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Immigration No Panacea for Canada's Demographic Woes: C.D. Howe Institute

Toronto, July 2 – While immigration has been a key driver of Canadian population and workforce growth, it cannot, on its own, offset demographic trends that threaten our future living standards, according to a study released today by the C.D. Howe Institute.

In *Faster, Younger, Richer? The Fond Hope and Sobering Reality of Immigration's Impact on Canada's Demographic and Economic Future*, authors William B.P. Robson and Robin Banerjee say current fertility and immigration rates, moderately rising life expectancy, and historical productivity increases can be expected to depress workforce growth, boost the ratio of Canadians 65 and over to those of working age (the old-age dependency ratio) and depress growth in incomes per person. Despite some popular commentary, offsetting or even noticeably mitigating these trends through increased immigration alone would require unrealistic increases in total immigration levels.

- Only improbably huge increases – for example, near-term, net immigration rates more than 2.5 times those of the recent past – could offset the impact of lower past fertility on workforce growth.
- Even huge increases in immigration that favour younger workers could only slow the coming increase in Canada's old-age dependency ratio. And trying to limit the ratio's rise through immigration would require doubling – or, in some scenarios, multiplying six-fold – the Canadian population in 50 years' time.
- Using immigration to try to maintain growth of output per person yields forecasts with explosive population growth, with ludicrous results in the billions or even trillions.

The authors show that several other measures to mitigate the impact of a slower-growing and aging population on Canada's workforce and incomes hold at least as much promise as changes to immigration. Delaying the normal age of retirement could help both workforce growth and old-age dependency in the near term. Higher fertility would help achieve both goals in the next generation and beyond, and faster productivity growth would boost real incomes per person more than any conceivable immigration strategy.

Faster, Younger, Richer? The Fond Hope and Sobering Reality of Immigration's Impact on Canada's Demographic and Economic Future is available at www.cdhowe.org.

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Faster, Younger, Richer? The Fond Hope and Sobering Reality of Immigration's Impact on Canada's Demographic and Economic Future, C.D. Howe Institute Commentary No. 291, by Robin Banerjee and William B.P. Robson (July 2009). 21 pp; \$12.00 (prepaid, plus postage & handling and GST – please contact the Institute for details). ISBN 0-88806-765-8.

Copies are available from: Renouf Publishing Company Limited, 5369 Canotek Road, Ottawa, Ontario K1J 9J3; or directly from the C.D. Howe Institute, 67 Yonge St., Suite 300, Toronto, Ontario M5E 1J8. The full text of this publication is also available from the Institute's website at www.cdhowe.org.