

# Trade-Offs within a Skilled Immigration Policy: Lessons from Canada

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(Conference on “Global High-Skilled Immigration Policy”)  
Washington, D.C.

September 2014

## Outline of Presentation:

- Major Features of the Canadian Immigration System
- Five Sets of Challenges for (Skilled) Immigration Policy
- Review of Recommendations

# Major Features of the Canadian Immigration System:

- Shared responsibility between federal and provincial governments (with Quebec having considerable autonomy)
- Policy and parameter changes done largely by Ministerial Instructions and Orders-in-Council
- Mix of broad admission classes:
  - Family Class (25% in 2012)
  - Refugee Class (9%)
  - Economic Class (62%)

- Multiple programs within Economic Class:
  - Federal Skilled Worker Program (57% of Ec. Class in 2012)
  - Provincial Nominee Programs (25%)
  - Canadian Experience Class (6%)
  - immigrant investors and self-employed (6%)
  - live-in caregivers (6%)
- Distinguishing feature has been the Federal Skilled Worker Program (FSWP) based on a Point System screen reflecting (i) skills and adaptability of the worker and (ii) needs of the economy and workforce
- Number of immigrants who are actually screened by Point System only ca. 17%
- Mix has been changing both among admission classes (FC↓, RC↓, EC↑) and among Economic Class programs (FSWP↓, PNP↑, CEC↑)
  - main focus of my comments.

## Challenge 1: Overall level of immigration?

- Recognize what immigrants bring to the economy/nation
- Recognize costs of immigration
- Effects on wages and employment of domestic workers
- Its ultimately a political decision
- Should level of immigration (LOM) vary with business cycle?

## Challenge 2a: What fraction should enter as Economic Class immigrants?

- Consider economic outcomes and labour market performance of different broad admission classes
- Target Economic Class shares (ECS) in Canada and Australia are 60-70%
- Effects on average earnings levels of recent immigrants: trade-off between LOM and ECS

Challenge 2b: What fraction of Economic Class admissions should be skilled vs. unskilled?

- Recall wage effects on domestic workers
- Opt for a high proportion of skilled workers, but recognize there will always be some special needs that are relatively unskilled

## Challenge 3: How should skills be identified and evaluated?

- What are the worker skill characteristics that should be incorporated in a Point System screen?
- Ex ante vs ex post evaluation (for language fluency and educational credentials)
- Possible feed-back effects of such screening on country-of-origin mix
- Exploit your strengths (e.g., good post-secondary education system and CEC)
- Recognize the separate issue of licensing immigrants in regulated professions



## Challenge 4: Broad questions about most appropriate model for skilled immigrant selection?

- Should policy be based on a general human capital perspective (as in FSWP) or on immediate specific occupational needs (as in PNP)?
- Who should select economic immigrants – supply-side criteria (Point System) vs. demand-side needs (employers)?
- Proper timeframe for evaluating economic/social outcomes of immigrants (SR pressures vs. LR implications)?
- Choice between permanent immigrants vs. temporary foreign workers

## Review Recommendations:

- Keep it simple, transparent and fair
- Flexibility and timeliness gained through some relatively arms-length agency to make adjustments
- Go with a mix of different admission classes and specific immigration programs
- Bring in a Point System based on youth, education, key market skills, and English language fluency
- Monitor Canada's planned Expression of Interest or Express Entry model for skilled immigration.