

The hidden growth of Canada's migrant workforce

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DEBATES AROUND INTERNATIONAL labour mobility in Canada have focused on the Temporary Foreign Worker Program (TFWP), which is accused of distorting the domestic labour market and permitting the widespread abuse of precarious foreign workers. The Harper government has systematically expanded the program to the point where entire industries now depend on it, and recent reforms have done little to placate opposition.

Although this debate is important, it overlooks a significant aspect of international labour mobility policy in Canada. The TFWP facilitates the entry of less than half of all migrant workers into Canada. The rest enter the country through Canada's International Mobility Programs (IMP), which encompass a wide variety of treaty obligations and other lesser-known pathways to the Canadian labour market.

Crucially, whereas the TFWP requires employers to prove (at least superficially) that a skills shortage exists before they can hire a migrant worker, the IMP allows migrant workers to enter the country on a temporary basis with no regard for domestic labour market conditions. Intra-corporate transferees, youth exchange workers, and others have sidestepped the migrant worker debate entirely.

This chapter begins by outlining the structure of Canada's IMP, followed by a brief investigation of their potential social and economic consequences. As a disclaimer, the lack of reliable, comprehensive data about the IMP makes it difficult to draw firm conclusions about the impact of their associated sub-programs. Nevertheless, the data that are available point to a number of issues that have been undeservedly ignored to this point.

The chapter then shines a light on the evolution of the IMP under the leadership of Prime Minister Stephen Harper. It concludes that the Conservative government is turning to the IMP to escape the increasingly public pitfalls of the TFWP without making any real changes to the underlying logic of the migrant worker regime. Indeed, the deliberate and unprecedented expansion of the IMP under Harper is reason enough to investigate these programs more closely.

What are the International Mobility Programs?¹

The International Mobility Programs (IMP) encompass all of Canada's international labour mobility initiatives that are not a part of the Temporary Foreign Worker Program (TFWP). The IMP label was created in June 2014 as part of an internal reorganization by Employment and Social Development Canada (ESDC), which administers the various programs that make up the IMP.

The IMP comprises four sub-programs, alternately referred to as pathways or streams: the International Experience Canada program (IEC), the International Student Program (ISP), the Provincial Nominee Programs (PNP), and Canada's commitments under international free trade agreements (FTAs). Each of these streams facilitates the entry of migrant workers into Canada under certain circumstances and for certain purposes. Workers entering the country through these programs can only do so on a temporary basis, although in limited cases they are offered pathways to apply for permanent residency and, eventually, citizenship.

The International Experience Canada program is an amalgamation of youth mobility agreements (YMAS) with 32 partner countries. It provides temporary work and travel permits to young people (typically 18 to 35) in one of three categories: working holiday, young professional, or international co-op. Work permits granted through IEC are generally "open," which means the worker is not tied to any one employer, industry, or location. Permits are non-renewable and typically limited to 12 months. The IEC is reciprocal, which means Canadian youth receive comparable rights to work and travel in partner countries.

The International Student Program is made up of two related initiatives. The Off-Campus Work Permit Program provides work permits to international students

who are enrolled full time at a Canadian educational institution. The Post-Graduation Work Permit Program provides similar work permits to international students who have recently graduated but wish to stay in Canada. Neither program offers a pathway to permanent residency, but work permits granted through the ISP are open, which means workers are not bound to a single job or location.

The Provincial Nominee Programs are different in each province, but they are all designed to “fast track” economic immigrants into the labour force where short- and long-term needs are identified by the province. The PNPs provide a pathway to permanent residency eventually, but workers are tied to a single employer for as long as they are a temporary resident.

The most expansive and complicated aspect of the IMP is the set of commitments Canada has taken under various international treaties and trade agreements. Workers from countries with which Canada has signed a bilateral, plurilateral, or multilateral agreement often receive mobility rights that go beyond those offered through the TFWP and the rest of the IMP.

Although there is a large degree of variability, these agreements tend to cover four categories of workers: business visitors, investors and traders, professionals and contractors, and intra-corporate transferees. In all cases, these workers are not offered a pathway to permanent residency and, in almost all cases, their work permits are tied to a single employer. Under some agreements, the spouses of these workers also receive mobility rights. Like the IEC, Canada’s commitments under international agreements are reciprocal.

Social and economic consequences of the International Mobility Programs

The TFWP has been a breeding ground for migrant worker exploitation and labour market distortion (as explored in this section), and its social consequences have not gone unnoticed. In 2014, backlash to the program from across the political spectrum reached such a fever pitch that Jason Kenney, the minister responsible for the program at the time, was forced to significantly reduce the scope of the TFWP with a plan to phase out its most contentious aspects entirely.

Despite the ongoing controversy surrounding Canada’s international labour mobility regime, however, little attention has been paid to the IMP, which are essentially a set of sister programs to the TFWP. In terms of potential labour market distortion, the IMP provide just as much cause for concern as the TFWP, although, as we shall see, they are not nearly as open to the exploitation and abuse of individual migrant workers.

The most important difference between the various streams of the IMP and those of the TFWP is the lack of a Labour Market Impact Assessment (LMIA). An LMIA is a labour market test administered by Employment and Social Development Canada (ESDC). An employer who wishes to hire a migrant worker through the TFWP must first receive a positive LMIA from ESDC.

As part of their application, the employer is required to provide a variety of information, including “the number of Canadians that applied for their available job, the number of Canadians the employer interviewed, and [the reasons] why those Canadians were not hired.”² The LMIA replaced the ESDC Labour Market Opinion (LMO), a comparable but less rigorous assessment process, in June 2014 as part of broader TFWP reforms. Fees for employers were also raised in 2014.

Taken together, the new LMIA process and associated fees are meant to discourage employers from hiring abroad when suitable workers are available locally. Unfortunately, the revamped process has done little to dissuade unscrupulous employers from recruiting as many cheap, exploitable migrant workers as the program allows.³

Nevertheless, for all its flaws, the LMIA process is at least *intended* to minimize the potential labour market impact of the TFWP. The International Mobility Programs, on the other hand, have no such requirement. All streams of the IMP are LMIA-exempt, which means migrant workers entering Canada through these programs can work anywhere and in any industry, regardless of local labour market conditions.

This lack of foresight has troubling consequences for the domestic labour market. Whereas the TFWP is designed to address short-term labour shortages in regions and industries where there is genuine need — keeping in mind that this has not always been the case in practice — the IMP opens the doors completely to foreign competition. Migrant workers entering Canada through most streams of the IMP can compete for work anywhere, even if unemployment is high or wages are artificially low. Indeed, the influx of migrant workers to Canada has had a demonstrably negative effect on unemployment in certain areas,⁴ while suppressing wages in certain industries.⁵

Youth employment is one area in particular where the IMP has worrying implications. Young Canadians already suffer from an unemployment rate nearly twice the national average, yet in 2012 almost 60,000 young migrant workers entered the Canadian labour market through IEC.⁶

Because their work permits are open, ESDC cannot collect useful data on these workers so we cannot say definitively where and in which occupations they work. Anecdotally, we know that young migrant workers are concentrated in low-skill service occupations like retail, fast food, and tourism. Indeed, IEC is marketed dir-

ectly to employers in these industries.⁷ Unfortunately, these are also areas where young Canadians are looking for work in growing numbers.⁸

In theory, Canadian youth working abroad should offset any migrant workers entering Canada, since all of our youth mobility agreements are reciprocal. Unfortunately, in practice, young people leaving Canada to find work are vastly outnumbered by young people coming here from countries like Ireland and Spain where youth unemployment is even higher.

Another concern unique to the International Mobility Programs is their legal basis in international treaties (excluding the International Student Program and the Provincial Nominee Programs). The TFWP is a domestic labour mobility program, which means it is controlled and operated entirely by the government of Canada. As needs change or public pressure mounts, ESDC is able to modify the program like it did in 2014. Free trade agreements, on the other hand, cannot be changed unilaterally.

For example, both the North American Free Trade Agreement (NAFTA) and the recently-concluded Canada–European Union Comprehensive Economic and Trade Agreement (CETA) prevent Canada from imposing a numerical quota on migrant workers from those countries, provided they meet all eligibility criteria. Even if it wanted to, the government of Canada cannot change those terms. The youth mobility agreements that are the basis of the International Experience Canada program are similarly restrictive, although they can be terminated unilaterally with only a few months' notice.

Taken together, the International Mobility Programs facilitate the entry into Canada of a wide variety of migrant workers without regard for their social and economic impact. Unfortunately, without better data, it is difficult to say precisely what that impact is. Yet given the high-profile problems with the TFWP, which has led to public outcry and government back-peddling, the potential labour market impact of the IMP undoubtedly deserves greater attention.

There is one crucial caveat to this discussion. Although the IMP is more unwieldy and, as we shall see, much bigger than the TFWP, migrant workers entering Canada through the International Mobility Programs are at far lower risk of abuse. In particular, the lack of an LMIA is extremely beneficial to migrant workers.

A worker who enters Canada through the TFWP is bound to their employer, which means they must leave the country if their contract is terminated. Employers are granted an inordinate amount of power by this arrangement, which has been the source of significant abuse. Under the IMP, on the other hand, a worker with an open work permit who loses their job can simply apply elsewhere. The capacity to switch employers greatly increases individual bargaining power.

TABLE 1 Labour Mobility Agreements Signed Before and Under Harper

	Before Harper (Before 2006)	Under Harper (2006 to Present)
Youth Mobility Agreements (International Experience Canada program)	11: Austria, Belgium, Denmark, France, Germany, Ireland, Japan, Korea, Netherlands, New Zealand, United Kingdom	21: Australia, Chile, Costa Rica, Croatia, Czech Republic, Estonia, Greece, Hong Kong, Italy, Latvia, Lithuania, Mexico, Norway, Poland, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, Ukraine
Free Trade Agreements (with temporary entry provisions)	3: North America (Mexico, United States), Chile, Costa Rica	8: European Free Trade Association (Iceland, Norway, Liechtenstein, Switzerland), Peru, Colombia, Jordan, Panama, Honduras, Korea, European Union* (28 member states)
Total	14	29

* The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) was concluded in September 2014, but it has not yet been signed or ratified.

Moreover, the kinds of workers who enter Canada through the IMP are typically well off to begin with, which further insulates them from abuse. An American computer services professional working in Canada under the NAFTA provisions is far less vulnerable than a precarious Mexican farm worker who entered the country through the TFWP.

Growth of the International Mobility Programs

Stephen Harper’s Conservative government did not create all of the various streams of the International Mobility Programs. However, under its purview, the IMP has been deliberately and systematically expanded. The number of new pathways for migrant workers to enter Canada has increased dramatically over the past decade, while existing pathways have been widened. According to the government, these “transformational reforms” have been necessary to ensure a migration regime that makes sense “economically.”⁹

The proliferation of new international treaties under the Harper government has been staggering. Canada has had youth mobility agreements in place since at least 1956, when the government of Prime Minister Louis St. Laurent first completed a deal with France. Over the next half-century, Canadian governments signed ten more YMAS, bringing the total number of partner countries to 11 by the time Stephen Harper came to power. Since 2006, however, Canada has signed 21 YMAS and renegotiated a handful of existing deals, effectively tripling the scope of the International Experience Canada program (see *Table 1*).

The story for free trade agreements is similar. With the exception of the multi-lateral General Agreement on Trade in Services (GATS), which has a broad membership but limited application to mobility, Canada only had three labour-related free trade agreements in place (covering four countries) when Harper came to power. Since then, his government has signed or concluded eight new agreements covering workers from 37 countries.

Not only has the number of labour mobility agreements grown significantly under this government, but the scope of those agreements has evolved as well. For example, the temporary entry provisions in NAFTA, which came into force in 1994, only cover professionals in 63 specific occupations. The 2008 Canada–Colombia FTA, on the other hand, covers professionals in *all* occupations with only a handful of exceptions.

Most of the FTAs completed by the Harper government also include provisions covering spouses, which means migrant workers in some categories can bring their families with them. Unlike most workers entering Canada through these FTAs, spouses are typically eligible for open work permits that allow them to seek employment in any industry regardless of local labour market conditions.

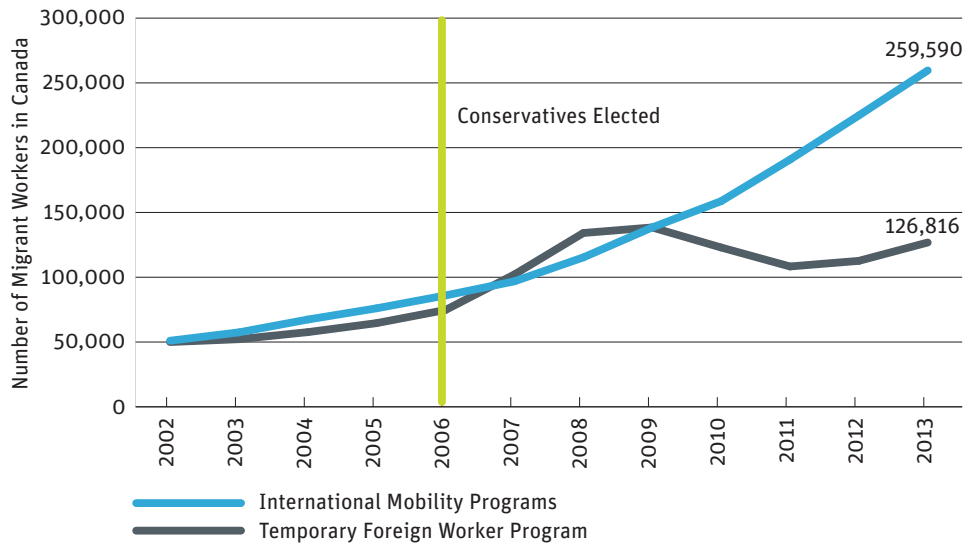
At the domestic level, the Harper government has made significant changes to every aspect of the IMP regime. In 2008, it increased the duration of work permits received under the Post-Graduation Work Permit Program from one to three years. The Provincial Nominee Programs have also undergone systematic reforms under this government with the express purpose of expanding economic immigration to Canada.

Altogether, the changes made to the International Mobility Programs through reform and expansion indicate a deliberate strategy of increasing international labour mobility into Canada. The Harper government has been forthcoming about this strategy of “economic immigration” (a misnomer, since migrant workers are by definition temporary). Statistically speaking, it has been a huge success.

Since Harper came to power, the number of migrant workers entering Canada every year has swelled from 65,000 to 85,000. The total number of migrant workers in the Canadian workforce has increased at an even faster pace in the same time period – from 160,000 to 386,000 – due in part to workers staying in Canada for longer periods at a time. When Harper was first elected, migrant workers made up approximately 1% of the Canadian workforce; today the figure is about 2%.

More revealing is the breakdown between the IMP and the TFWP (see *Chart 1*). Although it receives the majority of the public’s attention, the TFWP facilitates the entry of a minority of migrant workers into Canada. In 2006, only 47% of the migrant workforce in Canada had entered the country through the TFWP, with the rest made up of workers who entered Canada through the IMP. Over the course of

CHART 1 Growth of Canada’s Migrant Workforce Under Harper Government



Harper’s administration, that gap has steadily widened. The TFWP now makes up only a third of the Canadian migrant workforce; the IMP contributes two-thirds.

In fact, almost all of the growth in the migrant workforce under the Harper government can be attributed to the expansion of the International Mobility Programs. Since 2006, the IMP has more than tripled, from 86,000 to 260,000 workers. Meanwhile the TFWP has grown from 75,000 to 127,000 workers. The total number of migrant workers in Canada as part of the Temporary Foreign Worker Program has actually been in slight decline since 2009, when it peaked at 142,000.

Growth within the International Mobility Programs, on the other hand, has been significant across the board. The number of workers entering Canada through free trade agreements, such as NAFTA, has increased 148% since 2006. “Reciprocal employment,” which includes most of International Experience Canada, is up 121%. Most notably, “research and studies related” employment, which includes the International Student Program, is up a whopping 504%.

Compared to this massive growth in so-called “economic immigration,” immigration in other categories has paled. For example, entries to Canada in the “humanitarian” category, which is predominantly made up of refugees, are down 43% since 2006.

Conclusion

The Conservatives in power have clung to a narrative of robust job creation and “sound economic stewardship” for close to a decade. Yet the government’s approach to international labour mobility has had a number of predictably problematic side effects that are inconsistent with this messaging.

Instead of supporting the domestic labour force, the Harper government has attacked organized labour (see Braley-Rattai chapter) while exposing Canadian workers to greater competition from abroad. Far from improving the living standards of most Canadians, Harper’s “sound economic stewardship” has exacerbated social and economic inequality in Canada by pushing down wages for many workers across the country.

By backtracking on the TFWP, the government showed a willingness to listen to Canadians while defending a job creation narrative. Yet the systematic and simultaneous expansion of the International Mobility Programs reveals its true agenda. Far from indicating a change of course, what the data show is a relentless commitment to increased international labour mobility at any cost.

Endnotes

1 For a more thorough treatment of Canada’s international labour mobility initiatives and their impact on the Canadian labour market, see Hadrian Mertins-Kirkwood, “Labour Mobility in Canada: Issues and Policy Recommendations,” Canadian Labour Congress Research Paper (October 2014). Link: <http://canadianlabour.ca/issues-research/labour-mobility-canada-issues-and-policy-recommendations>.

2 Employment and Social Development Canada, “Ensuring Canadian Workers Come First: Restricting Access to the Temporary Foreign Worker Program,” November 12, 2014. Link: http://www.esdc.gc.ca/eng/jobs/foreign_workers/reform/restrict.shtml.

3 It is too soon to tell whether employers have voluntarily turned away from the Temporary Foreign Worker Program to any statistically significant degree. However, based on news reports and anecdotes, many employers have absorbed the increased costs or passed them on to workers and consumers while engaging in a dedicated lobbying campaign to overturn the reforms. Many employers in industries reliant on the TFWP have even threatened to shut down their businesses rather than raise wages or train new employees.

4 Robert Knox, “Who Can Work Where: Reducing Barriers to Labour Mobility in Canada,” C.D. Howe Institute Backgrounder 131 (June 2010).

5 Alberta Federation of Labour, “Minimum-wage TFW list shows program undermining Canadian wages,” August 29, 2013. Link: http://www.afl.org/minimum_wage_tfw_list_shows_program_undermining_canadian_wages

6 Citizenship and Immigration Canada, “Total entries of foreign workers by yearly sub-status,” *Facts and figures 2012*, August 21, 2013. Link: <https://web.archive.org/web/20130821003239/http://www.cic.gc.ca/english/resources/statistics/facts2012/temporary/05.asp>.

7 Foreign Affairs, Trade and Development Canada, “For Canadian Employers - Hiring Short-Term Young Foreign Workers,” October 29, 2014. Link: https://web.archive.org/web/20141029105336/http://www.international.gc.ca/experience/canadian-canadien_employers-employeurs.aspx?lang=eng.

8 Erika Tucker, “Youth exchange program next ‘stink bomb’ for Tories: policy expert,” Global News, July 4, 2014. Link: <http://globalnews.ca/news/1428372/youth-exchange-program-next-stink-bomb-for-tories-policy-expert>.

9 Jason Kenney, “The government’s vision for an immigration program focused on job creation, economic growth, and prosperity,” Citizenship and Immigration Canada, speech delivered on April 4, 2012. Link: <http://news.gc.ca/web/article-en.do?nid=667119>.