

# Intelligence MEMOS



From: Christopher Worswick  
To: Immigration Observers  
Date: November 4, 2024  
Re: **HIGH-SKILL MIGRANTS SHOULD BE OUR GOAL**

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Late last month, Ottawa introduced major reductions in permanent-resident numbers and published population targets for temporary migrants for the first time. This policy pivot is a sensible response to the evolving immigration and macroeconomic situation in Canada.

Given the dramatic increases in both permanent immigration and temporary migration in recent years, these changes can be thought of as a return to the previous levels of immigration to Canada. This should reduce the pressure on our housing and healthcare sectors while also reducing the risk of new immigrants being unable to find suitable jobs.

However, the economic benefits to Canada from these lower immigration targets will depend on how the new economic immigrants and temporary residents are selected.

The federal and provincial governments should prioritize high-skill applicants (or those with a skill level above the Canadian average), within all of the economic categories of permanent and temporary migration. Having a high average skill level is one of the features that defines a high-income, developed country, so having immigration programs that raise the average skill level is a key part of economic policy.

In addition to raising average living standards, immigrants with higher incomes pay more taxes relative to lower income immigrants, which helps Canada to afford our generous healthcare and social programs. High-skill immigrants are also more likely to lead innovation in companies and this helps with our productivity challenges. An immigration system that is focused on high skill is also likely to result in less wage inequality since there will be less competition for lower-wage jobs. For all of these reasons, high-skill immigration, at the right annual level, can be very beneficial to Canada.

However, there are reasons to be concerned about how we currently select immigrants and temporary residents. The federal government's decision to raise the targets for francophone immigrants planning to settle outside Quebec (with targets of 8.5 percent of the total federal admissions in 2025 rising to 10 percent in 2027) represents a shift away from focusing on the skill level and potential earnings of economic immigrants.

Given the understandable emphasis on French-language skills in the Quebec selection system, it is unlikely that a focus on francophone immigration outside Quebec is needed or consistent with attracting high-skill immigrants. If the francophone applicants not planning to reside in Quebec are high skill, they would be eligible to be admitted based solely on their skills.

In fact, the targets are only effective if they lead to the admitting under the federal selection system of relatively less-skilled francophone applicants instead of higher skill non-francophone applicants. It is also unclear that francophone immigrants settling outside of Quebec will necessarily stay there as the pull to the larger French-speaking metropolitan areas of Quebec is likely to be great.

Another area of concern relates to the selection of immigrants under the provincial nominee programs. The federal and provincial governments need to work together to ensure that the emphasis is on high-skill immigrants rather than filling labour shortages, which would be better dealt with through companies raising the wages offered or through their investment in new equipment and technology.

Concern also arises when considering the implementation of the temporary foreign worker program. The recent drop in the cap placed on temporary foreign workers in the low-wage stream (to 10 percent of a company's employees) was a good policy change, but this could be pushed further by eliminating the low-wage stream. This would free up room in the temporary migration target for high-wage temporary foreign workers and international students in high-skill postsecondary programs (such as university STEM programs) who could be very successful future immigrants.

Lastly, while it is reasonable to pull back from the historically large numbers of international students being admitted, it will be important to prioritize high-skill international students. The cap on international students introduced by the federal government in 2024 was important and the reduction in the cap for 2025 can be defended given the very large population of international students already residing in Canada. However, the federal government should work with the provinces to ensure that visas are issued to international students who are likely to have high earnings after graduation since they could be highly beneficial future immigrants.

The reduction in the immigration and temporary-resident targets can be seen as sound economic policy so long as we as a country maintain our historical focus on selecting economic immigrants who are likely to have high earnings in the Canadian labour market. This focus has played no small part in maintaining our pro-immigration consensus, which can continue under a properly designed set of immigration policies.

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