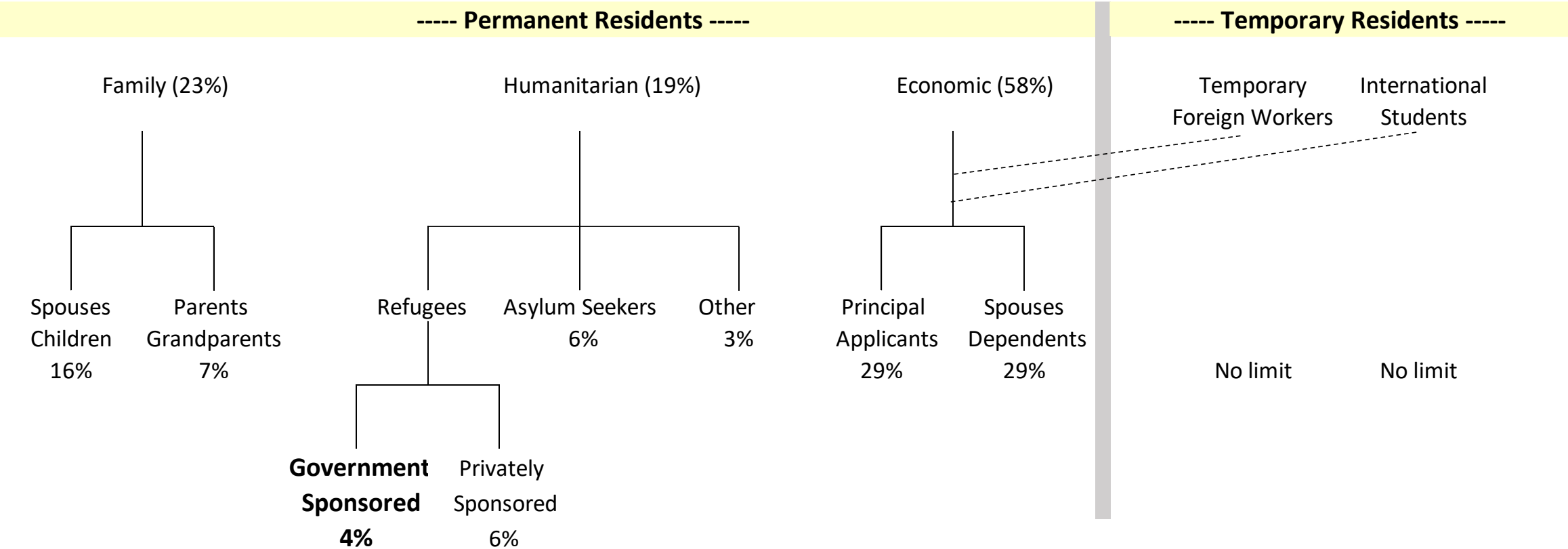


Environmental Overview

2023 Retreat

The IRCC's 2024 Immigration Plan



Change in immigration levels, 2023-2026:

Economic	up 13.2%
Family	up 10.8%
Humanitarian	down 12.5%

A Slice of Economics 101

1. Gross Domestic Product (GDP) – the total value of all goods and services produced within a country's borders. It is sometimes called “the size of the economy”.

In other words: **the whole pie**

2. GDP per capita – the whole pie divided by the population of the country.

In other words: **the size of your slice of the pie**

This figure is used to compare the wealth of people in different nations.

3. Real GDP and Real GDP per capita – the size of the pie (or a slice of the pie) adjusted for inflation.

This figure is used to show how prosperity has changed over time.

Governments love to talk about GDP because it is always growing. Every person increases GDP, because at a minimum they have to purchase food to eat. The relevant measure is #3. Example: if Canada's GDP increases by 3%, the population increases by 2% and inflation is 4%, GDP per capita increased by 1% and real GDP per capital decreased by 3%.

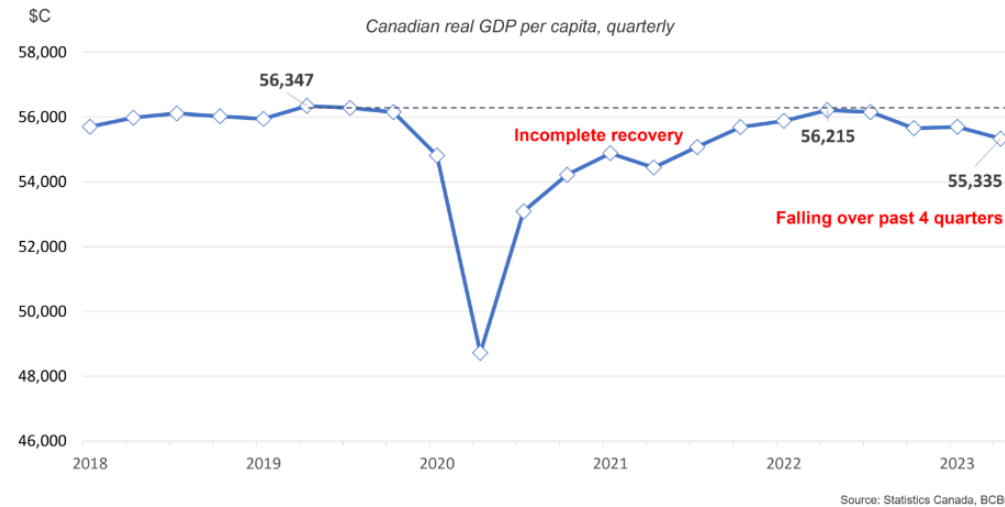


Canada's economy remains below pre-pandemic level

faltered. Real GDP per capita has fallen for the past four consecutive quarters and, at \$55,300, is around 2% lower than it was in 2019.

Figure 1

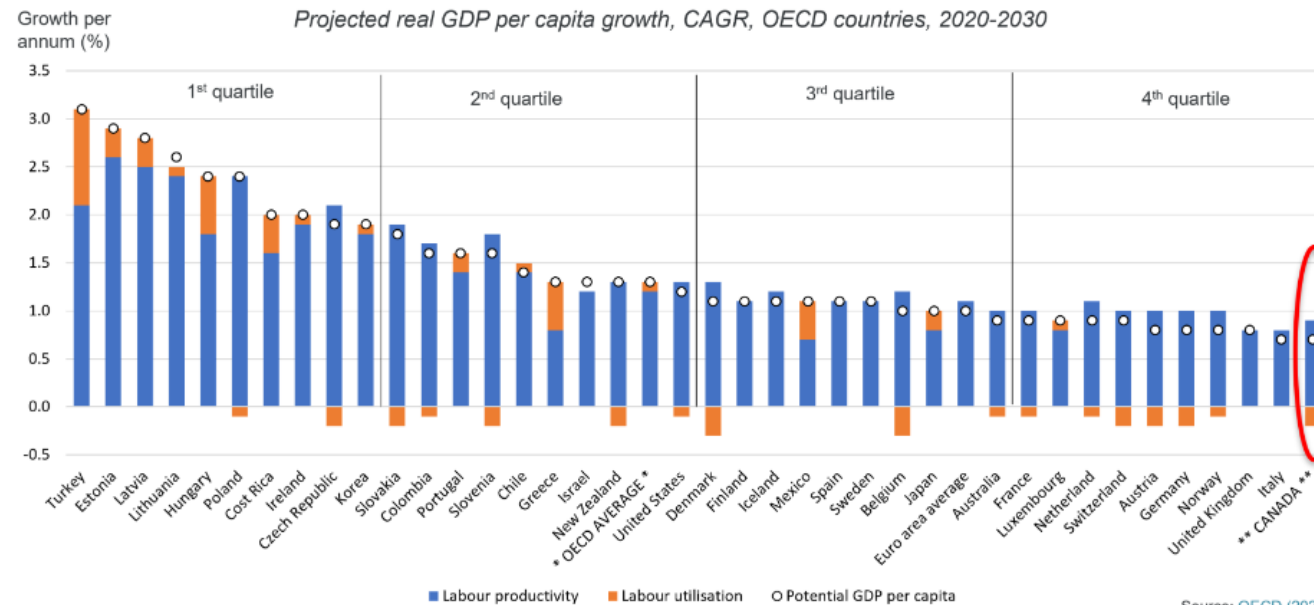
IN PER CAPITA TERMS, CANADA'S ECONOMY IS IN RECESSION



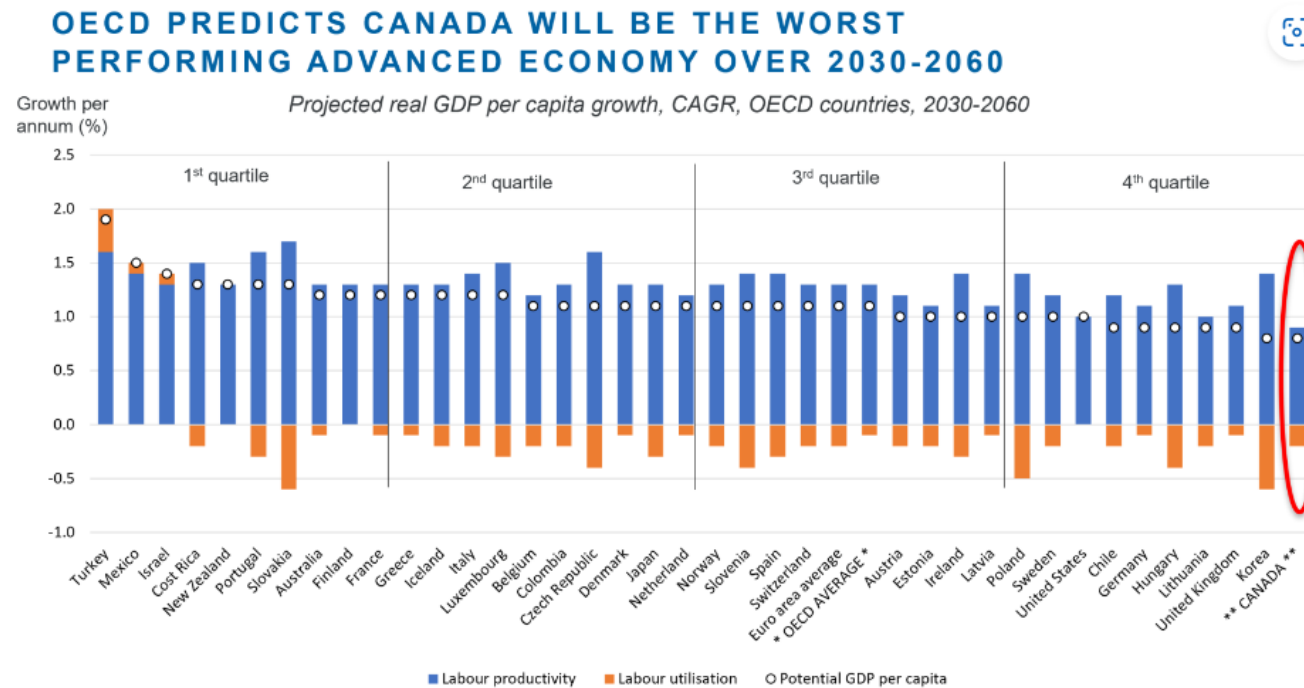
Bank of Canada forecasts weak economic performance for 2024 and 2025

Organization for Economic Co-operation and Development (OECD) ranks Canada 38th out of 38 for economic growth during the 2020s

OECD PREDICTS CANADA WILL BE THE WORST PERFORMING ADVANCED ECONOMY OVER 2020-2030



Organization for Economic Co-operation and Development (OECD) ranks Canada 38th out of 38 for economic growth from 2030-2060



Population poorly correlated to prosperity

	Most Populous	Wealthiest
1	India	Luxembourg
2	China	Ireland
3	United States	Switzerland
4	Indonesia	Qatar
5	Pakistan	Norway
6	Nigeria	Singapore
7	Brazil	United States
8	Bangladesh	Iceland
9	Russia	Australia
10	Mexico	Denmark
11	Ethiopia	Sweden
12	Japan	Canada
13	Philippines	Israel
14	Egypt	Netherlands
15	DR of Congo	Macao
16	Vietnam	Austria
17	Iran	Hong Kong
18	Turkey	United Kingdom
19	Germany	Finland
20	Thailand	Belguim

Newcomers struggling to find employment – how real is the “labour shortage”?

Stats Can Labour Force Data

(all figures in thousands)

	June 2022 Labour Force Survey	October 2023 Labour Force Survey	Change	
Population aged 15-64	31,745	32,801	1,056	
Labour Force	20,729	21,517	788	
Components of labour force:				
Full-time workers	16,149	16,604	455	57.7%
Part-time workers	3,554	3,684	130	16.5%
Unemployed workers	1,026	1,229	203	25.8%
	20,729	21,517	788	100.0%

Canada has opened the door very wide to immigrants since the easing of the pandemic. The reasons given for the historic increase were to boost the economy and ease a labour shortage. Nevertheless, only 58% of the newcomers who sought work have found it. Most of the rest are unemployed. Compounding the problem is that of the 58%, there is no guarantee that they have found jobs in their areas of training and expertise. The 58% only reflects individuals who are working on a full-time basis at something.

Globe and Mail/Nanos poll results

Canadian attitudes toward immigration (September 2023)

Question: As you may know, in 2023 Canada is aiming to accept 465,000 immigrants as permanent residents. Should Canada accept more, about the same or fewer immigrants in 2023?

Results:

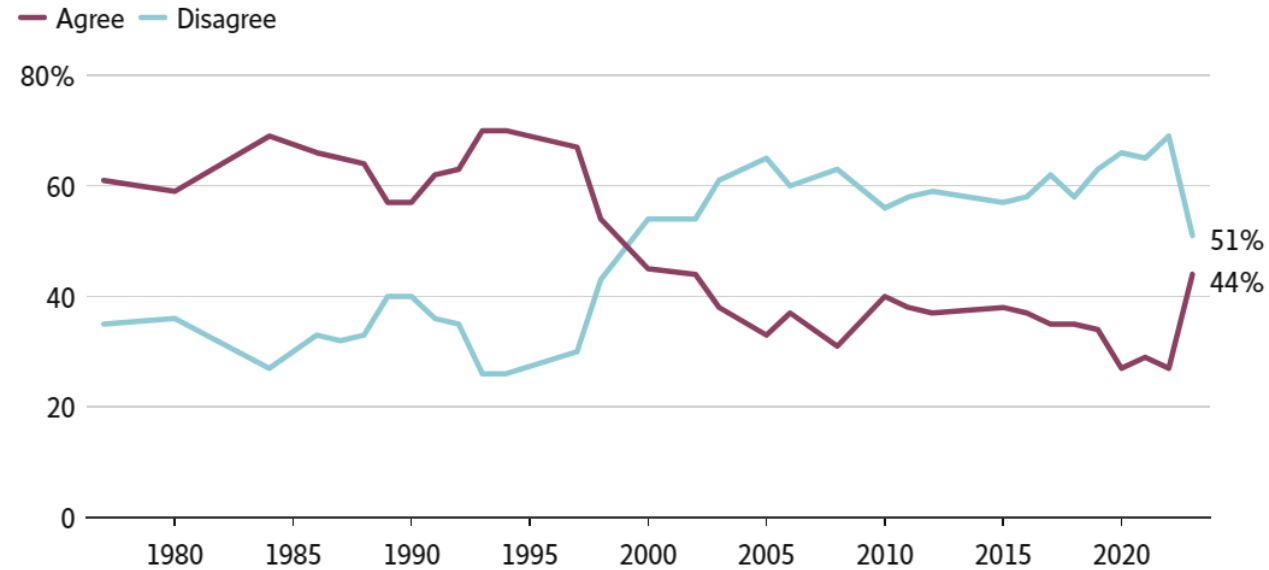
	Canada Total	Prairie Provinces
Accept fewer	53%	62%
Accept about the same	34%	29%
	87%	91%
Accept more	8%	5%
Unsure	5%	4%
	100%	100%

Results to the same question in March 2023: 34% said “accept fewer”

Environics/Century Initiative poll results

"Overall, there is too much immigration to Canada"

Percentage of Canadians who agree or disagree with the above statement



SOURCE: ENVIRONICS, CENTURY INITIATIVE

Results by political party support:

Conservative Party: 65% agree

Liberal Party: 29% agree

NDP: 21% agree

The increase from 27% to 44% is the largest one year change that Environics has seen in more than 40 years of polling on this topic.

Takeaways

- Canada's economy has been very weak since at least 2017, and is forecasted to remain weak for the foreseeable future. The lifestyles of Canadians have declined only slightly (in absolute terms) to this point, but are rapidly losing ground to other developed countries. The outcome of the 2024 U.S. election has the potential to put the lifestyle of Canadians on a downward trajectory.
- The justification for Canada's aggressive immigration targets has been that it will improve the economy. Academic economists suggest that this is possible, but unlikely. Newcomers need to be selected very carefully (marry for the money!) rather than to achieve short-term political objectives.
- Newcomers are struggling to find jobs, which has increased Canada's unemployment rate and makes employment opportunities more difficult for vulnerable low income Canadians. How real is the labour shortage? Are businesses truly unable to find employees, or are they unable to find employees for the wages that they would prefer to pay them?
- There is growing evidence that Canadians are becoming less tolerant of newcomers, particularly on the prairies. The federal government has indicated that it intends to keep immigration levels at historical highs, despite evidence that it is negatively affecting an already stagnant economy.

Other Takeaway #1

Stats Can indicates Canadians are filling most higher skilled jobs without needing immigration

Statistics Canada measures how many job vacancies exist in Canada and what skill requirements are associated with those jobs. As the pandemic waned, there was a huge leap in demand for low skilled work (high school or less), but a much more muted increase in demand for jobs that require more than a high school diploma.



Conclusion/Question: to what extent should the government be relying on immigrants to fill low skill jobs? Other countries have the same problem and do not rely in immigration to solve them. Perhaps the onus should be on businesses to improve productivity and wages.

Other Takeaway #2

Royal Bank's Nov. 1/23 commentary on Canada's immigration policy (excerpt)

What was said:

Bottom Line: The pause in targeted immigration levels is appropriate given housing challenges and eroding public support for higher levels of immigration. With a weakening economy, labour markets should not feel a pinch overall with the pause in the number of new permanent residents. But Canada needs immigrants over the long term. Even the annual immigrant intake of 1.3% of the population is not sufficient to stabilize the age structure of the population, which would require about 2.1%.

Ottawa's measures are directionally appropriate, but they are mostly plans at this point and it needs to double down on two things. Addressing an unrestrained temporary resident population is essential since it may further erode support for permanent residents, which contribute long-term to the Canadian economy. Here the feds will need to lean heavily on the provinces and may need to resort to stronger federal incentives to get them to budge.

Second, Canada needs to be more strategic in selecting immigrants – and temporary residents who often become future immigrants – with the strongest long-term economic prospects, including those outside highly-educated fields. Doing so will ensure Canada retains more of the benefits of elevated immigration levels, to offset or mitigate the short-term costs.

What it means:

Canada is correct to seek a significant number of new immigrants (“directionally appropriate”), but they are short on objectives and outcomes (“they are mostly plans at this point”). They need to work more closely with the provinces to ensure that the logical consequences of increased immigration are factored into whatever plan they have, and that failing to do so is making people angry and less tolerant of newcomers. Furthermore, Canada needs to do a far better job of selecting immigrants,