

Exploring the Impact of Immigration

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Canada has always been a welcoming country to immigrants. Today roughly 39.6% of the Canadian population identify as first or second-generation immigrants. At its foundation, multiculturalism and immigration are a strong part of Canada's modern identity. As Canadians, we are known for our welcoming approach to immigrants and our diverse populations throughout our province, but how has this impacted the labour market? While there are many impacts of immigration on our society and culture, this article aims to answer that question by addressing the advantages and disadvantages of immigration below:

Advantages to immigration include:

Stimulating the Canadian Economy

For the Canadian Economy to prosper, national output (GNP) must continue to increase at a steadfast rate to compensate for the increased population. With a steady influx of new immigrants entering Canada, our total purchasing power will increase and therefore help stimulate a thriving economy.

Increased amount of skilled workers

An increased Canadian population leads to an increased number of skilled workers entering the labour market. According to the Canadian Government, 196,659 skilled workers entered Canada in 2020. Much of our immigrant population possess valuable skills, education and/or investments which they carry over to the Canadian economy. This, in turn, can help address the skills shortage throughout Canada and stimulate the Canadian economy. Moreover, with many of the

skilled workers possessing a background in fields such as medicine, engineering, or skilled trades, more services are available at a local level and the need to rely on external labour is reduced. In fact, the Canadian government offers the Federal Skilled Trades Program (FSTP) specifically designed to attract skilled trade workers to Canada. It is possible that these types of programs will expand into other fields if the demand for skilled labourers does not meet the supply available within Canada. In addition to the above, less desirable job vacancies are reduced with the increased number of labourers/skilled tradespersons entering Canadian society with a willingness to work.

Greater cultural diversity

Multiculturalism and diversity are at the forefront of Canada's global identity. In fact, in the 1970's under Prime Minister Pierre Trudeau, Canada adopted multiculturalism as its official Canadian policy. As part of present-day Canada's core values, the promise of multiculturalism and diversity has attracted talented immigrants from around the world and has made Canada a promise land for many immigrants. Moreover, many businesses may choose to operate within the Canadian border to have access to our diverse talent offerings. In fact, many big names in the tech and software industry such as Google, Facebook, and Microsoft have recently expanded their offices to Canadian cities to tap into Canada's multicultural and diverse talent.

Demographic Impact

As the aging population of Canada reaches retirement, the demand for labourers/skilled tradespersons to fill the many vacancies will follow. As outlined earlier in this article, immigration plays a vital role in this process, by providing a much-needed supply of labourers/skilled tradespersons to fill these vacancies. With more Canadians reaching the age of retirement, the pressure placed on social care, tax revenues and government spending will also increase. To address this issue, immigration allows the shortages in health and social care to be filled with young workers who make a net contribution to government finances and boost the overall workforce.

Disadvantages to immigration include:

Impact on Canadian's ability to find work

Unfortunately, due to the increased number of skilled labourers/skilled tradespersons entering Canada, some would argue that this influx leads to fewer opportunities for native-born Canadians to find work. While the number of skilled labourers entering Canada is overall beneficial to the Canadian economy, the downside is an increased competition in the candidate pool, and many businesses may look to hire experienced immigrants rather than developing native-born talent. Moreover, as more immigrants enter the workforce, there may be some displacement of native-born Canadians who then experience structural unemployment and have difficulty finding new work opportunities. On the flip side of this argument, some would argue that immigrants are willing to do work that some Canadians find unpleasant and/or beneath them. It is quite evident that many jobs in the housekeeping, landscaping and service industries are in fact occupied by newly landed immigrants. These jobs are typically the ones that Canadians are unwilling to accept.

Potential impact on lower-skilled worker wages

It is often said that an increased immigrant population will have an impact on wages in Canada. The rationale is that immigrants are willing to work for less than native-born Canadians, so Canadians are forced to accept lower wages as a result. For many Canadians, this claim is mere speculation; however, some labour economics studies suggest the impact on Canadian wages may be at higher risk for the lower-skilled working population. It is important to note that this impact on real wages is miniscule. Moreover, there are a multitude of factors that may contribute to a wage increase/decrease outside of immigration that make the effects of immigration on wage decreases difficult to measure and realistically quantify.

Housing Costs

As part of the unfortunate reality of our society, there is limited affordable housing available for many Canadians. While there is a high demand for housing, the supply of land and resources is limited. This dilemma places significant pressure on rent and housing prices across Canada and has only worsened since the Covid-19 pandemic. Further, the dilemma is amplified by the increased population due to immigration. The shortage of housing available to accommodate the increase in population bears upper pressure on housing costs, which makes it less

affordable for anyone wanting to get into the housing market.

Impact on public services

As the Canadian population increases due to immigration, so does the pressure on social services, schools, hospitals, roads, and public transport. If the population of a particular area increases faster than the number of available services outlined above, the quality of services will also tend to deteriorate and more people are left with limited services.

Although there are arguments for and against immigration, the overall consensus is that immigration has a positive net effect on our society. The advantages in economic terms far-outweigh the disadvantages. Based on its sheer size, Canada needs immigration to thrive and develop to its full potential. It is unquestionable that immigration helps Canada make up for the ever-dwindling population growth from its own citizens. Immigration can only help sustain the growth required to maintain Canada's position as a leader on a global scale.

If you have any questions about how to increase diversity & inclusion in the workforce or wish to share your perspective on how immigration has affected your organization, please do not hesitate to contact us at info@integrityconsultation.com or call us at 705-524-0978.