



Deepen US-Canada Ties with a Post-COVID-19 Agreement for the Free Movement of People

Daniel Griswold and Sabine El-Chidiac

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When the United States and Canada begin to reopen their common border to normal travel once the COVID-19 pandemic passes, leaders on both sides should work together to expand the freedom of citizens in each country to live and work in the other. With implementation of the United States-Mexico-Canada Agreement (USMCA), which covers trade and investment, the two countries have an opportunity to build upon their successful economic integration with an agreement to allow the freer movement of people between the two nations.

Before the 4,000-mile border was mostly closed in 2020 because of the pandemic, citizens of each country could enter the other country temporarily without a visa for vacations and business. Moving permanently across the border to live and work has been far less easy. Allowing free movement of citizens between Canada and the United States would enhance the personal liberty of people in both countries, raise overall economic productivity by better matching worker skills with employer demand, and smooth business cycles across the two countries and across sectors. Ultimately, free movement would provide an institutional check on bad government policies by enabling people to more freely vote with their feet by moving to jurisdictions that are more friendly to entrepreneurship and job creation.¹

Immigration has been a boon to both nations throughout their histories. In the United States, immigration has spurred higher economic growth by increasing the size of the workforce, attracting investment, and raising productivity. Studies have shown that immigrants are more likely than native-born individuals to file patents and start new companies.² In Canada, immigration growth has been credited with supporting the labor force, the housing market, and the growth of the Canadian economy generally.³ According to research by the Conference Board of Canada, immigration

will account for all of Canada's net labor force growth (3.7 million workers) and one-third of the economic growth rate between 2018 and 2040.⁴

The United States and Canada already enjoy one of the closest, friendliest, and most mutually beneficial bilateral relationships in the world. American and Canadian soldiers have fought side by side as members of the North Atlantic Treaty Organization. Both have cooperated for decades to establish a defense system against aerial and ballistic missile attacks through the North American Aerospace Defense Command. Economically, the USMCA continues the integration forged by the 1994 North American Free Trade Agreement (NAFTA), the 1988 Canada-United States Free Trade Agreement, and the 1965 Canada-United States Automotive Products Agreement that integrated the two countries' motor vehicle industries. In 2019, before the coronavirus pandemic hit, the two nations engaged in \$725 billion of two-way cross-border trade in goods and services.⁵ The stock of two-way cross-border direct investment in 2019 totaled \$898 billion.⁶

An exception to this deep integration has been the relative lack of freedom of citizens in each country to emigrate to the other to live and work permanently. Currently, no visa is required for citizens to cross the border temporarily. On a typical pre-COVID-19 day, approximately 400,000 people would cross the US-Canada border as tourists, business travelers, truck drivers, and commuters.⁷

For extended or permanent stays, however, the options are more limited. Canadians are able to enter the United States to work through such temporary visa programs as the H-1B visa for high-skilled workers and the NAFTA professional (TN, or Treaty NAFTA) visa. Citizens of the United States can enter Canada temporarily through the International Mobility Program (IMP) or the Temporary Foreign Worker Program (TFWP). Those from the United States wishing to immigrate to Canada permanently may do so, like all other potential immigrants to Canada, through one of the Express Entry programs, and many applicants find themselves with their applications processed and moving to Canada in six months or less.

Building upon these existing programs, an agreement on free movement between the two nations should allow citizens of each country to live and work indefinitely in the other country. Those who choose to migrate across the border should have the option of applying for permanent legal residency or citizenship according to the established rules in each country. The agreement should be reciprocal, offering the same freedoms and rights to citizens in each country.

A well-designed agreement would restrict access to government welfare and other support programs to ensure that workers and migrants are self-supporting and to avoid any asymmetrical fiscal impact. Each nation would be free to restrict access to income-support programs as it sees fit, with no obligation to provide the same benefits that are available to its citizens or other legal residents. The agreement would apply only to citizens of each country, so that third-country nationals would not be able to use either country as an entryway to the other.

BUILDING ON THE TN VISA AND INTERNATIONAL EXAMPLES

A US-Canada agreement on free movement should adopt aspects of and expand upon the TN visa and the IMP. The TN visa, created in 1993 as a part of NAFTA, is itself an expanded version of the TC (Treaty Canada) visa created when the United States and Canada implemented a free-trade agreement in 1989.⁸

The TN visa allows professionals in 63 designated categories to work indefinitely in either of the other two NAFTA nations. For Canadians to qualify for a TN visa to work in the United States, they must be citizens of Canada; have the qualifications necessary for one of the designated professions; have a formal, written offer of employment from an American employer; and present those credentials when entering the United States. TN status is granted to qualified Canadians for up to three years and can be renewed indefinitely. Unlike with the H-1B visa, there is no limit to the number of TN visas that can be issued in a year, and TN visas do not require labor certification demonstrating that the job has been offered to Americans first. And unlike holders of H-1B visas, holders of a TN visa are not allowed to pursue citizenship. The TN visa has generally been underutilized because it requires excessive paperwork and because its employment categories are outdated.

The IMP allows Canadians and Americans to travel between the two countries reciprocally to sell goods, to provide goods and services, or to trade and invest without a Labor Market Impact Assessment (LMIA) and, in the case of business visitors, without a work permit.⁹ IMP participants are grouped into four categories: business visitor, professional visitor, intracompany transferee, and trader or investor. Business visitors can enter Canada for business related to the business cycle without the need for a work permit. Professional visitors can enter Canada to provide the prearranged professional services of one of the 63 occupations covered by the USMCA without the need for an LMIA, though they still need a work permit. Intracompany transferees must have specialized knowledge and must be transferring to a Canadian branch of their company. They may provide specialized services without the need for an LMIA but with a work permit. Traders and investors can enter Canada to trade in goods or services between the two countries without the need for an LMIA but with a work permit. Depending on which category they fall under, applicants must provide proof that they are entering Canada for the stated reason of working with the intended employer and, in some cases, that they are qualified to do that work. These applicants must show that they harbor no intent to establish permanent residency in Canada.¹⁰ In 2017, Canada recorded 34,567 IMP work permit holders with valid permits through NAFTA, the treaty that preceded the USMCA.¹¹

A comprehensive free-movement agreement would go beyond the TN visa and the IMP by allowing citizens of one country to pursue any kind of legal employment in the other, regardless of their skill level or occupation. Many migrating workers will be professionals, but an agreement on free movement should allow those from Canada and the United States to work in construction, hospitality, healthcare, or whatever kind of employment they can find. The agreement should not

require an offer letter or proof that they are specialized in a certain area but instead allow them to look for work in the other country or to not work at all, as long as they are fully capable of self-sustenance. And under the agreement, Canadian and American migrants should be allowed to apply, after a reasonably short period, for legal permanent residency (i.e., a “green card” in the United States) and eventual citizenship.

A US-Canada agreement on free movement would not be the first such agreement between high-income nations. The European Union has allowed the free movement of people among member states since the Schengen Agreement was implemented in 1985. Citizens of each EU member state have the right to live and work in any other member state. The agreement also includes the non-EU members of Iceland, Norway, and Switzerland. Since 1973, Australia and New Zealand have allowed the free movement of citizens between their two countries through the Trans-Tasman Travel Arrangement (TTTA).¹² Under the TTTA, citizens of Australia and New Zealand have been free to enter each other’s country to visit, live, and work indefinitely without prior approval. An organization called CANZUK International is promoting an expanded version of TTTA that would allow free movement among Australia, Canada, New Zealand, and the United Kingdom, which exited the European Union in January 2020.¹³

A similar agreement on free movement between Canada and the United States would allow citizens of each country to maximize their ability to find employment in the job they consider most rewarding. If the unemployment rate were to be significantly higher in one country than the other, citizens could cross the border to find work rather than enduring unemployment and drawing on public income support. This could be especially beneficial in sectors more prone to boom and bust, such as energy, technology, or construction. Numerous studies have shown that immigration boosts the welfare not only of the immigrants themselves but of most native-born workers and the economy as a whole because of the more efficient allocation of labor.¹⁴

ADDRESSING CONCERNS ON BOTH SIDES OF THE BORDER

Fears that either nation would be swamped with immigrants from the other are unfounded. Both nations are prosperous market democracies with high degrees of economic and civil freedom. Those fears are probably more acute in Canada because its population of 38 million is so much smaller than the US population of 330 million.¹⁵ But the US economy is even larger compared to Canada’s: US per capita gross domestic product in 2019 was \$65,118 on a purchasing power parity basis, which was significantly higher than Canada’s per capita GDP of \$51,342.¹⁶ A higher standard of living and the opportunities of a much larger economy would tend to make the United States more of a magnet for Canadian workers than vice versa.

Historically, more Canadians have moved to the United States than have Americans to Canada. More than three times as many Canadian-born immigrants live in the United States (783,000) as

American-born immigrants live in Canada (253,715),¹⁷ according to comparable 2016 data. Despite its proximity, Canada ranks 11th in the world as a source of the total immigrant population in the United States, behind, in descending order, Mexico, India, China (excluding Hong Kong and Taiwan), the Philippines, El Salvador, Vietnam, Cuba, Dominican Republic, Korea, and Guatemala.¹⁸ America ranks fifth as a source of the total immigrant population in Canada, behind (in descending order) India, China, the Philippines, and the United Kingdom.¹⁹

As a share of their home population, Canadians are far more inclined to migrate to the United States than vice versa, even though Canada is generally more open to immigration than the United States. There is no reason to think a mutual relaxation of the movement of people would result in a large increase of Americans moving to Canada. It is more likely that the largest increase would be in the other direction.

In light of that fact, Canadians may worry about a brain drain of more educated professionals migrating to the United States. That should not be enough of a concern to derail a bilateral free-movement agreement, though. Canada is already an attractive place for higher-income workers to live and work, but the ability of productive workers to emigrate more freely would create greater incentive for both nations to maintain an attractive environment for high-skilled workers, creating a healthy institutional competition. The Government of Canada has recently acknowledged that there are skill shortages in Canada and is attempting to rectify that shortage by introducing the Global Talent Stream (as part of the Temporary Foreign Worker Program): “To grow Canadian business, create more Canadian jobs and compete among the best in the world, we must also attract the best minds in the world.”²⁰ The new talent stream services high-growth companies in need of talent that they can seem to find only abroad. The Government of Canada also acknowledges that reform to the Express Entry system is needed to facilitate a better pathway to permanent residency for many who qualify for permanent immigration to Canada.²¹ Given its proximity and shared language, the United States is a natural partner in meeting the demands of businesses and proposed immigration program reform currently sought by the Canadian government.

The emigration of well-paid professionals can also have the benefit of creating a greater stream of remittances back to the home country, providing a valuable source of foreign exchange. In 2017, remittances from migrants in Canada to the United States totaled \$662 million, and remittances from migrants in the United States to Canada totaled \$879 million. Only remittances from migrants in America to Mexico were larger.²² It is safe to assume that the remittances from US and Canadian migrants to their home countries would be significantly higher if those people were able to move freely between their two countries. Also, by increasing the potential pay for certain credentials, the ability to emigrate for better pay increases the incentive for the native population to invest in its education. Professionals who emigrate can also return, bringing back with them valuable experience, job skills, and commercial connections, creating a brain circulation rather than a one-way drain.²³

Common concerns in the United States about low-skilled immigration or cultural assimilation are likely not a factor with Canada. Canadians are arguably better suited to adjust to US social and economic life than people from any other nation. Canada is also predominantly an English-speaking country. In an analysis of the current Canadian-born population living in the United States, the Migration Policy Institute concludes, “Compared to the overall foreign-born population, Canadians have a higher median income, are less likely to live in poverty, and are more likely to have health insurance and to be college educated.”²⁴

To allay concerns about the use of welfare or social services, provisions could be written into any agreement that would make US and Canadian immigrants ineligible for income support programs in the other country. In the United States, temporary migrants are generally not eligible for welfare programs, and lawful permanent residents must wait at least five years before qualifying for such means-tested benefits.²⁵ Those same rules should apply to a US-Canada agreement. Workers under the program could be required to secure private health insurance. Affidavits of support could be required from relatives or other interested parties to guarantee that any immigrant under the program does not become a public charge.

In Canada, a precedent already exists for similar restrictions on welfare to individuals who are not yet permanent residents. The Canadian super visa allows parents and grandparents to visit their children or grandchildren for up to 2 years at a time and provides multiple entries for up to 10 years. In order to be eligible, the Canadian child or grandchild must sign a letter that promises to financially support the parent or grandparent for the length of his or her visit, and the child, grandchild, parent, or grandparent must show proof that one of them has purchased medical insurance from a Canadian insurance company that provides at least \$100,000 in coverage.²⁶ This provision ensures that anyone entering the country under the program will not have to rely on social assistance while residing in Canada temporarily. Canada also limits the need for social services for refugee and humanitarian streams of immigration through the Private Sponsorship of Refugees program.

THE POLITICAL SPACE FOR AN AGREEMENT

Although Congress has been unable to pass comprehensive immigration reform in recent years, public attitudes toward a proposed US-Canada free-movement agreement would likely be favorable. A 2020 Gallup poll finds that more than three-quarters of Americans (77 percent) agree that immigration is a good thing for the United States. And for the first time in more than 50 years of polling on the subject, Gallup finds that more Americans now favor increasing immigration than those who favor decreasing it.²⁷ A more focused survey published by the Cato Institute finds bipartisan majority support in the United States for a US-Canada agreement on free movement, provided that the agreement is reciprocal and restricts the use of welfare.²⁸

In Canada, Minister of Immigration, Refugees, and Citizenship Marco Mendicino put forth an immigration levels plan in October 2020 that aims to bring in more than 1.2 million immigrants over the next three years, which will help compensate for the immigration shortfall that has been created by the COVID-19 pandemic.²⁹ Minister Mendicino offered the following justification for the plan: “Put simply, we need more workers, and immigration is the way to get there.”³⁰ The planned increase in permanent resident admissions by more than 50,000 people over the next three years demonstrates that Canada is interested in finding ways to facilitate permanent immigration as quickly as possible. An immigration critic from the opposing Conservative Party of Canada did not directly oppose the increase in numbers, but instead wondered how the government plans to bring in 50,000 immigrants, given the current travel restrictions, and offered ideas such as rapid testing for COVID-19, a better focus on integrating newcomers into Canadian society, and a plan to avoid a backlog of applications.³¹ Since the opposition does not openly criticize the actual number of immigrants proposed by the government or the necessity of focusing on immigration in light of the pandemic, there could be bipartisan political will in Canada for a US-Canada agreement on free movement.

CONCLUSION

When the COVID-19 pandemic recedes as a public health issue, the United States and Canada should work together to establish a joint agreement to allow citizens of each country to live and work more freely in the other. Such an agreement would build upon the success of more than half a century of economic integration between the two close neighbors and security partners. A new system of increased migration between the two countries could build upon existing programs while expanding their use and flexibility. Fears about the movement of large numbers of people, lack of assimilation, and increased fiscal burdens are either overblown or can be addressed by provisions within the agreement.

Whereas immigration can be a controversial topic and can arouse strong opposition, the United States and Canada are ideally situated as neighbors with similar economies and cultures to come to a mutually beneficial agreement on more liberalized migration between them. A US-Canada agreement on the free movement of people would be beneficial for both countries and their citizens, boost the economies of both nations, and further integrate the North American economy.

ABOUT THE AUTHORS

Daniel Griswold is a senior affiliated scholar at the Mercatus Center at George Mason University and former codirector of its Trade and Immigration Project. Griswold is a nationally recognized expert on trade and immigration policy. He has authored numerous studies, testified before congressional committees, commented widely for news outlets, and written articles for the *Wall Street Journal*, the *Los Angeles Times*, and other publications. Griswold holds a bachelor's degree in journalism from the University of Wisconsin at Madison and a master's in the politics of the world economy from the London School of Economics and Political Science.

Sabine El-Chidiac is the educational programs manager at the Institute for Liberal Studies in Ottawa, Ontario. She holds a BA in political science from the University of Toronto and an MA in political science from the University of Western Ontario. After graduating, she went on to advise Canadian federal ministers on policy issues relating to citizenship and immigration for over four years, and she continues to write and speak about immigration policy.

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