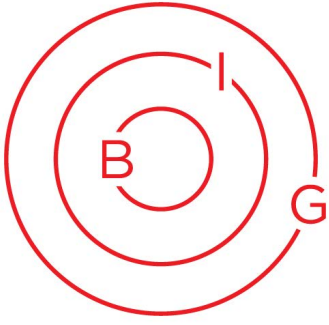




BORDERS IN GLOBALIZATION





Borders in Globalization Research Project 12

Enhancing Labour Mobility in Alberta: The role of Immigration, Migration, and Other Factors

Richard E. Mueller
University of Lethbridge




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**Enhancing Labour Mobility in Alberta: The Role of
Immigration, Migration, and Other Factors**

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Department of Economics

The slide features the University of Lethbridge logo at the top center, which consists of a blue shield with a yellow sunburst and a banner below it that reads "FIAT LUX". The logo is set against a background of a blue sky with light clouds. Below the logo, there are two horizontal photographs of modern university buildings. The main title and author information are centered below the photographs.




Introduction

- Over the past 18 months, talk in Alberta has gone from labour shortages to how to deal with job loses
- Anecdotal evidence that employers still fear a labour shortage when times improve
- Here we evaluate how to increase labour mobility in Alberta

2

The slide features the University of Lethbridge logo on the left side, which is a smaller version of the logo seen in the first slide. The logo is positioned above a vertical photograph of a modern university building. The main title "Introduction" is centered at the top of the slide. Below the title, there are three bullet points. The slide number "2" is located in the bottom right corner.



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- Two ways to address labour mobility:
 - **Extensive margin** – increase the size of the labour force – historically done with new labour force entrants (e.g., women and migrants) and high birth rates
 - **Intensive margin** – increase the labour force activities of the existing population and/or increases to their productivity

3




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Natural Fertility Increases?

- Birthrates in Canada have fallen from 1.61 to 1.49 between 2000 and 2012
- Alberta has bucked the trend with rates increasing from 1.64 to 1.76
- Still below replacement rate of 2.1 and not likely to change

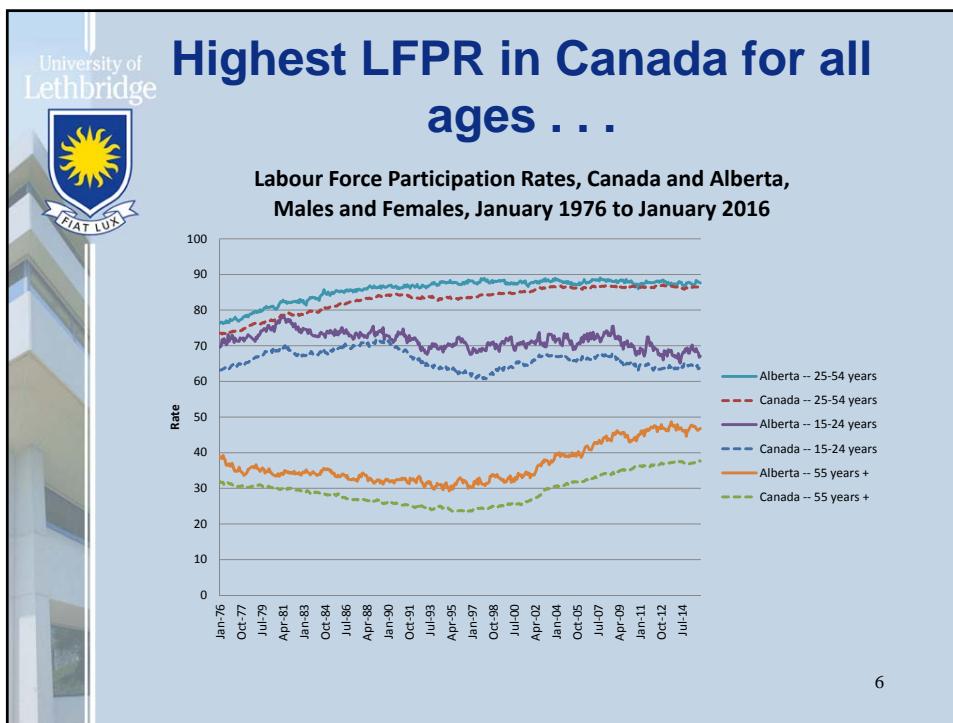
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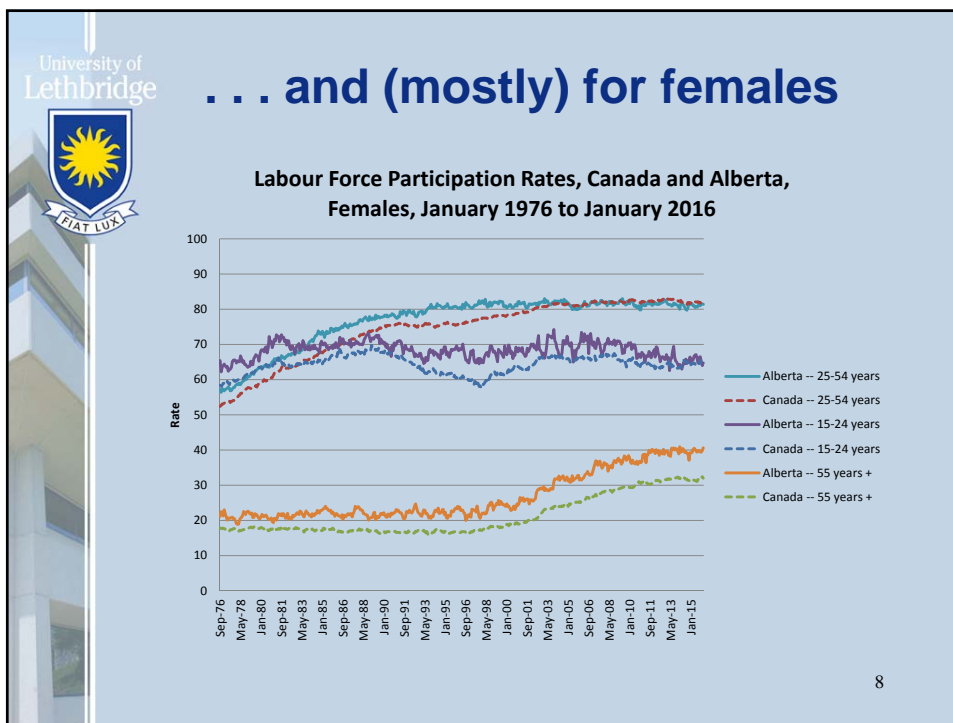
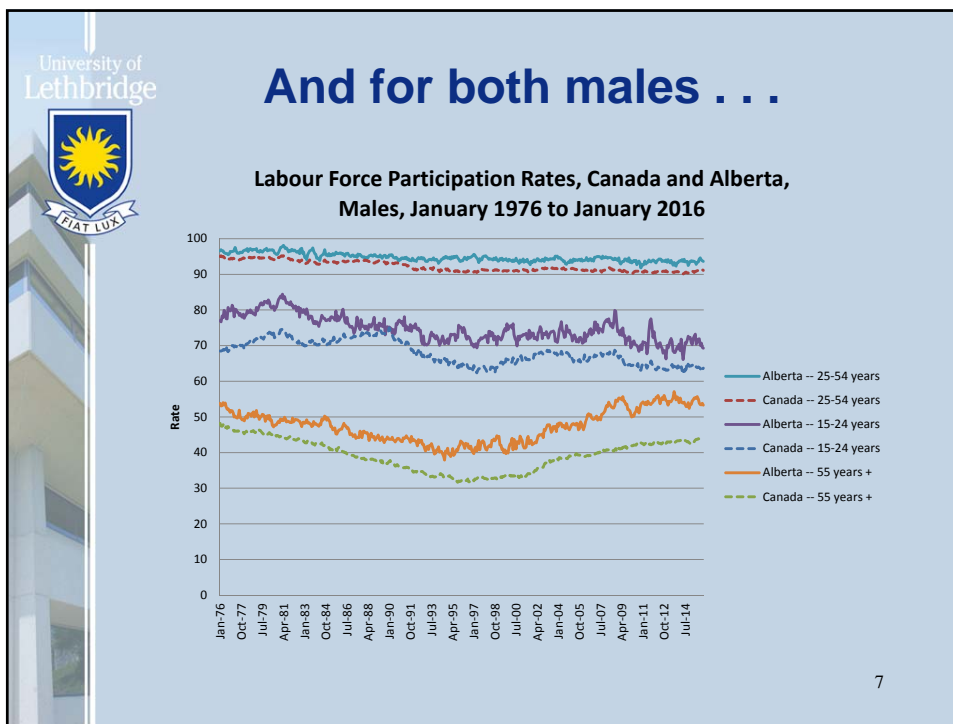


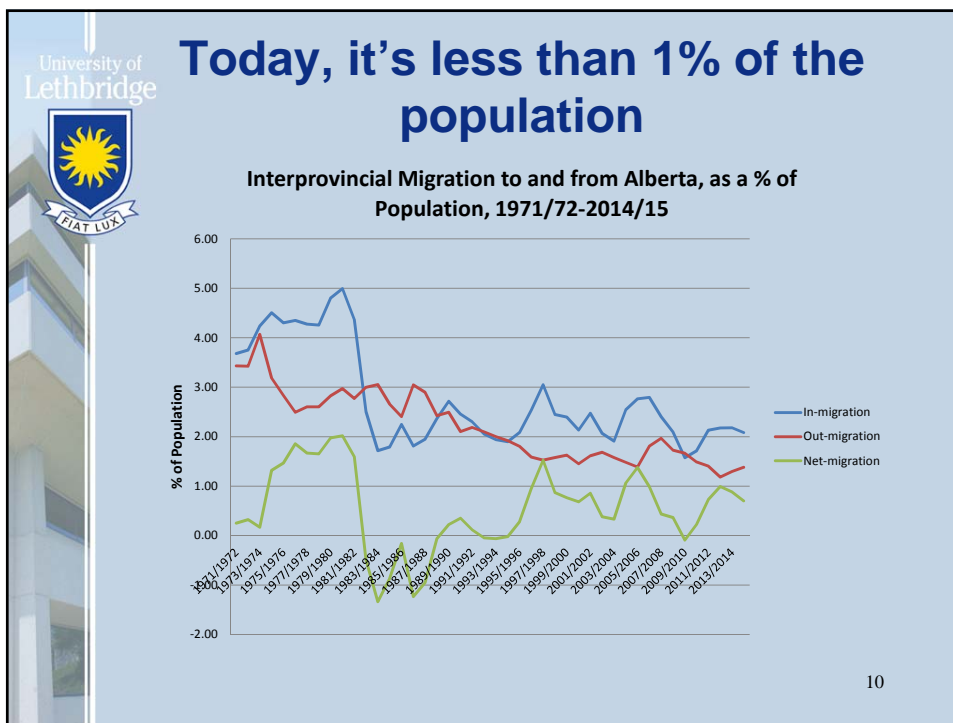
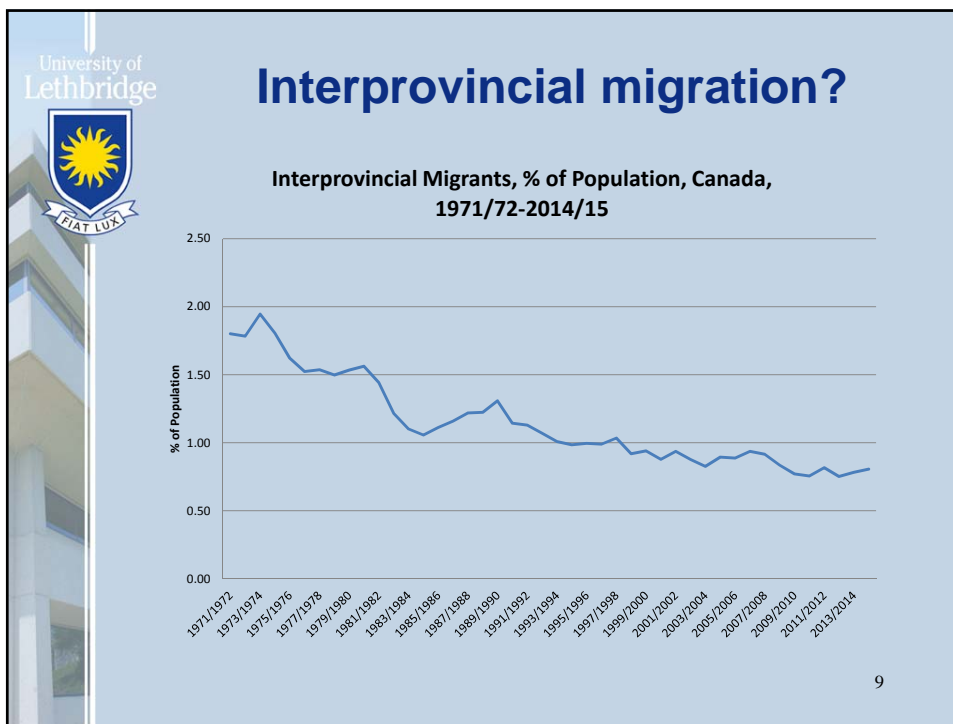
Increasing Labour Force Participation Rates?


- Even in the current economic climate (January 2016) Alberta still had the highest LFPR and employment rates in the country
 - for all ages, including 55+
 - for males and (most) females
- Lower for mothers in Alberta because of high spousal income?
- Some wiggle room for women if mothers had same LFPR as Quebec

5










Interprovincial Migration?

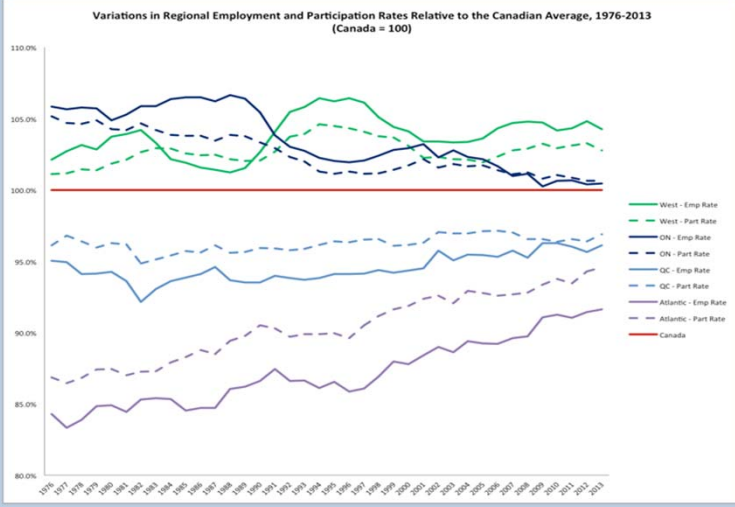
- Decline is related to:
 - low disparity in provincial employment rates
 - the aging of the population
 - parents with children less willing to relocate
 - young people are less mobile today
 - problems with licensing bodies recognizing out-of-province credentials
 - differences in EI programs
 - in the AB oil patch, perks are decreasing – in 2008, about 6% of Alberta’s workforce did not live in the province

11




... arguably due to converging employment and participation rates

Variations in Regional Employment and Participation Rates Relative to the Canadian Average, 1976-2013
(Canada = 100)



12

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Immigration?

- About two-thirds of Canada's population growth has been due to the increase in net international migration with one-third due to natural increase (i.e., number of births – number of deaths)
- Similar for Alberta, although we have relied more on immigration lately
- Composition of immigration is changing

13

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Components of Population Growth in Alberta, 2013

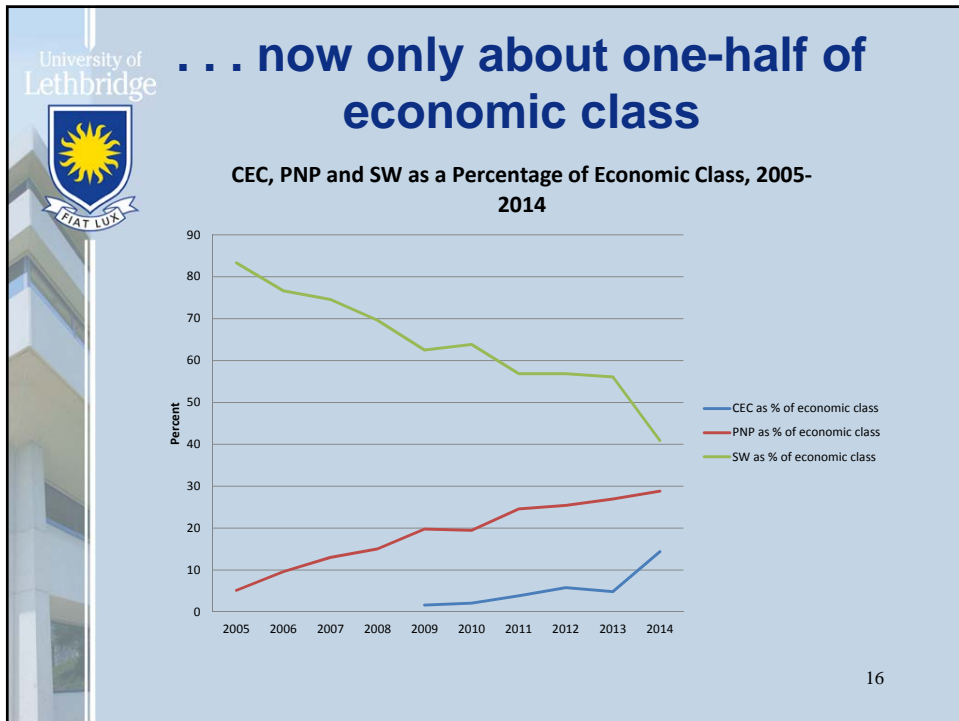
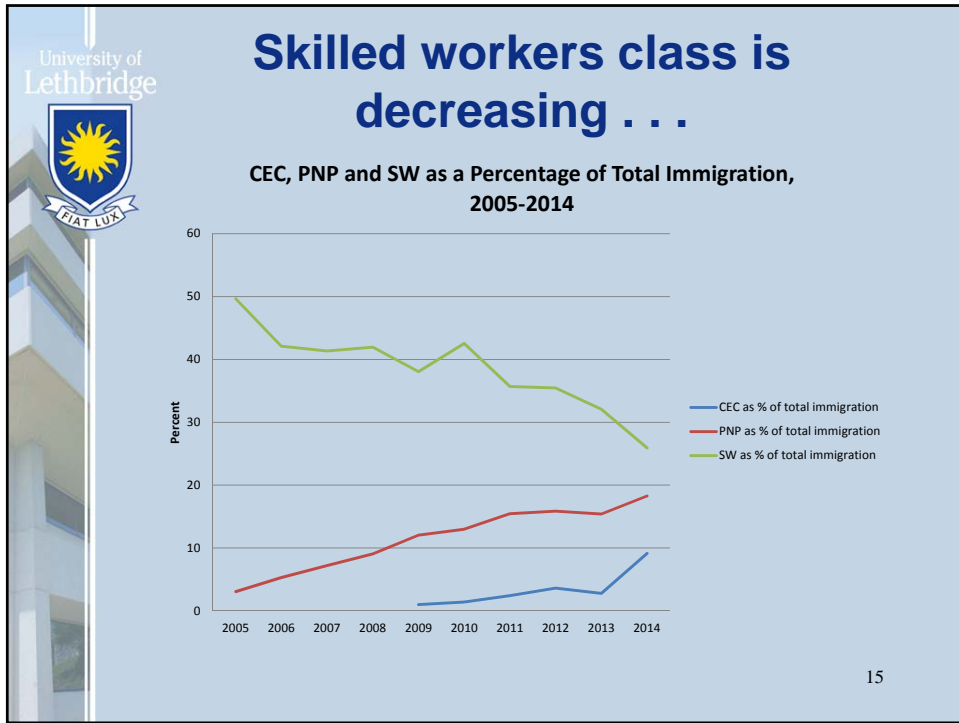
Component	Value	Percentage
Net interprovincial migration	43,161	32%
Net international migration	59,304	44%
Natural increase	31,864	24%


Total population (Jan. 1, 2013): 3,948,242

Total population (Jan. 1, 2014): 4,082,571

Source: Alberta Treasury Board and Finance – Quarterly Population Report, Fourth Quarter 2013.

14






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- Alberta attracting more permanent residents
 - Between 2005 and 2014 there was a 119% increase, compared to a 0.7% decrease for Canada
 - Most of this increase because of the 166% increase in the economic class
 - But, not all immigrants are doing well economically in Canada – LFPR about 5 percentage points less than for the Canadian-born – and wages are lower

17




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Provincial Nominees?

- Provincial Nominee Program (PNP) accounted for 18.3% of total permanent immigration to Canada in 2014 – higher for AB (25% in 2013)
- A total of 47,628 individuals admitted under the PNP, a six-fold increase since 2005
- Many PNs come as TFWs until applications are approved
- PNs have higher wages and employment rates than recent immigrants in the skilled worker category, but these converge over time
- Not surprising since PNs are brought to Canada with a job offer in hand

18



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Foreign students?

- The Canadian government hopes to attract 450,000 international students by 2022 (double the number currently studying in Canada)
- Latest AB data are for those present as of December 31, 2013
 - 16,946 individuals (5.6% of total in Canada),
 - a 44% increase since 2004 (81% for Canada)
- Able to stay in Canada under the Canadian Experience Class (CEC) – 9.1% of total permanent immigration in 2014

19



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- Landed immigrants who first arrive as international students have some advantages over other immigrants . . .
 - they enter Canada at a young age
 - their credentials are easily understood by Canadian employers
 - they tend to be better at one or both languages
 - they are likely to have better knowledge of the Canadian labour market and social networks that may facilitate job searches
- Evidence that they do well in the labour market but because of their Canadian experience and not necessarily their Canadian education

20




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Temporary Foreign Workers?

- Latest data are numbers present as of December 31, 2013
 - 40,471 individuals (39% of total in Canada),
 - a 743% increase since 2004 (180% for Canada)
 - an additional 30,643 workers under the International Mobility Program (17.4% of total)
 - a 324% increase (187% for Canada)

21




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Temporary Foreign Workers?

- Evidence that TFWs are doing well in the Canadian labour market vis-à-vis recent permanent immigrants
 - higher employment rates
 - higher wages
 - higher returns to foreign education and experience

“They know their credentials will be accepted, have prearranged employment, and commence work on arrival.” (Thomas, 2010)


22



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- Two-step immigration process
 - between 2008 and 2012, 32,000 temporary foreign workers gained permanent residency each year in Canada (13% of the total inflow permanent residents)
- But, the TFWP has tended to
 - harm employment opportunities of young Albertans
 - stifle wage growth and muted this price “signal” which could further decrease interprovincial migration and slow substitution into (more productive) capital


23



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“In short, foreign workers are offered a job at admission on a trial basis, and only those whose employers want to retain them for long-term employment will be sponsored for permanent residency. By comparison, in the supply-driven system, permanent residency is offered at admission to applicants whose human capital characteristics are considered to offer high potential for labour market success but who have not been directly screened and tested by employers.” (Hou and Bonikowska, 2015:9)

24




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Credential Recognition?

- A problem for both immigrants and interprovincial migrants in certain fields
- Immigrants with a foreign degree in a regulated field of study have
 - higher unemployment rates
 - lower labour force participation rates
 - lower employment ratescompared to those with equivalent degrees who studied in Canada
- Matching pre- and post-immigration occupations results in better labour market outcomes

25

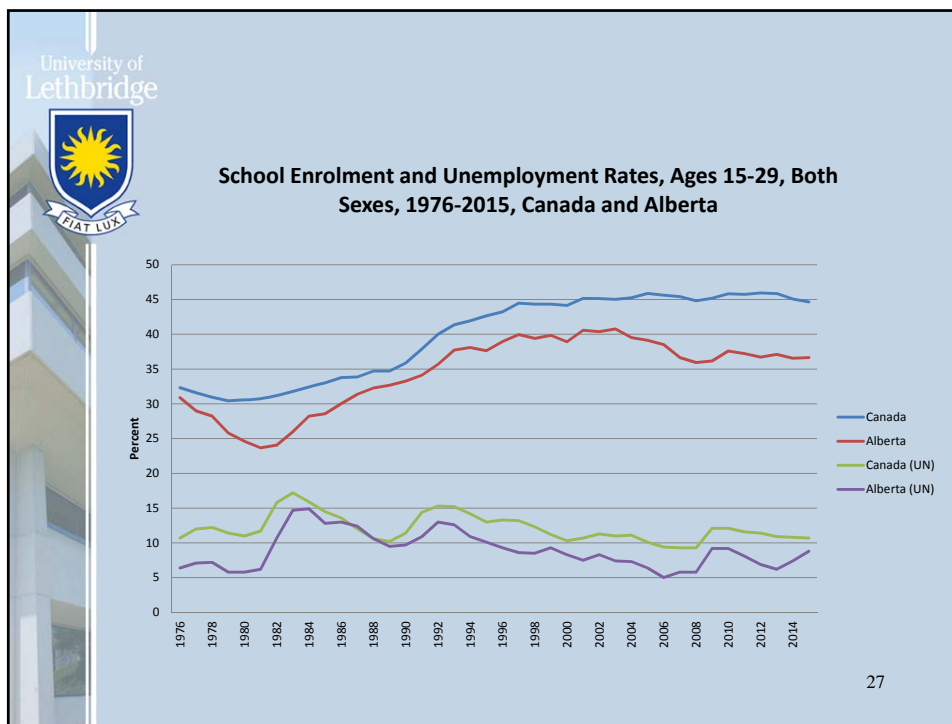


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Education?

- According to Alberta Advanced Education (2014) the PSE participation rate of 18-34 year olds in Alberta was 18% in 2013, compared to a national average of 24% -- in line with the 4-7 percentage point differential seen historically
- Many young people, especially men, choose to work, but they never return to school

26




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Post-secondary Education?

- **Skilled trades:**
 - low completion rates
 - hard to move between provinces with anything less than Red Seal
 - hard to move between trades
 - strict regulations within provinces can be a barrier to entry (e.g., journeyman-apprentice ratio)
- **University:**
 - OECD countries are catching up and surpassing us in the % of the population with degrees – remove immigrants and Canada's rank goes down


28



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- Colleges:
 - we are strong at producing college graduates (which is why we rank top the OECD in terms of adult population with PSE)
- Still many underrepresented groups in PSE in Canada including those from:
 - low-income families
 - rural areas
 - Aboriginal groups
 - young men in AB?

29




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Mobilizing the Aboriginal Population?

- In 2011, the Aboriginal pop. in AB was 220,000
 - about 6.2% of the Alberta population and 15.8% of the total Canadian Aboriginal population
- Aboriginal population is
 - younger than the non-Aboriginal population in Alberta (25 vs. 37 years)
 - lags behind the rest of Albertans aged 25-64 in PSE attainment rates
 - unemployment rates nearly double the national average
 - LFPRs are 10 percentage points less for prime working age Aboriginals compared to the Canadian population (75 vs. 85%)
 - Employment rates even lower (65.8% vs. 80.9%)

30



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Conclusion

- Historically, AB has relied on high birth rates and interprovincial migration to satisfy labour demand – can no longer count on these
- Today, the emphasis is increasingly on immigration
- The TFWP, CEC and PNP have (arguably) been more successful over the short-term than other immigration streams in terms of immigrant “quality” in the labour market
- Still, we must look at other ways of increasing labour supply and increasing productivity

31