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Standing Committee on Citizenship and Immigration
Opening Statement

My name is David Green and I am a professor in the Vancouver School of Economics at the University of British Columbia. Thank you very much for the opportunity to appear before this committee.

My research focuses on inequality in labour market outcomes, the impacts of technological change, and immigration. Most recently, I have been working with Professor Mikal Skuterud from the University of Waterloo and Stephen Tino, a PhD candidate at the University of Toronto on the impacts of the substantial increase in college and university students working off campus on local labour markets.

I want to start by saying that I view the recent changes in Canada's immigration policy in relation to international students as a step in the right direction. Or, perhaps more accurately, a step back toward the well-functioning immigration system that Canada had in place by about 2015 to 2017. That system had, at its centre, the Express Entry system for assessing permanent resident applicants, a temporary foreign worker system that had not yet ballooned, and an international student inflow that was only just starting its dramatic increase.

In my opinion, an effective immigration policy should be based on a goal of moving toward a just society, by which I mean a society of equal respect for all. That means that the policy should be designed with concern both for its impacts on wages, employment, housing, etc. for those already in Canada and for the immigrants themselves. Economic research on the impacts of immigration is very clear that the overall impact of immigration on average wages and productivity is minimal. That means, on one side, that immigration is not a magic economic bullet but also means that immigrants do not, on average, steal jobs or lower wages. But there are distributional differences in impacts. Canadian workers with lower skills tend to suffer wage and employment losses when immigration brings in lower skilled workers but can benefit from higher skilled immigration.

It is also important to note that economies are not like machines that will break down if a particular type of worker is missing. They are organic entities in which wage increases direct workers to get training and firms to make capital investments. Trying to use immigration to fill so called labour shortages just serves to short-circuit the economy's natural reactions by stopping wage increases, allowing lower productivity firms to stay in business and reducing incentives for workers to train. This, of course, is particularly the case when the supposed shortages are in low wage occupations. The result is a low productivity immigration policy. In addition, we are quite bad at predicting what specific occupations will be in high demand in the future (a lesson we have unlearned multiple times in our policy history). Put this all together

and it implies that immigration policy should target bringing in skills in general rather than trying to fill perceived gaps. There may be exceptions to this – the health sector is an example – but they are not, as current policy seems to assume, widespread. I believe this is also wise policy from the point of view of public support for immigration. Perceptions that the government is trying to help out particular friends in the business community are damaging.

There is, however, a difficulty in trying to bring in skills through immigration – education and other skills obtained in other countries are often undervalued in the Canadian labour market. The idea of making it easy for international students to stay in Canada after they complete their degrees is a potential solution to this. Canada gets smart young people with a Canadian credential. We followed Australia in pursuing such a policy. But we didn't pay attention to the problems Australia saw and solved. An Australian study from 2010 found that international students from two-year courses and in oversubscribed fields performed worse in the Australian labour market than did offshore migrants. These poor outcomes have been attributed in large part to education sector abuses - where new academic institutions were created to provide potential immigrants with qualification needed to immigrate to Australia (at a profit) - combined with the waiving of the English language testing requirement for international students. We have, sadly, relearned those lessons.

Based on this, it is important that the federal government not cede control over the number of international students to colleges and universities seeking to increase revenues, and the new cap is good in this sense. But it is also important that the system focus on universities and four year programmes rather than 2 year college degrees. The goal should be to build up long term human capital not to try to fill short term gaps. Of course, much in the education field falls under provincial jurisdiction. But the federal government could have an impact by giving small or zero points under the Express Entry system to college graduates and reduce time working off campus further to 10 or fewer hours per week. It is also crucial to put resources into the system for checking whether students are actually attending classes. The numbers we have seen show, in recent years, more student college permit holders entering Canada than there are international students enrolled in public colleges. This is important for public perception that the immigration system is being effectively managed and fair. It is when immigration is perceived to be out of control that backlash that is damaging to immigration policy and to democracy itself arises.