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Intelligence MEMOS

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From: David Green, Philip Oreopoulos, Craig Riddell, Mikal Skuterud, and Christopher Worswick

To: Hon. Lena Metlege Diab, Minister of Immigration, Refugees, and Citizenship Canada

Re: HOW WE SUBVERTED OUR SKILLS BASED IMMIGRATION SYSTEM

In 2023, with little fanfare and no political opposition, the federal government gave itself the power to subvert Canada's world-renowned skilled immigration system.

That system was formerly centred on the "points system," called the Comprehensive Ranking System (CRS) in its most recent incarnation.

Under the CRS, applicants for permanent residency were evaluated on their education, work experience, and language proficiency and the highest scoring applicants were admitted. The result was a continuous inflow of top talent chosen without political influence that benefited the Canadian economy and was admired by many countries (and emulated by some).

But in 2023, the government created a new category-based feature in the system. That feature gave the immigration minister the power to prioritize categories of immigrants and move them to the front of the line. A rules-based system was replaced with a discretion-based system.

The result is an opaque system that is exposed to political lobbying, looks like a lottery to prospective migrants, and squeezes out highly skilled candidates. In 2025, the leading category of immigrants under the new category-based system are francophones applying to live outside Quebec.

Contributing to Canada's patchwork immigration system, provincial nominee programs, which give provinces the ability to prioritize groups unable to meet the standard of the points system, account for an ever-increasing share of immigrant admissions.

Admitting fewer skilled immigrants reduces our country's productivity and tax revenue making it harder to fund social programs. It also affects Canada's ability to attract the world's best and brightest students to our post-secondary institutions, which are collectively reeling from plummeting international enrolment.

Under the Canadian Experience Class (CEC) program, former international students with a Canadian postsecondary credential and one year of work experience in a skilled occupation are eligible to transition to permanent resident status without leaving the country.

The CEC program's intention is a good one – we attract whiz kids from around the world and provide them with an education that Canadian employers can easily evaluate. When this path works, it works well. International students pay high fees, lowering tuition costs for Canadians, and those who stay end up doing well in Canada's labour markets.

However, this approach can be abused when postsecondary institutions use immigration, not education, to lure foreign students. This has contributed to the growth of low-quality programs and distorted incentives on all sides. The problem lies in policy design.

In response to unsustainable growth in Canada's non-permanent resident population and worries about housing, healthcare and labour market effects, the government has cut international student admissions for 2026 by 50 percent.

The reduction is facing criticism from the postsecondary sector, but critics are overlooking that universities and colleges are not even reaching the quotas they have been given under the already reduced caps. New foreign student arrivals are **on track** to reach less than 160,000 in 2025, far below the **government's cap** of 305,900.

Foreign student applications to Canada's universities and colleges have declined dramatically because prospective students no longer see a clear path to staying in Canada. Graduate students in computer science who want to stay are being told that learning French is their best option. And they fear that when they graduate, a different arbitrary category will be the priority. The current system discourages the best foreign students from applying to Canadian postsecondary institutions and blocks many of those who graduate from remaining in Canada.

What should be done?

First, turn back the clock. Return to the immigration system that existed as recently as 2019 when immigrants were admitted through a single selection system that prioritized candidates with the highest future Canadian earnings. That system was transparent, predictable, and not easy for lobbyists to manipulate.

Second, send a clear message that Canada welcomes foreign students. At a time when our goods exporting industries face major challenges, we should promote one of our most valuable services exports – educating international students. Education is an export that is uniquely dependent on trust, as students must live in Canada to consume the product.

Third, refine the points system to better target international graduates with the best earnings prospects. This would lead to increased demand by international students for programs with high post-graduate earnings and benefit our immigration program. Demand for programs that offer low earnings returns would moderate attracting only those international students who are coming solely for the education, since these programs would provide no realistic pathway to PR status.

Canada needs immigration reform now. What we have now is a bungled system that prioritizes lobbying effort over the very real contribution that immigration can make to the Canadian economy.

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