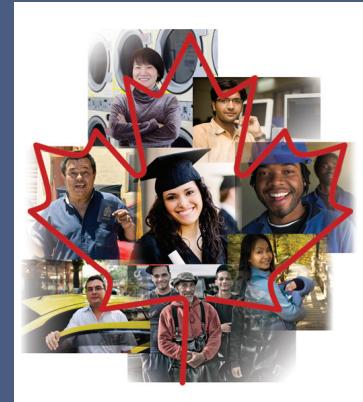


# SELECTING IMMIGRANTS FOR THE SHORT TERM: IS IT SMART IN THE LONG RUN?

Jeffrey G. Reitz

While Canada's immigration policy is regarded as a success by international standards, the employment experiences of recent immigrants have become more difficult, and a number of changes have been introduced to help get them into employment more quickly. Jeffrey Reitz provides a background assessment of Canada's immigration policy and asks whether these changes will meet current labour demands more effectively. He examines the potential implications for the longer-term goals and objectives of Canadian immigration, drawing on relevant international experiences, including those of Australia and the United States. He finds that the evidence casts doubt on whether these reforms will provide the expected outcomes. "Canada would be wise to go slow in changing what has been regarded, both internationally and by most Canadians, as a highly successful immigration program."

Même si la politique d'immigration du Canada est considérée comme une réussite au regard des normes internationales, la situation des nouveaux immigrants sur le marché du travail s'est détériorée au cours des dernières années et des changements ont été apportés pour aider ceux-ci à trouver un emploi plus rapidement. Jeffrey G. Reitz propose une évaluation contextuelle de la politique d'immigration canadienne et s'interroge sur la capacité de ces changements de répondre plus efficacement à la demande actuelle de main-d'œuvre. Il en examine ainsi les possibles répercussions sur les objectifs à long terme de l'immigration canadienne à partir d'expériences internationales comme celles de l'Australie et des États-Unis, ce qui l'amène à douter qu'ils produiront les résultats attendus. « Le Canada serait mieux avisé de prendre tout son temps avant de modifier un programme d'immigration jugé excellent, aussi bien à l'échelle internationale que par les Canadiens eux-mêmes. »



**C**anada's immigration program has enjoyed remarkable public support and is regarded as a success by international standards. However, in recent years the employment experiences of immigrants in Canada have become more difficult, and a number of significant changes have been introduced to help get immigrants into employment more quickly. Use of temporary foreign workers has increased sharply, and there are new opportunities for successful temporary workers to gain permanent status. There has been a shift in selection criteria away from formal education toward greater emphasis on official language knowledge and experience in particular occupational categories in current demand. And there is an increased role for provinces to nominate as immigrants those they believe will contribute most to local needs. Many of these changes are modelled on similar changes in Australian immigration policy introduced by the Howard government about 10 years ago, and for which successes have been claimed.

These changes raise two basic questions. First, will the recent policy changes actually make immigration serve cur-

rent labour demand more effectively? And second, what are the potential implications for the longer-term goals and objectives of Canadian immigration? The following discussion provides some commentary on these questions, drawing on the lessons of experience in Canada and other countries, including Australia and the United States.

**L**ong-term goals of nation building and the expansion of the economy and the population are critical to Canada's immigration policy. In the short term, immigration also addresses specific skill shortages in the labour market. However, Canada's commitment to immigration goes beyond short-term needs. In fact, Canada has sought immigration independently of current labour demand, and it has sought immigration in areas with relatively weak labour demand — for example, Atlantic Canada and Manitoba — as well as in areas with strong demand. Although many economists regard immigration as only a small contributor to economic growth, Canadian policy has been based on a belief that this contri-

bution is significant. The magnitude of Canada's commitment to immigration underscores the significance of its long-term implications.

For comparison, the US admits immigrants based on humanitarian and current labour market needs, and in 2009 it issued about 1.1 million permanent residence visas (green cards) representing about 0.4 percent of population. Canada's 252,000 immigrants in 2009 represented

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0.8 percent of population, making our program twice the size of the US program on a per capita basis. Undocumented immigration in the US, clearly a response to short-term labour demand and varying from year to year, adds to the migrant flow but most often the total is less than legal Canadian immigration.

Australia has been Canada's closest competitor in numbers of immigrants accepted, but the Australian pattern has been to set numbers based on fluctuating labour demand. For 2008-09 Australia took 224,000 immigrants, which is just over 1 percent of population and larger than Canadian immigration. But the numbers were much lower during the recession of the early 1990s, down from the boom years of the late 1980s. Canada's greater immigration stability throughout the business cycles suggests a program focused on longer-term goals.

The scale and long-term goals of Canadian immigration create a special concern that immigrants integrate well into society. Despite emerging problems in this regard, it seems undeniable that compared to those of other countries Canada's record in integrating immigrants has been fairly positive. One indicator is public opinion. Most Canadians support the immigration program, as the Nanos poll results in this issue show, consistent with several other polls done over the last three decades. By marked contrast, other

countries take fewer immigrants, and yet public opinion is less favourable.

A main reason for the positive perceptions of immigrants and their relatively smooth integration into society is their high levels of education, fostered by points-based selection criteria. Research has shown clearly that immigrants with higher levels of education have greater labour market success. They also are more resourceful in deal-

ing with settlement problems, and when they lose their jobs they are more quickly reemployed. And the children of highly educated immigrants have tended to become highly educated themselves. In Europe and the United States, where immigrants are less skilled, social tensions and conflicts have marred the settlement experience. Although some suggest that Canadian success in integrating immigrants might be attributable in part to policies such as multiculturalism that help welcome newcomers, most analysts give greatest weight to high levels of immigrant education based on selection criteria.

Despite this success, the employment of immigrants has raised increased concern. Recent immigrant cohorts have experienced greater difficulty finding jobs despite having even higher levels of education. There may be many reasons but attention has focused on the increasingly credential-focused labour market, and lack of recognition of immigrants' foreign credentials.

Various efforts to foster more effective utilization of immigrant skills have been made. Programs have focused on credential certification, facilitating immigrant access to regulated occupations, bridge training, professional orientation and language training. However, circumstances vary greatly across occupations, and these efforts have been uncoordinated and unevaluated. There is still no

overall plan to address the entire problem, and the issue may remain significant for many years.

A second problem for Canadian immigration is that some labour market uses to which immigrants might be relevant — at both high skill levels and lower levels — go unmet. The applicant backlog — now in excess of 800,000 — makes it difficult to use the traditional points-based immigration selection system to fill

short-term needs in a timely fashion. Also there is significant demand for workers at skill levels too low to qualify under the points system, and where domestic sources are inadequate either because of

lack of training opportunities or because qualified workers are reluctant to move.

Recent policy initiatives would get immigrants employed more quickly by increasing the role of employers and provincial governments in the selection process. The number of temporary immigrants has been doubled, from about 100,000 new entrants in 1998 to nearly 200,000 10 years later. The Canadian Experience Class provides new opportunities for temporary foreign workers (who have two years of experience in a "skilled occupation") and for international students (who have graduated in Canada with one year of experience) to apply for permanent residence from within Canada. Under Provincial Nomination Programs provinces can nominate immigrants and receive priority processing, and numerical limits on these programs have been removed. Finally, selection criteria within the traditional skilled worker program have shifted to emphasize particular occupations in greatest demand and to increase the weight given to knowledge of an official language.

The immediate goal of these initiatives is to reduce barriers to immediate employment for new immigrants, and if this can be accomplished it would be an important strength. However, attainment of this objective is far from clear even in the short term. For example, past experience in Canada shows that selecting immigrants based on

occupations in demand is ineffective, because such demand changes so quickly over time. It was because of this problem that selection emphasis shifted to formal education, since highly educated immigrants are better able to adapt to a changing labour market.

A recent study by Garnett Picot and Feng Hou at Statistics Canada (2009) shows that the continuing decline in immigrant employment success in the period since 2001 was related to the so-called "IT bust": that is, declining employment opportunity in information technology occupations. In the late 1990s, when demand in this sector was strong, many urged Canada to use immigration to address this critical labour market need. In retrospect it seems that doing so might have aggravated the immigrant employment problem we have today. Using immigration to address short-term labour market needs may not work well even in the relatively short term.

Greater potential weaknesses emerge over the longer term. To the extent that new selection criteria lower the educational levels of immigrants, the longer-term integration of immigrants may be threatened. The recent initiatives definitely weaken requirements regarding immigrant educational levels. Under the rules of the Canadian Experience Class, eligible "skilled occupations" include management and professional occupations in which a university degree is normally required, but they also include occupations such as carpenters, plumbers, bricklayers and others in the construction trades where much training may be based on apprenticeship. International students may qualify with university degrees or with degrees from any post-secondary institution. Hence the educational levels of those qualifying for the Canadian Experience Class may vary considerably.

Temporary foreign workers who do not qualify for the Canadian Experience Class may often have even less education, and although their formal opportunity to remain in Canada is limited,

experience shows that many such workers overstay their visas and in effect become permanent undocumented or "non-status" immigrants. Enforcement efforts have proven ineffective, and in the case of recent Canadian policy, there is little provision even to monitor the extent of visa compliance. Prospects for integration of low-skilled non-status immigrants are quite uncertain.

A further problem of enforcement arises when private citizens such as employers or persons in educational institutions have a formal role in immigrant selection. There is potential for both abuse and fraud. Abuse arises if those with power over immigrant selection make unreasonable requests with which prospective immigrants feel obliged to comply in order to maintain their status. Such situations have been reported, for example, in Toronto's construction industry, where temporary foreign workers hoping for permanent status are asked to work extra hours without pay.

The possibility of fraud arises because of the record-keeping requirements of the Canadian Experience Class. To qualify for

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immigration status under this program, it is necessary to create a formal record of employment. In some industries such as construction, where temporary immigrants have been numerous, extensive and reliable record keeping has not been known to be the norm. Possibly Canadian Experience Class regulations will promote better record keeping, but this will not be known without effective monitoring. According to a recent report of the Auditor General, there are significant problems with monitoring recent immigration initiatives to ensure that programs are operating as intended.

Both the US and Australia have employer-driven skilled immigration programs, and these are of interest in assessing the Canadian initiatives. Two aspects of US experience are relevant, one involving highly skilled workers and the other temporary immigrants.

Regarding skilled immigration, the US immigration program makes it possible for employers to bring in workers required for particular positions, if the Department of Labor certifies that the workers are required and that no qualified US residents are available. Experience shows that this program successfully enables employers to bring required workers into the country.

As to its relevance for Canada, two points are noteworthy. First, skill levels required for nearly all of the positions available in the program are quite high, a minimum of a university bachelor's degree. Second, the number of persons admitted as permanent residents under the program is fairly small. For example, in 2009 the number was about 150,000, and on a per capita basis for Canada that would translate into roughly 15,000 workers. This suggests that Canadian employ-

ers might generate demand for about 15,000 workers under a US-type labour certification program. While significant, such a program would not yield the numbers of immigrants desired for Canada.

The value of the points system is its capacity to bring larger numbers of skilled immigrants into the country. Under the points system, highly educated immigrants are admitted to the country in the numbers desired, but they are then obliged to find their own jobs.

US experience with temporary immigration is similar to what has been experienced elsewhere, namely that

temporary immigrants very often become undocumented permanent residents. Estimates vary, but among highly skilled temporary workers admitted to the US during the IT boom a decade ago, for example, analysts suggest that at least half of those in Silicon Valley overstayed their visas and became undocumented

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immigrants. Such experiences are behind the adage well known to immigration researchers: "There is nothing as permanent as a temporary immigrant."

**T**raditionally, Australian immigrant selection was similar to Canada's, based primarily on a skill-based points system. Points-selected immigrants in Australia had greater relative labour market success than their Canadian counterparts, because native-born Australians were less educated and the competitive position of immigrants was correspondingly more favourable.

When Australia returned to large-scale immigration after the recession of the early 1990s, selection policy emphasized short-term labour market needs to maximize immigrants' immediate employment prospects. Temporary immigrants who maintained employment for a minimum period, and also

international students, were tapped for permanent settlement. Knowledge of English became a greater priority in selection criteria for permanent status.

Many of these changes were introduced in 1999, and there is now an opportunity to evaluate their impact. Those who have touted the success of the new Australian policies as a model for Canada have based their assessments primarily on short-term outcomes and on very specific categories of workers. More recent data on overall immigrant labour market status do not indicate improved outcomes.

First, despite the policy changes, the points system remains the primary category of immigrant selection in Australia. Increased immigration in Australia has affected all admission categories. Although there was an increase in employer-selected immigrants, there was also a substantial increase in points-selected immigrants, and these remain the majority of immigrants.

Second, the selection policy changes appear to have resulted in an overall *increase* (not a decrease) in levels of formal education among immigrants in Australia and have had little or no impact on their level of employment, or on their relative earnings.

It is interesting to compare trends for recent immigrants using the 2001 and 2006 Australian censuses. Table 1 shows characteristics of immigrants arriving in the five-year period preceding each census, compared to the native-born population. This provides a rough "before-and-after" comparison of the impact of the policy changes introduced about 1999. Immigrants became relative-

TABLE 1. CHARACTERISTICS OF RECENT IMMIGRANTS IN AUSTRALIA, 2001 AND 2006 (PERSONS AGED 25-64)

	Men			Women		
	2001	2006	Percent change	2001	2006	Percent change
BA or higher (percent)						
Native-born	15.0	17.6		16.3	21.7	
Recent immigrants	35.5	46.6		31.0	44.3	
Ratio	2.37	2.65	11.9	1.90	2.04	7.3
Grade 12 or higher (percent)						
Native-born	64.0	70.3		51.2	61.6	
Recent immigrants	71.9	91.7		76.6	85.3	
Ratio	1.12	1.3	16.1	1.50	1.38	-7.4
Percent with positive income						
Native-born	94.6	94.5		90.8	91.5	
Recent immigrants	86.0	85.8		73.0	71.5	
Ratio	0.91	0.91	-0.1	0.80	0.78	-2.8
Mean income (for those with positive income)						
Native-born	\$38,923	\$50,783		\$25,969	\$33,277	
Recent immigrants	\$38,906	\$49,846		\$25,265	\$33,697	
Ratio	1.00	0.98	-1.8	0.97	1.01	4.1
N, native-born	33,045	33,699	-	33,015	35,046	-
N, recent immigrants (previous five years)	1,659	2,178	-	1,792	2,305	-

Source: Australian Bureau of Statistics, Census of Population and Housing, Microdata basic files, 2001 and 2006.

TABLE 2. EMPLOYMENT STATUS OF RECENT PERMANENT IMMIGRANTS TO AUSTRALIA (PREVIOUS 10 YEARS), BY TYPE OF VISA ON MOST RECENT ARRIVAL, 2007

	Percent			Total <sup>1</sup>	
	Employed	Unemployed	Not in labour force	N	Weighted N
Born in Australia	63.50	2.70	33.80	50,872	15,465,477
Permanent – skilled (independent)	81.60	2.70	15.70	293	109,202
Permanent – skilled (other)	71.40	3.10	25.50	357	120,809
Permanent – other	60.20	4.60	35.20	369	140,487
Temporary – student	45.70	6.00	48.30	265	96,273
Temporary – other	53.30	5.10	41.60	473	192,204
Don't know	73.60	5.10	21.30	413	142,598
Australian citizen	76.40	2.20	21.40	360	137,786
Total	63.70	2.70	33.60	53,402	16,404,836

Source: Australian Bureau of Statistics, Survey of Labour Force Status and Other Characteristics of Recent Migrants (CORMS), 2007 (Expanded File).

<sup>1</sup> N's are numbers of interviews conducted. Weighted Ns are population estimates.

ly more likely to have university degrees, and (at least for men) relatively more likely to have completed secondary school. This is actually a notable achievement, since not only were selection criteria altered to reduce the weight given for formal education, the size of the selection pool was increased. Australian policy may have shifted away from "human capital" based selection in design, but as implemented, the immigration program adhered to it.

Most important, relative employment levels and the average earnings of immigrants in the most recent period are about the same as they were in the earlier period. The policy changes do not appear to have had any effect — positive or negative — on the employment outcomes of immigrants.

More insight into the impact of the new Australian policies can be gained from examination of the Survey of Labour Force Status and Other Characteristics of Recent Migrant Survey of 2007. This survey identifies immigrants by the type of visa used as the basis for entry into permanent residence. As shown in table 2, immigrants who came into Australia initially as temporary immigrants and then applied for and received permanent status had *lower* levels of employment than points-selected immigrants. This contradicts the claim that permanent immigrants recruited from among temporary immigrants who successfully maintain their jobs for a specified period are more likely to be

employed over longer periods of time. Further analysis (not included in the table) shows that those who had arranged jobs at the time of initial entry were more likely to be working at the time of the census. However, the visa category also includes immediate family members who arrived later, and these persons may have less positive labour market outcomes.

International students were the visa category with most negative outcomes, with the fewest employed. Such outcomes prompted the recent decision to curtail the availability of permanent residence visas for international students.

The negative Australian experience with the international student program does not necessarily mean the program is not a good idea. As implemented in Australia, the program may have allowed students to qualify while studying in programs of little labour market relevance. More effective controls over qualifying degree programs might improve outcomes, although numbers recruited might be fewer.

Recent rapid change in Canadian immigration policy has been designed to get immigrants to work more quickly, yet both Canadian and international experiences cast some doubt on whether this will happen, and provide little guarantee regarding prospects for longer-term integration into society. In particular, Australian experience, which is the basis for many of the Canadian initiatives, is far from

reassuring. It is now undergoing serious review even in Australia.

Many of the increased numbers of temporary immigrants now arriving in Canada are likely to overstay their visas and become permanent undocumented immigrants. The Canadian Experience Class may result in admission of many less educated immigrants with less chance for successful integration over the longer term than traditional points-selected immigrants. Further, it is not clear that adequate monitoring is in place to ensure prevention of abuse and fraud. For traditional skill-selected immigrants the increased emphasis on specific occupations now in demand would appear to be as difficult to implement effectively as it was in the past when it was tried and rejected.

Experience in Canada as well as in other countries, including both the United States and Australia, suggests that Canada would be wise to go slow in changing what has been regarded, both internationally and by most Canadians, as a highly successful immigration program.

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