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## Supply Chain and Labour Market Policy Briefing

# Labour market shortfall shouldn't fall on the backs of international students

It is a mistake to put immigrants to work while they remain students. They need to complete their studies in order to gain durable entry into the Canadian labour market.

Byron Lew

The federal government recently lifted the 20-hour per week work restriction on international students studying full time in Canada. With low unemployment and critical labour shortages, this policy will put available workers into jobs now, effectively accelerating their entry into the Canadian labour market.

Canada uses immigration to address labour supply problems arising from population aging. Immigration may not be the most direct method, but it is a worthy long-run solution to demographic change. However, I think it is a mistake to put immigrants to work while they remain students. They need to complete their studies in order to gain durable entry into the Canadian labour market.

Canada's high-quality post-secondary education sector attracts international students, thereby generating a flow of trained entrants into our labour market over the long run, while providing an

immediate inflow of foreign income. The federal government is clearly aware that immigrants who obtain their post-secondary education in Canada transition relatively seamlessly into the Canadian labour market. With this goal in mind, the federal government has offered international students work permits proportional to the number of years of study in Canada, making studying in Canada even more attractive to international students.

The federal government is now keen to accelerate this process of labour market entry by increasing the number of hours an international student may work while studying. The original policy of limiting hours for international students studying full time was originally intended to protect domestic labour from foreign competition. But this policy had an unintended consequence for international students. It protected them from working too many hours and placing their academic success at risk. Allowing international students to work more hours will put more students at risk of failing

The relaxing of work restrictions for international students may provide a short-term boost to a few sectors of the economy, but the cost of these increased hours is the increased attrition rate of students failing their academic program, writes Byron Lew. Unsplash photograph by Redd F

to maintain their academic status.

Many international students find themselves short on funds, and are willing to work to support themselves. They take service jobs that require relatively little skill and/or require relatively modest training. This work option has always been available to domestic students. So, equity might suggest that restrictions on international students' ability to work in Canada are discriminatory. But there is a crucial difference. If a domestic student's academic success is at risk, they may return the following year. If an international student fails the academic requirements, they do not necessarily get a second chance. For international students, the consequences of failure are much more severe, and therefore academic success is more critical.

In my assessment, the costs of allowing international students more hours of work while attending post-secondary institutions in Canada outweigh the benefits.

The relaxing of work restrictions may provide a short-term boost to a few sectors of the economy. But the boost will be modest. There were fewer than 310,000 international students in Canadian post-secondary institutions as of the 2021 Census. If each increased their work hours by 10 hours per week, or a quarter of full-time work, the labour force would increase by about 77,000 workers. They would most likely end up in retail trade or accommodation and food service sectors. Those sectors already employ about 3.2 million workers. So, the addition of 77,000 is an increase of just more than two per cent. This isn't trivial, but it isn't huge either, and this is likely an overestimate. The cost of these increased hours is the increased attrition rate of students failing their academic program. This will impede the long-term policy goal of moving educated immigrants into the labour force to address the effects of the long-term demographic transition on the labour market more generally.

As an economist, I hate to recommend a policy that restricts choice, but there are a few circumstances where because of the lag between the time when the choice is made—students taking more part-time work—and the results are evident—when final exams are written at the end term—restrictions on choice can be defended. And we should keep in mind we are dealing with young adults who have come here from another country, have to adjust to cultural differences, and in many cases face enormous pressure from their families who have

already made a large investment in their education.

The solution for international students is to make sure they and their families are aware of the full cost of attending a Canadian post-secondary institution, including all costs of living. The solutions to Canada's current labour market shortages lie elsewhere.

Byron Lew is a professor and the department chair in the department of economics at Trent University. The Hill Times