

Transcript

Paul Haavardsrud:

A Burger King in London ON is looking for a shift manager paying 1750 an hour. A builder in Burnaby needs a construction manager, 30 hotels from Nanaimo, BC to Truro, NS need front desk clerks. All of these jobs. And over 10,000 more are posted on the federal government's job site for temporary foreign workers. It's never been easier for Canadian businesses to hire someone from somewhere else, and so they are in historic numbers. Cashiers, computer programmers, chicken catchers. In some ways, this influx of workers is helping to keep the economy ticking, but there's a but.

Beata Caranci:

If I were to put it into 3 words, you know, do the math, someone has to do the math and making sure that the population inflows are consistent with what we could deliver on the service side, both in housing. In medical services and in infrastructure, and from all indications right now, the answer is no.

Paul Haavardsrud:

Beata Caranci is the chief economist at TD, and when she does the math, she worries. Canada's population boomed by more than 1.2 million people in the last year. We've talked about what this means on the show before, but as more numbers come. In the picture is getting sharper. Especially around what's happening with people coming as non-permanent residents like temporary foreign workers. To help ease the labor crunch, the federal government loosened restrictions on TFW's. Employers have jumped on the chance to bring in more people from other countries. At the same time, there's been a surge in international students and workers coming here through the International Mobility program. This allows for open work permits that are not tied to a specific employer. Beata calls it "The Great Canadian Migration". When you think immigration, you might picture like a Tim Horton's commercial dad meets his kid at the airport with hot chocolate and a winter. They'll be permanent residents. There's a citizenship ceremony the whole night. That kind of immigration is going up too. But that was expected. It's the ramp up in the number of non-permanent residents that's caught people off guard.

Beata Caranci:

We brought in as many people last year in terms of population growth relative to what the US would have seen for their entire country. So that's big, right? Because they're 10 times our size, so it's not a bad thing like, you know, I always say it's a good problem to have that you're so attractive as a country for people to want to live and work. You just have to make sure that the rest of the system can accommodate everybody.

Paul Haavardsrud:

The rest of the system accommodating everybody is where Beata starts to worry. Look at housing. If the country keeps adding more than a million people a year. What kind of extra pressure will that put on housing supply?

Beata Caranci:

Just in the next two years, we would need to add in above what we're already constructing half a million more homes. It's not possible. It's not possible, when you look at the rates that it takes from when you open up land to develop a permit to shovel in the ground. You know, condos can take several years. Even a home can take a full year, a detached home.

Paul Haavardsrud:

Half a million more homes on top of what we're building over the next two years. So right now, Canada is building, you know, let's call it ballpark, somewhere in the neighborhood of 200,000 to 250,000 homes a year. And what you're saying? Is basically over the next two years. Each year we're going to have to double that.

Beata Caranci:

Double that exactly which tells you how. It's not really feasible.

Paul Haavardsrud:

Yeah, this is not good. News for housing affordability getting better anytime soon. But of course, the government does have reasons for adding more TFW's and boosting immigration. And hey, here's looking at you, baby boomers. A whole lot of your retiring. Canada doesn't want to get caught in a demographic trap aging population, not enough working age people. That's the long game. But the economy also needs workers right now. It's where the floodgates have opened on the non permanent side of things. To the tune of 700,000 people in the last year. For Beata, the question isn't whether we need more people, it's how many and how fast?

Beata Caranci:

I was a bit concerned that I was hearing a tone happening in the, you know, Canadian dialogue that, you know, immigrants are the reason we're having problems with home prices and inflation and higher interest rates. And the Canadian labor market needs workers. We are facing aging demographics and it's accelerating with every passing year. So I just want to make sure people understand like that these individuals are necessary and needed and extremely valuable to the Canadian economy and to our livelihoods. Really, the gap is on the policy side with the government.

Paul Haavardsrud:

From an economic standpoint alone, she sees immigration both permanent and non permanent, giving Canada an advantage over other countries. If the population surges too quickly though, Beata worries what this could do to help people feel about immigration. Say the economy hits a rough patch, people lose jobs, that's when fingers start getting pointed. She doesn't want to see any potential anti immigration sentiment gain traction. And she thinks right now, Ottawa could be playing with fire. In one of his first interviews, new Immigration Minister Mark Miller was asked about what more people could mean for things like housing. He said aging demographics mean if anything, immigration targets need to be higher. So what did Beata make of that answer?

Beata Caranci:

So when he's talking about those immigration targets, he's talking about the 500,000 Canada's aiming to achieve per year by 2025. But we're at 1.2 million. Right. So what I'm talking about? Is that non

permanent residence group. That you know, at the end of the day. They they still need housing, right? And they need it to be affordable and they still need to have medical care, we have to treat them as we would any Canada. And so you you can raise your immigration targets, but then what are you doing with the non permanent resident side and and how much pressure is that putting into the system? So if it's being used as a stopgap, meaning like a one year deficiency of the labor market, that's so extreme coming out of the pandemic, that's fine. But if it's, if the intention is to continue along that path. Then you do have to plan your entire social system, not around the 500,000, but around the 1,000,000 mark every year. And that's why I was saying from the start like they got to do the math on this and get it right.

Paul Haavardsrud:

Part of getting it right to be ADA means pulling back on non permanent resident programs like TFW's. But then what happens to all those businesses who are lining up for those workers? Well, she actually thinks many of them are already here.

Beata Caranci:

We can gain more entry into our labor market for people already living in Canada. So the government of Alberta streamlined the registration processes for nurses and international nurses in particular. And in doing so, they had this flood of applications like basically in the matter of months. The amount of applications they would normally get over the course of four years and the majority, if not all of those were from people already living in the country. So how many times is that happening over and over in the country? Within different areas.

Paul Haavardsrud:

And Beata's big list of worries for Canada's economy right near the top are the consequences of this sudden pop in population.

Beata Caranci:

So this is a starting point that ripples out vastly throughout every part of the fabric of the Canadian economy, and that's why it's so pressing that we get it right. And we really think about these numbers rather than, oh, we're we're only thinking about it from the labor shortage side. And therefore, we know there's a shortage and we're going to fill it with individuals with different skill sets, but yet we haven't solved for the other side. It becomes very self defeating. Like I said, over time it's going to be instead of a net positive draw, Canada being a net positive draw of immigrants, we're going to start to become a net negative if we can't get the social side right.

Paul Haavardsrud:

Almost one in four Canadians was at one point either a landed immigrant or permanent resident. When it said we're a nation of immigrants, we really are. We know what getting immigration right looks like. And Beata says it's more than just bringing in people. It's also making sure everyone is taken care of. Well, once they're here.