

Intelligence MEMOS



From: Parisa Mahboubi
To: Canadians concerned about immigration
Date: June 12, 2019
Re: **NO, IMMIGRANTS AREN'T STEALING JOBS**

Canada is becoming increasingly reliant on immigration for its labour-force growth, which in turn is a key component of economic prosperity. However, not all Canadians may be aware of immigration's beneficial impact. Understanding it better may shed light on debates over the country's immigration policy.

Because of rapid population aging over the past decade, the labour force is shrinking as a percentage of the population, as the rate of participation of Canadians in the work force drops sharply past the age of 64. In order to mitigate the negative impacts of this demographic change on the economy and government finances, the federal government has been raising Canada's annual immigration intake.

While [high immigration](#) alone is unable to fully offset population aging, it has been the major contributor to Canada's population and labour-force [growth](#).

Yet according to [recent polling](#), 37 percent of Canadians hold negative views toward immigration. Among their reasons might be concern about labour-market effects. But there is no evidence to support that fear even with higher immigration levels planned for the coming years.

Despite a number of minor spikes and falls since 2009, annual immigration as a share of Canada's total population has been relatively flat, near 0.8 percent. Meanwhile the proportion of working-age population (15 to 64) declined by about 3 percent to 66.7 percent in 2018.

Given that immigrants are generally younger than the majority of Canadians, increasing the immigration level to 0.9 percent of the population would help slow the pace of decline in the working-age population. Furthermore, in Canada unemployment has trended downward owing to the current economic expansion, reflecting the difficulty employers have finding qualified candidates to fill jobs given the increasing competition for skills. Such shortages tend to increase wages for candidates with the right skills. In that context, immigration can fill the gaps without depressing wages, benefiting all Canadians.

Indeed, a successful immigration policy is not necessarily about increasing the working-age population, but rather ensuring that more people are able to participate in the work force to fill the vacant jobs without negatively affecting the outcomes of the existing work force.

[Evidence](#) shows not only that an influx of immigrants has [limited or no](#) adverse impact on wages, at least in the medium or long term, but an inflow of highly educated immigrants can reduce [wage inequality](#) since these immigrants tend to be competing with highly educated native-born individuals.

Immigrants have consistently higher rates of education than non-immigrants, a gap that is widening. Nearly half of core-aged immigrants (25-54) have a university degree, compared with about 29 percent of the Canadian-born population.

Similarly, immigrants are more likely to start their own businesses, likely because of the familiar barriers to employment: lack of Canadian work experience, credential recognition, and language ability. Since recent immigrant entrepreneurs tend to own [young high-growth companies](#), they disproportionately contribute to net job creation. Surprisingly, the probability of owning a high-growth company is slightly higher among refugee migrants.

All in all, over the past 10 years, immigrants have also seen remarkable improvements in their employment while the employment rate of non-immigrants (15 and older) has trended slightly downward.

This pattern reflects the increasing number of babyboomers retiring and feeding the decline in the prime-age population. At the same time, immigrant employment improvement is a result of better integration into the labour market. More than 71 percent of prime-age newcomers – immigrants who have been in Canada for five years or less – were employed in 2018, up from 67 percent a decade earlier.

Various gaps still remain between immigrants and non-immigrants in the labour market. Immigrants on average still earn less and still have a lower employment rate compared to non-immigrants. Although these gaps decline or disappear with time spent in Canada, barriers to the labour-market integration of immigrants are still preventing Canada from gaining the full benefits of immigration.

To maintain a healthy economy, Canada needs to address these barriers through proper integration and selection policies while attracting more immigrants for its work-force growth.

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