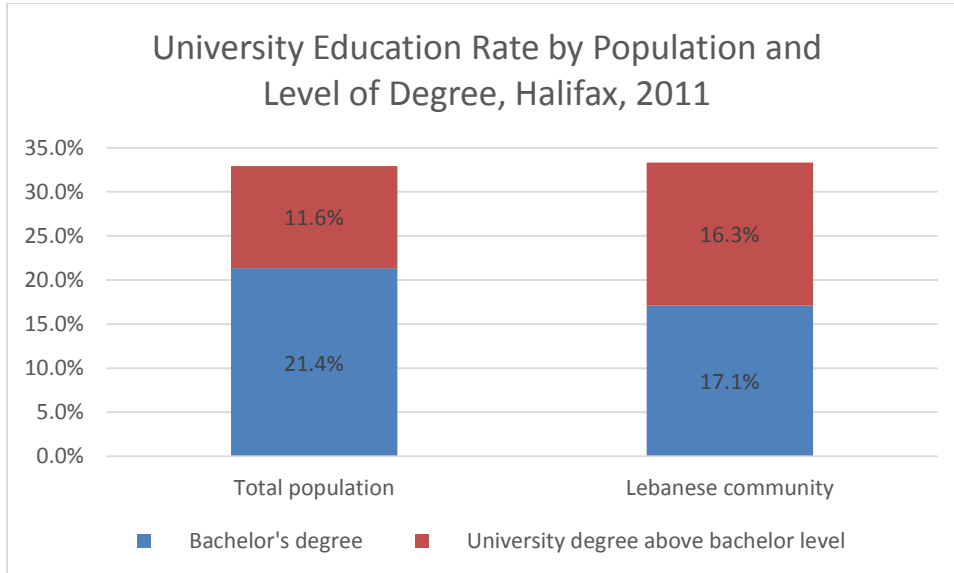
Source: National Household Survey

The Lebanese population in Halifax is much younger than the total population, with 39% under the age of 25 (compared to only 30% of the total population) and only 33% age 45 or older (compared to 42% of the total population).



Source: National Household Survey

The Lebanese labour force is well-educated. While the rate of university degree attainment among the Lebanese community is roughly the same as that of the general population in Halifax at 1 in 3, a significantly higher portion of the Lebanese community hold advanced degrees, with 16% holding a degree above a bachelor compared to 12% of the total population.



Source: National Household Survey

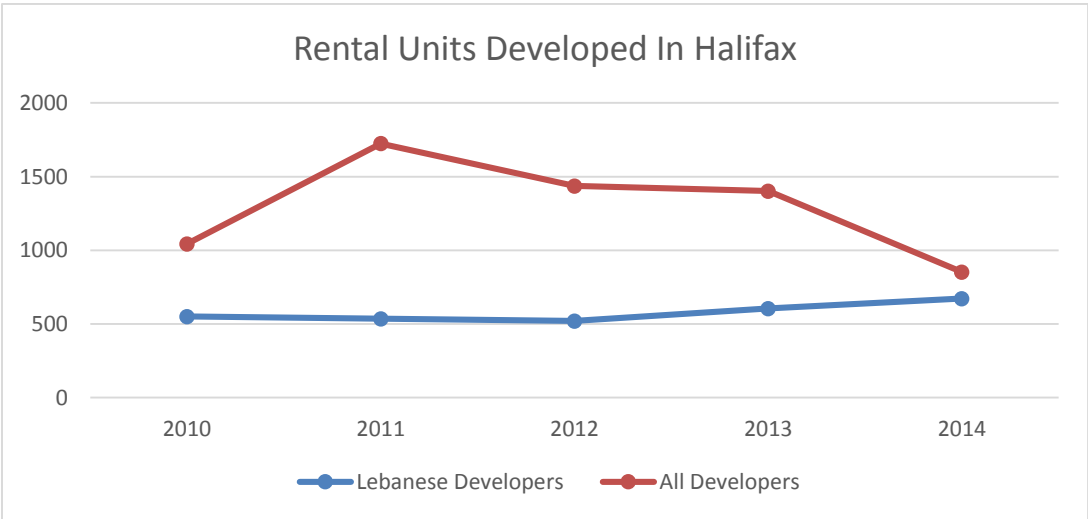
BUILDING HALIFAX

The Lebanese community represents only 1-2% of the population of Halifax but has a disproportionate impact on the community. The Lebanese population bring a highly entrepreneurial culture to Halifax.

20% of Lebanese workers in Halifax are self-employed, compared to only 8.3% of workers overall. This is reflected in the occupational and industrial distribution of Lebanese workers in Halifax, with 30% employed in sales and service occupations (versus 25% in the labour force overall), 19% engaged in management positions (versus just 11% overall), and 19% working in the accommodations and food services industry (versus 6.8% overall). The Lebanese Chamber of Commerce in Halifax counts among its members, owners of 60 restaurants, 50 grocery and convenience stores, and 55 groups and individuals in construction and real estate development.

Indeed, real estate development may be where the Lebanese community’s economic impacts in Halifax are the most visible to the general public. Major real estate developments including the Nova Centre, Kings Wharf, the Trillium, and Fenwick Tower, The Vic, Gladstone St. Developments and others have been developed by companies owned by members of the Lebanese community.

The multi-generational Halifax Lebanese community has had an obvious impact in the construction sector. Indeed, this group accounts for a consistent or foundation level of construction activity in this sector. Developers from the Lebanese community are key players in the Halifax based major project activity with 20 projects accounting for over \$3 billion of committed activity over the last 10 years. These project could generate up to 20,000 person years of work, directly and indirectly^{xiii}. Other smaller projects which account for close to \$1 billion could account for as many as 6,700 direct and indirect person years of work.



Source: Canadian Mortgage and Housing Corporation

Looking at a rental project subset of these projects, a significant number of new developments have been undertaken by developers of Lebanese decent. In 2014 Lebanese developers were responsible for more than three quarters of rental developments. While activity in the sector seems to ebb and flow depending on the activity level of out of town developers, the contribution to the rental stock by the Lebanese community is remarkably stable each year. This gives Halifax a consistent level of activity, consistent levels of employment, and a continuously evolving and growing rental stock. This is not just

good for Halifax's economy, competition in this sector is good for affordability. This affordability makes Halifax more attractive as a place to live, invest, and do business.

This scale of activity provides a clear picture of the important contributions that the Lebanese community has made and continues to make to the Halifax economy not just to the availability and affordability of housing but also to the city's tax base.

SERVING HALIFAX

The community also accounts for 110 establishments in the food service and grocery sector. Estimates from the Lebanese – Canada Chamber put direct employment in these areas at more than 600 people. Indeed, the Lebanese community along with other immigrant groups form the backbone of Halifax's growing reputation as one of the best restaurant scenes in Canada.

First and second generation Lebanese also provide technical, engineering, manufacturing, ocean industry, medical, and legal services in Halifax. Members of the community are active exporters bringing money and jobs into the province. The community also stands out as leaders of government and volunteer organizations. Employment in these sectors amount to about 950 direct jobs. While the development and construction activities of the Lebanese community are highly visible, employment in services and other sectors is even larger in size and importance.

CONCLUSIONS

In Canada and in Halifax, the immigrant community is essential to economic growth and success. Immigrants grow the local labour force and supplement it with more and broader skills, especially in STEM fields. Immigrants bring a much needed culture of entrepreneurship, creating businesses and growing our export base. They contribute disproportionately to R&D and innovation.

The Lebanese community serves as an excellent example of how an immigrant community and their families can contribute to city building and the local economy. Their well-educated and integrated workers are a significant component of the Halifax labour force and most importantly, the business community. The Lebanese population is more than twice as likely to be an entrepreneur as native born Canadians.

The total value of completed and on-going major project and other real estate developments between 2005 and 2015 by members of the Lebanese community in Halifax is an estimated \$4 billion. Relevant economic research^{xiv} related to the impact of residential development suggests that this level of activity directly and indirectly could account for about 26,700 person years of work over 10 years for an average of 2,670 direct jobs a year. Direct employment in the construction and development sector is about 1300 a year on average over the last 10 years

The Lebanese community is an important part of a growing international flavour in Halifax's food service and grocery sector. The Lebanese component accounts for about 110 establishments in the city. Indeed, the Lebanese community along with other immigrant groups form the backbone of Halifax's growing reputation with foodies across Canada. The food service and grocery sector combined with other service, technology and manufacturing sectors account for another 1,550 direct jobs.

Lebanese business in Halifax generate about direct 2,800 jobs each year. This is about the same number of jobs that will be generated at the Halifax Shipyard when the Artic Offshore Patrol Ships project gets up to speed and similar to Michelin's total employment in Nova Scotia.

It is likely that direct and indirect employment related to the Halifax Lebanese community and related business in Halifax is between 4,000 to 5,000 full time jobs. Another way to look at this is that for each Lebanese immigrant identified in the 2011 census, an average of 3.6 full time jobs are created. This is a ringing endorsement for a progressive immigration strategy. Immigrant communities, like Halifax's Lebanese community, don't take jobs, they create jobs.

Halifax is a city with a history dating back more than 250 years. In just two generations, people that trace their roots to Lebanon have changed the face and culture of Atlantic Canada's largest city. The story of Halifax's Lebanese community has been a positive and enriching one for the city. It is also a story with chapters yet to be written.

ⁱ Dungan, P., Fang, T. and Gunderson, M. (2013), Macroeconomic Impacts of Canadian Immigration: Results from a Macro Model. *British Journal of Industrial Relations*, 51: 174–195. doi: 10.1111/j.1467-8543.2012.00905.x

ⁱⁱ Brown, E. and Ghosh, Swati (2013), *The Economic Development Impacts of Immigration*. International Economic Development Council. Accessed at: <http://www.iedconline.org/book-store/edrp-reports/the-economic-development-impacts-of-immigration/>

ⁱⁱⁱ Dungan, P., Fang, T. and Gunderson, M. (2013), Macroeconomic Impacts of Canadian Immigration: Results from a Macro Model. *British Journal of Industrial Relations*, 51: 174–195. doi: 10.1111/j.1467-8543.2012.00905.x

^{iv} Data from Statistics Canada 2011 National Household Survey.

^v The One Nova Scotia Coalition (2014), *Now or Never: An Urgent Call to Action for Nova Scotians*

^{vi} Longhi, S., Nijkamp, P. and Poot, J. (2005a). 'A meta-analytic assessment of the effect of immigration on wages'. *Journal of Economic Surveys*, 19 (3): 451–477.

Longhi, S., Nijkamp, P. and Poot, J. (2005b). 'The fallacy of "job robbing": a meta-analysis of estimates of the effect of immigration on employment'. *Journal of Migration and Refugee Issues*, 1 (4): 131–152.

Longhi, S., Nijkamp, P. and Poot, J. (2008). 'Meta-Analysis of Empirical Evidence on the Labour Market Impacts of Immigration'. Hamilton, New Zealand: University of Waikato Population Studies Centre Discussion Paper No. 67.

^{vii} Data from Statistics Canada 2011 National Household Survey.

^{viii} Friesen, Joe. "How immigrants affect the economy: Weighing the benefits and costs." *The Globe and Mail* 9 May 2012. Web. 10 Feb. 2015.

^{ix} Data from Maritime Provinces Higher Education Commission. Accessed at: <http://www.mphec.ca/research/maritimeuniversitystatistics/enrolment.aspx>

^x Brown, E. and Ghosh, Swati (2013), *The Economic Development Impacts of Immigration*. International Economic Development Council. Accessed at: <http://www.iedconline.org/book-store/edrp-reports/the-economic-development-impacts-of-immigration/>

^{xi} The Conference Board of Canada (2014). "Selling Beyond the U.S.: Do Recent Immigrants Advance Canada's Export Agenda?" Accessed at: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=6250>

^{xii} Dungan, P., Fang, T. and Gunderson, M. (2013), Macroeconomic Impacts of Canadian Immigration: Results from a Macro Model. *British Journal of Industrial Relations*, 51: 174–195. doi: 10.1111/j.1467-8543.2012.00905.x

^{xiii} Rule of thumb calculation based on impact analysis produced for the Canadian Home Builders Association.

^{xiv} Canadian Home Builders Association