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Discussion after the Speeches of Austin T. Fragomen and Ronald G. Atkey

Discussion

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QUESTION, *Professor King*: How can we bring the ideal world of the Immigration Act of 1976 from Canada to the United States?

ANSWER, *Mr. Fragomen*: The United States has a slightly different situation, with regard to immigration than Canada does. It is driven by a few different factors.

First and foremost, the United States, in terms of world standards, would find that adopting a point system or adopting a Canadian-style system would result in an enormous demand for immigration to the United States. The biggest single problem we have is the astronomical demand. The figure is anywhere from ten to fifty million people worldwide who would immigrate to the United States yearly, if they were allowed.

Our system is extremely restrictive by creating these pigeon hole categories and rigid numerical ceilings on the number of permanent immigrants. The point system, with the yearly consultation as to how many people would be allowed to come, would be difficult to administer because of the great demand. That was considered in the current debate.

Politically there is a big problem with the point system, which is why it was not adequately explored in the United States. There are ethnic groups in the United States who are very much tied into the family reunification preferences because that is their springboard to assuring a constant flow of persons from their country into the United States. Thus, this has become a vital part of the political process.

If the point system were adopted, it would undermine that type of immigration because the reality is, compared to the United States, Canada has a higher level of immigration in terms of skills and affluence. This system would also change the character of U.S. immigration in a way that would disqualify more of the lower-end ethnics. Therefore, it is no longer politically feasible. It might have been possible before the heavy influx of south central and Caribbean island people that has occurred within the last twenty years, but it certainly would not be possible now.

COMMENT, *Mr. Atkey*: There is a way to use the demographic information, which I suspect is similar in your country as it is in ours, with regards to the necessity for increased immigration.

When total immigration levels are rising, a lot can be done within those levels without upsetting the ethnic community. The Irish in New York and Boston will know the Irish immigration numbers are increas-

ing, but at the same time, the independent class or your business class may be increasing a little bit more. There is more flexibility.

Last year, the United States had about half a million immigrants, according to a *Business Week* article. Canada this year is going to have 165,000 immigrants. Canada is one tenth the size of the United States. Per capita, we number more than three times more receptive in total immigration than the United States. Our Minister of Immigration is hoping to raise that 165,000 to 200,000 next year, and then to 250,000 the next year. She believes that about ten percent of the total population is an acceptable amount of immigration.

With increases of that magnitude, the United States can be creative and compete around the world, which it is not now doing, and select the brightest and the best. There are people coming to Canada who would prefer to come to the United States. They come to Canada, not only from Europe, but from Hong Kong, Malasia, Korea and Taiwan, because of the more liberal immigration policy. The United States is not competing for immigration. From an economic and social self-interest standpoint, I have never understood the American legislative process. From the global perspective, there is a tremendous opportunity that the United States is missing.

QUESTION, *Mr. Marlais*: Will the Canada-U.S. Free Trade Agreement have an effect on those people who really want to come to the United States but use Canada as a steppingstone? Is there a possibility now?

ANSWER, *Mr. Fragomen*: Yes. A large number of the investors from the Far East who are presently immigrating to Canada through the business immigration program are not eligible to come to the United States other than trying to qualify under our system, which has no category for investors. These people, once they are able to become Canadian citizens, will then qualify for E-2 visas in the United States. There will then be a profound secondary movement of capital in people from Canada to the United States as a direct result of the Free Trade Agreement.

COMMENT, *Mr. Atkey*: The movement of immigrants from Southeast Asia to Canada is significant. In this regard, the Free Trade Agreement has been an added attraction to the Southeast Asia immigrant who wants to access the North American market. It is possible to access more than fifty percent of the U.S. consumer market from Toronto. The Hong Kong manufacturer has stars in his eyes when he sees that.

However, under Chapter 15 of the Free Trade Agreement, the easy entry benefits are available only to Canadian citizens. This is inconsistent with Canadian tradition and current domestic law that the landed immigrants, new arrivals who are permanent residents, have the same rights of mobility as the citizens. But, in order to get the easy visa and all the other special privileges, those people have to wait at least three years.

Last month, I was asked to come to the Canadian Consulate in New York to address a group of investors who wanted to look at Canada under our Immigration Act. None of the investors were permanent residents of the United States; all were temporary residents. These investors had manufacturing facilities in New York, New Jersey or Connecticut and had given up on the American immigration process because of the waiting period involved. They determined that the next best thing was to go to Canada under the more generous Canadian immigration policy act.

QUESTION, *Mr. O'Grady*: What degree of permanency would be required for this investment? If you invest in Toronto today, are you free to sell and move on?

ANSWER *Mr. Atkey*: The investor category has a minimum hold period of three years, that is from when the money is available under the regulations. There is a likelihood that minimum hold period would be increased to as high as five years. That is very closely policed by both provincial governments and federal officials.

It is a commitment in terms of money at work. This has meant that there is some risk capital available at relatively low cost through small Canadian businesses that otherwise would not be available. And it has meant the expansion of manufacturing and real estate activities in parts of Canada that otherwise would not have taken place.

QUESTION, *Mr. Drotning*: To what extent do you think Canadian companies will move their companies into the United States?

ANSWER, *Mr. Atkey*: I do not think Canadians will be moving their companies into the United States, but we will be establishing branches in the United States by expanding our businesses or by buying U.S. businesses. The rate of Canadian investors coming into the United States is proportionally higher than U.S. investors coming into Canada. That is a particular benefit in the Free Trade Agreement.

The other benefit is professional mobility. At the professional and training level there is a great deal more cross-border movement. People feel more comfortable about it. The price to pay is greater competition between American and Canadian firms. That will be an interesting phenomena that we never had to deal with before. That is a practice of Free Trade. If you believe in competition and services, that is a good thing.

