

Snapshot: The impact of immigration on prosperity in Canada

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What is the challenge?

Canada's economic prospects are closely tied to immigration. Immigration drives 82% of Canada's population growth, and over the next five years, will account for 100% of Canada's net labour force growth.¹

Century Initiative's 2022 [National Scorecard on Canada's Growth on Prosperity](#) highlighted that Canada's GDP per capita lags our potential. A new [Key Insight report](#) looks at the evidence of how immigration affects prosperity and what that means for policy choices in Canada.

¹ "Why Is Immigration Important to Canada," The Conference Board of Canada, accessed April 6, 2022, <https://www.conferenceboard.ca/focus-areas/immigration/why-is-immigration-important-to-canada>.

Key issues

Even among those who support immigration, some raise concerns that high levels of immigration will leave the average resident poorer. Common concerns include that a growing population will lead to lower average wealth per person, that newcomers will drive down wages as they compete for jobs, and that immigrants will be a net drain on public finances.

Others maintain that without the new talent and considerable population growth that is only possible through immigration, Canada is at risk of a stagnating economy that trails its peers. Without immigration, Canada will see a shrinking labour force and growing dependency ratio – the ratio of senior and children compared to working age population.

Research findings

The relationship between immigration and prosperity is typically measured in three main ways: by looking at the performance of the economy as a whole (e.g., GDP per capita); by tracking outcomes in the labour market; and by assessing the impact on public finances.

Economic performance and GDP per capita: On balance, the evidence suggests that immigration is good for economic growth and GDP – or is at worst neutral. Results vary between places, and policy choices can improve these outcomes if they better enable immigrants to find work quickly, use their skills, invest in Canada, and succeed in the long term.

Labour market impacts: By and large, research finds that immigration has little impact on the wages and employment of non-immigrant workers. The impact on non-immigrant workers is better when immigrants are complementary to the Canadian labour market; that is, when immigrants have the skills that are in demand in Canada.

Public finances: The impact on public finances depends on tax and policy choices between jurisdictions and their immigrant mix. Evidence is mixed on whether immigrants are typically net contributors or beneficiaries of public finances. Immigrants are more likely to be net contributors when they are younger and well-positioned to work in their field.



Key takeaways

Across all the research, it is clear that policy choices in immigration policy, selection approaches and integration are critical to the relationship between immigration and prosperity. Policymakers have an opportunity — and a responsibility — to put in place the conditions that maximize positive outcomes for immigrants and for the Canadian economy more broadly.

- When considering the impact of immigration, do not focus exclusively on one or two short-term economic measures, but consider a broad range of shorter- and longer-term economic and social variables including the long-term, multi-generational impacts of immigration, and the kind of Canada we want to build.
- Prioritize reducing barriers to immigrant settlement and integration, for example through language and labour market training, credential recognition, transitions and supporting entrepreneurship and business formation.
- Design economic immigration programs to take into account a mix of short, medium, and long-term labour market skills needs.
- Prepare and plan for growth so that any potential short-term negative impacts, if they occur, are mitigated.
- Invest in generating and mobilizing evidence about what works in immigrant integration and selection, supported by strong data collection and cross-sector partnerships.
- Build on the responsive, Express Entry system with investments in streamlined and user-friendly administration of immigration selection while maintaining a depoliticized approach.

Building on existing strengths and evidence-based policy choices Canada is positioned not just to grow our population but to grow well and be a more prosperous, secure and influential country.

Read the **full report**  for more detailed insights and recommendations.



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