

Intelligence MEMOS



Today, we revisit an Intelligence Memo that remains relevant.

From: Parisa Mahboubi

To: Ahmed D. Hussen, Minister of Immigration and Simon Jolin-Barrette, Quebec Immigration Minister

Date: August 21, 2019

Re: **CANADA MUST PUT EMPHASIS ON ECONOMIC IMMIGRATION**

Immigration is not the panacea, as often advertised, to an aging population and low fertility rates. However, the right economic immigration inflow enhances employment outcomes and strengthens the overall economy.

Principal applicants selected under the economic immigration program integrate well into the labour market in the short term. But their immediate families do not. Overall, this means that, across all categories, most new immigrants struggle in the labour market after their arrival. One way to encourage better outcomes is a substantial increase in the target for economic immigration.

Ottawa has increased annual immigration targets, gradually moving up from [280,000](#) in 2016 to [350,000](#) by 2021. Canada admits these immigrants through various streams: economic immigration, family reunification, refugee and humanitarian programs. Annually, the plan is for 58 percent of newcomers to arrive through the economic program (principal applicants and their immediate family members) while family class, around 27 percent, and refugees and vulnerable persons, 15 percent, make up the remainder.

Only principal applicants in the economic category are required to meet selection requirements based on factors such as education, language, age and work experience. In 2017, 50 percent of all economic immigrants were principal applicants, with the rest being their immediate families. This means that, overall, a relatively small portion of all new immigrants – about 28 percent – are subject to economic selection policies (see figure).

Immigrants generally earn less than non-immigrants, but principal applicants in the economic stream [perform better](#) in the labour market, on average, compared with other immigrants. Since 2003, income gaps between principal applicants under the economic program and other immigrants have widened, partly a result of stricter eligibility criteria and priority being given to applicants with a job offer and/or a Canadian education. Among principal applicants, immigrants with a work permit have superior labour-market outcomes in terms of earnings.

In contrast, immediate family members of principal applicants in the economic program were among the lowest earners after their arrival in most years since 1982 – the first year for which data are available. For example, based on tax-filing data, average earnings of principal economic applicants in the first year after landing were about \$43,000 in 2016, compared with \$18,000 for their spouse and dependents.

Earnings improve with time spent in Canada, but earnings of non-principal applicants do not rise enough after 10 years in Canada to catch up with principal applicants.

Earlier studies highlight that the [majority of principal applicants](#) are men and their dependents spend, on average, [fewer hours working](#). A Statistics Canada [study](#) also shows that although female spouses of principal applicants have better labour-market outcomes than women in the family class, due to having higher levels of human capital in terms of education and language ability, such characteristics fail to fully explain the gap between female spouses of principal applicants and their partners.

These results have implications for the federal and Quebec governments. Ottawa should revise its immigration plan to increase the proportion of economic migrants, which would mean proportionally fewer refugees and other immigrants accepted on humanitarian grounds or through family sponsorships. The government of Quebec, which is [re-thinking](#) its campaign promise of reducing the annual number of economic immigrants [from 31,200 in 2018 to between 21,700 and 24,300 in 2019](#), should also take notice. This is the right stream of immigrants to boost, not to reduce.

Immigration to Canada by Category, 2017

	Economic Immigration Program			Family	Protected Persons, Refugees, and Humanitar
	Principal Applicants	Immediate Family Members	Total		
Number Admitted	79,911	79,351	159,262	82,470	44,747
Share of Total	28 percent	28	56	29	16

Parisa Mahboubi is a Senior Policy Analyst at the C.D. Howe Institute.

To send a comment or leave feedback, email us at blog@cdhowe.org.

The views expressed here are those of the author. The C.D. Howe Institute does not take corporate positions on policy matters.

Source: [2018 Annual Report to Parliament on Immigration](#), Government of Canada