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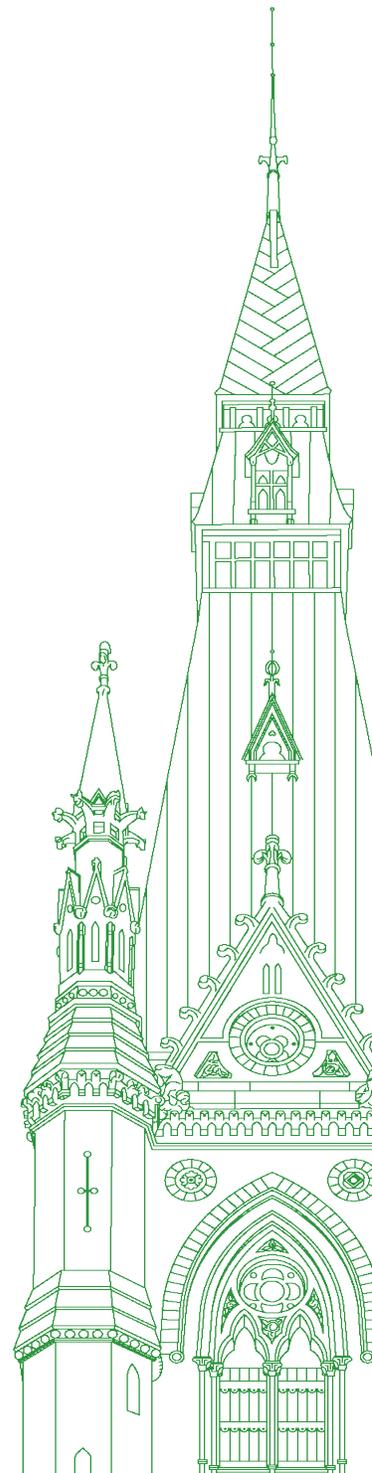
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Chair: Robert Morrissey

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

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• (1620)

[English]

The Chair (Robert Morrissey (Egmont, Lib.)): Committee members, we are in public for the last witnesses on the youth employment study.

I would remind all members that you have the option to participate in the official language of your choice. If there is an issue with interpretation, please get my attention and we'll suspend while it's being corrected.

The clerk has advised that the witnesses appearing virtually have been sound tested and have passed.

Again, I would remind those in the room to place their devices on silent mode and please refrain from touching the microphone boom. It can cause popping and be harmful to our interpreters.

Please direct all questions through me, the chair, and wait until I recognize you by name before proceeding.

We have three witnesses this afternoon. Each has five minutes or less to make an opening statement.

I will begin with Michaël Bizzarro, co-coordinator for Mouvement autonome et solidaire des sans-emploi.

We have Syed Hussan, executive director, Migrant Workers Alliance for Change.

We also have Mr. Mikal Skuterud, professor in the department of economics, University of Waterloo, who is appearing as an individual.

We will begin with Mr. Bizzarro.

You have five minutes for your opening statement.

[Translation]

Michaël Bizzarro (Co-Coordinator, Mouvement autonome et solidaire des sans-emploi): Thank you, Mr. Chair.

Good afternoon, members of the committee.

My name is Michaël Bizzarro, and I'm the co-coordinator of the Mouvement autonome et solidaire des sans-emploi, also known as MASSE. Thank you for inviting me to testify on behalf of our organization as part of your study on youth employment in Canada.

For over 25 years, MASSE has been advocating for the right to accessible, fair, universal and non-discriminatory employment in-

surance. We are made up of 17 organizations advocating for the rights of unemployed persons in Quebec.

Today, we wish to draw your attention to a generation of young workers who, even when they can find work, are too often excluded from this essential protection, like many other categories of claimants.

Today's youth face a labour market in which atypical jobs proliferate: part-time, seasonal, contract and gig work. According to a 2025 study by Desjardins, four times more youth aged 15 to 24 reported working part-time involuntarily than other age groups. They contribute to EI, but many do not have access when they lose their jobs because they aren't able to accumulate enough hours to be eligible.

This illustrates just how outdated the current system is because it is based on unfair eligibility criteria: the regional unemployment rate, exclusion in the case of voluntary departure or misconduct, and ineligibility for benefits simply for making the choice to become a mother and losing one's job during or shortly after parental leave.

On September 8, Mark Carney's government announced the extension of temporary EI support measures until April 11, 2026, including 20 additional weeks of benefits for long-tenured workers. At the same time, it eliminated the artificial adjustment of unemployment rates by one percentage point, a measure that had improved access to the program.

While we recognize that this extension will help thousands of workers affected by the trade war with the United States, we are concerned about the use of the long-tenured worker category to determine eligibility. This distinction fuels prejudice against beneficiaries and automatically excludes workers in seasonal industries, young people, people in precarious situations and newcomers. In other words, this measure does nothing to help those who still cannot qualify for benefits or who work in a high-turnover industry.

We are also seeing a worrying trend of blaming immigration for rising youth unemployment. While it is true that the rules were relaxed for non-permanent residents in order to address labour shortages, we must not lose sight of the economic context, including the tariff war, the transformation of work, and the growing use of AI. These are the factors that are currently holding back youth employment.

We believe that the current situation is primarily the result of a weakened labour market, where atypical and gig work dominates. We therefore urge the government to adopt structural measures to improve access to employment insurance for young people, which would improve it for everyone, rather than looking for scapegoats.

For MASSE, the solution is to completely overhaul the employment insurance system. Young people are experiencing a labour market crisis, so they must have access to adequate protection.

With that, we recommend the following: a universal eligibility threshold of 350 hours, or 13 weeks worked, regardless of region, employment status, or gender; 50 weeks of benefits to provide a modicum of stability and reduce the seasonal gap experienced by workers in seasonal industries; and a benefit rate of at least 70% of income, at a minimum of \$500 per week, to prevent beneficiaries from becoming impoverished.

These measures would finally allow employment insurance to function as a social safety net, rather than being a measure exclusively for “good” workers.

Finally, we believe that a system overhaul must address more than just the eligibility issue for younger workers. We believe that comprehensive EI reform must be part of a broader effort to ensure universal accessibility and combat discrimination. To this end, MASSE is calling for the immediate implementation of an accessible, fair, universal, and non-discriminatory employment insurance system.

Thank you for your attention. I would be happy to answer your questions.

• (1625)

The Chair: Thank you, Mr. Bizzarro.

[English]

Mr. Hussan, you had your hand up. Was there an issue?

Syed Hussan (Executive Director, Migrant Workers Alliance for Change): I was struggling with the interpretation, but it's working now. Thank you.

The Chair: Okay.

We will go to Mr. Skuterud for five minutes or less, please.

Mikal Skuterud (Professor, Department of Economics, University of Waterloo, As an Individual): Thank you for inviting me.

My name is Mikal Skuterud. I'm a professor of economics at the University of Waterloo, the director of the Canadian Labour Economics Forum and the Roger Phillips scholar of social policy and fellow-in-residence at the C.D. Howe Institute.

On my website, you'll find my disclosure statement. In it, I state:

In my role as a researcher, I deliberately avoid advocacy as I believe I can contribute more by seeking and disseminating objective evidence than in advancing agendas. For this reason, I have throughout my career declined funding from organizations with explicit advocacy mandates or private interests.

What are the facts on youth unemployment?

The unemployment rate of Canadians aged 15 to 24 now stands at 14.7%. That's up from a historic low of 9% in the summer of

2022, but essentially is unchanged from one year ago. It's also similar to the rate in 2012, lower than rates in the 2009-10 period and lower than in an entire period from 1992 to 2000. Two more facts are worth noting: 54% of Canada's unemployed youth, in the most recent data, were full-time students, and 61% were looking for a part-time job.

Are we in a crisis? No. A return to the historical norm looks to me more like where we are.

What doesn't explain the recent increase in youth unemployment?

First, I've seen no clear evidence that it's being driven by generative AI technologies substituting the work that our youth do. I'm also convinced that postpandemic growth in the temporary foreign worker program is not the main culprit, although it probably hasn't helped. TFW numbers are too small and concentrated in markets where Canadian youth are mostly not competing for jobs. Exceptional growth in the population of current and former international students is probably playing a bigger role, but those numbers have been in sharp decline since early 2024, yet youth unemployment remains elevated.

What does explain the increase?

Between April 2022 and April 2025, the number of low-skill job vacancies—that is, jobs that require a high-school diploma or less—dropped from over 600,000 to less than 300,000. That's more than a 50% drop in three short years. Youth unemployment is not high because young people are losing their jobs. It's high because it has suddenly become much harder for young people to find a job.

Is a decline in the demand for low-skill labour a problem that the government should be worried about or trying to solve? Emphatically, no.

In 2022, the dominant economic narrative in this country wasn't a youth unemployment crisis. It was a labour shortage crisis. In hindsight, the government's efforts to address low-skill labour shortages, especially on the immigration front, proved disastrous, to say the least.

Labour market needs are a short-run business problem, not a problem that governments need to solve. Tight low-skill labour markets should be celebrated and left for free competitive markets to address through wage adjustments, labour mobility and technological investments that boost labour productivity.

What really matters for average economic well-being in the population is the mix of jobs that are done in the long run, which is determined by two main factors: technological change and labour supply. If you want a high-skill, high-productivity and high-wage economy, you need to prioritize boosting the average human capital of the population.

On the immigration front, you do this by relying on a transparent rules-based system that prioritizes the applicants who have the highest expected future earnings. On the education front, you do it by allowing slack lower-skill labour markets to incentivize young people to invest in their skills so they can better compete for higher-skilled jobs.

In trying to do too much on both fronts, I worry that federal government policy will once again do more harm than good.

Thanks again for the invitation. I'm happy to answer questions.

• (1630)

The Chair: Thank you, Mr. Skuterud.

We'll now go to Mr. Hussan for five minutes or less.

Syed Hussan: Thank you, Chair.

I am the executive director of the Migrant Workers Alliance for Change. We are connected to tens of thousands of current and former international students, temporary foreign workers, refugees and undocumented people across the country. We hear from them every day. It has been shocking to see how immigration has been scapegoated for youth unemployment. I'm here to set the record straight. The evidence, including from the Bank of Canada, clearly does not support this claim.

Let me review the claims that have been made before you in this committee. First, an argument has been made that temporary residents are taking retail and restaurant jobs from young people. This is just clear scapegoating. The federal government's own evaluation of the temporary foreign worker program found no evidence of job displacement or wage suppression nationally. Everyone knows that the vast majority of temporary foreign workers are in agriculture, care and trucking. These are not where young people are getting their first jobs.

As for international students causing youth unemployment, you only have to look at the data from 2021. Only 34% of "study permit only" holders had any employment income at all. That works out to around 211,000 international students reporting income as compared with 2.3 million Canadian youth who were working that year. Even if every single one of those international students was directly competing with young Canadians, which is not how the labour market works, they're still less than 10% of the youth workforce.

Here's another fact. During the recent year GST/HST holiday, Restaurants Canada reported that around 24,000 new food service jobs were added, and yet food services still accounted for about one in six private sector job vacancies. If immigrants were crowding out youth for restaurant jobs, there would be no vacancies in this sector. The reality is that restaurants cannot find enough workers. This is a demand problem, with not enough consumers and employers not hiring, and not a supply problem.

Another argument you've heard is that too many temporary residents are flooding the labour market. However, the Bank of Canada in October 2024 examined why unemployment rose among students and found that it was because of tightening monetary policy and falling job vacancies, not immigration. When interest rates rose, businesses pulled back on hiring. Youth are always getting squeezed out because they lack experience. This is true whether immigration is high or low.

The third argument you heard is that the population is growing faster than jobs. This assumes that the economy is sort of a fixed pie—more people, same pie, less to go around—but the IMF has shown that immigration increases output and productivity. So many studies have researched the incredible economic wealth that immigrants bring into our country. The Bank of Canada found that around 2.5 percentage points are added to the level of economic output because of immigration. In fact, cutting immigration, as has happened over the last two years, has had a counter-effect. A recent RBC analysis showed that reduced temporary migration over the two years, before what was announced this week, will shave nearly one percentage point off economic growth over the next three years and reduce government revenues by a cumulative \$50 billion over five years starting in 2025.

Another argument you have heard is that youth unemployment is at 14.7%, and that this proves immigration caused it. In 2024, the government cut temporary resident arrivals by over 15%. An additional 1.2 million people couldn't renew study or work permits. Permanent residency was also reduced. If immigration were the primary driver of youth unemployment, then reducing it in 2024 should have lowered youth unemployment in 2025. Instead, youth unemployment rose.

It is time to stop linking migration with youth unemployment. Doing so is pure fearmongering and racist scapegoating. What is causing youth unemployment is monetary policy tightening, a general slowdown and deindustrialization. We are in a downturn. It's the past rate hikes that have been causing hiring slowdowns.

Youth unemployment is a crisis. International students, temporary foreign workers and immigrants did not cause it. Frankly, focusing on immigration wastes time. Young people need help now.

The solution is simple. Canada needs a jobs strategy, and in it a national youth workforce development strategy based on what the central bank's evidence actually shows. We also need to end the two-tiered immigration system, where some people get access to permanent residency while the rest do not, which allows employers and institutions to exploit our migrant neighbours and friends. A single-tiered immigration system means permanent resident status for everyone in the country, and it's a labour market stabilization tool. It ensures that everyone has labour mobility, equal rights, security and stability. This is what will strengthen local economies and reduce unemployment.

I'm happy to answer any questions. Thank you.

• (1635)

The Chair: Thank you, Mr. Hussan.

We will now go to the six-minute round of questioning, beginning with Mr. Genuis.

You have six minutes.

Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you.

Mr. Hussan, could you briefly outline your background in economics for the committee's benefit?

Syed Hussan: I'm sorry, but I did not hear the question. Was that for me?

Garnett Genuis: Could you briefly outline your background in economics, any formal training you have in economics?

Syed Hussan: I have a master's degree in social and political thought. I also teach at the Munk School—

Garnett Genuis: Political thought...okay.

My question is about—

Syed Hussan: It's social and political thought, which includes political economy.

I'm sorry, but are you asking for my...? I'm happy to send you my résumé. I've been doing this for 15 years, sir. I teach at the Munk School—

Garnett Genuis: I think that would be helpful.

I'm going to take my time back.

Mr. Hussan, I want to draw your attention to this. You repeatedly referenced Bank of Canada data. You did so inaccurately.

I have in front of me a report from the Bank of Canada titled "The Shift in Canadian Immigration Composition and its Effect on Wages". The abstract states:

We document recent changes in Canadian immigration, marked by an increasing prevalence of temporary residency. Using microdata from Statistics Canada's Labour Force Survey, we show that temporary workers' characteristics and nominal wages have diverged from those of Canadian-born workers. Between 2015 and 2024, temporary workers have become younger, less experienced and more likely to migrate from lower income countries. As well, the shares of temporary workers in skilled occupations have declined moderately. Throughout this peri-

od, the average nominal wage gap between temporary and Canadian-born workers has more than doubled, widening from -9.5% to -22.6%. Further, we estimate Mincer regressions to assess how these evolving characteristics have contributed to the growing wage gap. Our findings show that this increase can be explained by observable characteristics. Our results suggest that aggregate nominal wages would have been, on average, 0.7% higher in 2023–24 had the characteristics of temporary workers remained unchanged over the past decade.

That is the actual report of the Bank of Canada. Calling the many esteemed professors of economics who have appeared before this committee names simply because they have read the data correctly and because they have a background in the subject doesn't exactly help to make your case.

My next question will be for Mr. Bizzarro.

• (1640)

Syed Hussan: I'm sorry, but what was the question?

[*Translation*]

Marilène Gill (Côte-Nord—Kawawachikamach—Nitassinan, BQ): Mr. Chair, the interpreters can't keep up with Mr. Genuis. They can't interpret. It's really too fast for them.

When the interpreters don't have the text in hand, would it be possible to speak more slowly to make sure I can understand as well, and to protect our interpreters, of course?

[*English*]

The Chair: Thank you.

You have the floor, Mr. Genuis.

Garnett Genuis: Thank you, Chair.

My next question is for Mr. Bizzarro.

Mr. Bizzarro, you've proposed making EI easier to acquire and increasing benefits. I'm curious if you think EI premiums should increase as well.

[*Translation*]

Michaël Bizzarro: Thank you for the question.

First, as you all know, both the employer and the employees have been contributing for some years now. There used to be a third party contributing. The government—

[*English*]

Garnett Genuis: Can I jump in? I do have very limited time.

I just want to know this. Very briefly, do you think that EI premiums should increase?

[*Translation*]

Michaël Bizzarro: A third party should contribute. Yes, the government should contribute as well.

[English]

Garnett Genuis: You're proposing that EI premiums not increase but that the government supplement the EI fund from other sources of revenue.

[Translation]

Michaël Bizzarro: That would be in addition to the other two contributors, exactly.

[English]

Garnett Genuis: Professor Skuterud, you talked about a number of different issues in your testimony. You mentioned in passing the impact of international student labour on unemployment levels. Mr. Hussan disputed your claims in that regard.

Do you want to say a bit more about why you think, in particular, that very high levels of international students coming into the country have impacted the competition for entry-level positions?

Mikal Skuterud: That's what the data says. This is what I've been doing for 20 years, studying the economics of immigration. I very much wish that what Mr. Hussan says were true. I would like that to be true. I'm an immigrant. I'm very pro-immigration and I wish that were true. As I said in my opening statement, I'm not driven by agendas. It's very genuine. I go into the data and set up the data in a way that I might get a wrong answer that I don't like. I tie my hands and look at the data.

We're working on a project now with what's called the CEEDD. It's a database which links immigration data, T1 tax returns, T4s and employer T2s. You see where people work. It shows up in the data. The question is not whether these effects exist; it's how big they are. It's not a binary question.

I completely agree with Mr. Hussan that the increase in the youth unemployment rate is largely overwhelmingly driven by the drop in labour demand, by the drop in job vacancies. There's also no doubt in my mind that increasing temporary foreign worker numbers or international student numbers at a time when unemployment is rising is not smart policy. The optics are bad and it undermines public confidence in immigration. That's not good.

Garnett Genuis: I want to emphasize that nobody here has ever claimed that immigration is the only factor. We've said that there are problems in the economy, problems in immigration and problems in training, as well as some challenges around moving to where jobs are. Our plan addresses all of those points.

To suppose for ideological reasons that there are no effects whatsoever of immigration on employment is clearly putting ideology ahead of economic science. Every single economics professor we've had before the committee has made the point that there are real issues in terms of immigration that a dispassionate, pro-pluralism, pro-immigration member of Parliament should look at and take seriously.

• (1645)

The Chair: Thank you, Mr. Genuis.

I would remind witnesses appearing virtually to keep your cameras on at all times when you're appearing before the committee.

[Translation]

Ms. Desrochers, you have six minutes.

Caroline Desrochers (Trois-Rivières, Lib.): Thank you very much, Mr. Chair.

Mr. Hussan, I'd like to start by apologizing to you for the way my colleague seemed to attack your position. I gather he disagreed with what you said, but I don't agree with how you were treated. I know you've invested time to be with the committee today, so thank you for being here.

[English]

You talked about the contribution of immigration to economic growth—

Garnett Genuis: I have a point of order, Chair.

The Chair: Clearly state your point of order.

Garnett Genuis: I just want to apologize on behalf of Ms. Desrochers for her comments, which were inappropriate.

The Chair: Mr. Genuis, that's not a point of order and you know it.

Go ahead, Ms. Desrochers.

Caroline Desrochers: We're all apologetic here. We're all apologizing.

Thank you for raising the contribution of immigration to economic growth, which I think was really at the centre. I think what every government always tries to do is ask how to spur economic growth. This was at the centre of the commitment the Harper government made in 2014 to sharply increase international students. They doubled them and doubled skilled immigration.

I remember because I was there working in the public service and implementing those policies. Those were great policies and we have built on that in the years following that.

Earlier this week, we tabled budget 2025, which is a great document. It creates a \$40-million national youth climate corps. This will provide paid training for youth in climate resilience and emergency response.

Do you think initiatives like this help the vulnerable and racialized youth get their first work experience?

Syed Hussan: Briefly, the youth climate program is a great first step. It's something that many climate groups have been calling for. My understanding is that it's too small. There are about a few hundred spots in it. I think it's a great first step, but there needs to be way more spots in it.

Matching youth with jobs is a much better approach than obsessing over immigration in response to polling that the Conservative Party has been doing.

Caroline Desrochers: Okay. Thank you very much for that, Mr. Hussan.

I'm going to turn to Mr. Skuterud.

Again, thanks for your comment about temporary foreign workers and the tenuous link. I agree with what you said. It's not smart policy to continue bringing temporary residents when unemployment is rising. I think we've taken steps, including throughout 2024, to send a lot of signals to reduce the number of international students and the number of temporary foreign workers and to reduce immigration levels, so I think we are trending towards that now.

You said that the low stats around job vacancies went from 600,000 to less than 300,000. What are some of the drivers? Are there just fewer jobs out there or fewer job vacancies? Is it that there are fewer entry-level jobs overall?

Mikal Skuterud: There are two things. First, I don't think it's right to say, or at least I hope I didn't suggest, that it's a tenuous link. It is not a tenuous link. The idea that immigration can have adverse impacts on labour markets where natives are competing with new immigrants is not tenuous. That's a very strong finding in the labour economics literature. It really isn't tenuous. That's the first thing.

The second question—

• (1650)

Caroline Desrochers: I was referring to the foreign worker program, but yes.

Mikal Skuterud: This was a study that was buried. ESDC sponsored a group of academic researchers to do economics to study the effect of Canada's temporary foreign worker program. That is a working paper with the Canadian Labour Economics Forum, where I'm a director. It's a free paper. Anybody can go read it.

That paper showed, using the most recent Canadian data we have, that these crowding-out effects exist. That's ESDC's own research that it has paid for and supported.

Anyway, it is not tenuous. I know we would like—I would like—that result to be true, but just ignoring the truth does not get us anywhere. That's not helpful.

On your second question about the 600,000 job vacancies that went down to 300,000, those are jobs that require high school or less. That's what we call and what ESDC calls a low-skilled job. That 600,000 number was exceptionally high. That was a historic high. You shouldn't look at where we are now as an incredible low. What we've done is we've returned more to where we were. It was after the pandemic, for various reasons I could get into but you probably don't want me to, that there was tremendous growth in labour demand for low-skilled labour. It was tremendous growth.

That's the way to think about this. We've just returned to normal since then.

Caroline Desrochers: Thank you.

I have one more question.

Are the programs we currently have, like the youth employment strategy, union training and all of those things, effective at getting young people their first jobs? It is, as I think we've heard from other witnesses, crucial for them to remain employed.

The Chair: Give a short answer.

Mikal Skuterud: Sorry, is that a question for me?

Caroline Desrochers: Yes, it's a question for you.

Mikal Skuterud: For sure, government programs that create jobs for young people or subsidize wages, like summer employment programs, are helpful, but they have opportunity costs. Every dollar spent in a government program to create a job is a dollar not spent somewhere else in the economy.

That's what you have to think about: What are those trade-offs?

The Chair: Thank you.

[*Translation*]

Mrs. Gill, you have the floor for six minutes.

Marilène Gill: Thank you, Mr. Chair.

I would also like to thank all the witnesses for sharing their work, expertise and experience with us. It's a very broad study. Even if we choose to focus more on certain topics, there are a lot of nuances and grey areas.

On the subject of temporary foreign workers, you talked about studies, but we can all agree that Canada and Quebec are very vast. My region, Quebec's Côte-Nord, is in demographic decline. A lot of jobs, both skilled and unskilled, go unfilled, which hinders industrial development. I was wondering whether the studies take into account the fact that circumstances can be quite different from one area to the next.

I would also ask Mr. Bizzarro to speak to employment insurance in that context, because it doesn't work the same way everywhere. Our approach has to be nuanced so as to help the population as a whole, because it's a bit different from one region to another.

Mr. Bizzarro, I'd like you to elaborate on the principles you mentioned. You talked about a fair, universal and accessible employment insurance system, for example. My former colleague, Louise Chabot, who was the member for Thérèse-De Blainville, introduced a bill to make the employment insurance system universal, accessible and fair. You offered recommendations, but I'd like you to give us concrete examples, because that's what we sometimes forget. We go from the general to the specific, but specifics can help us understand what should be done for young people.

We may also need a more interdisciplinary approach to EI, like we have for immigration and temporary foreign workers, because the changes we make have broader effects across all regions.

Michaël Bizzarro: Thank you for your question.

A large proportion of young people work part time, but they want to work full time. Many women are also forced to work part time. To be eligible for EI, which is supposed to be a social safety net for everyone, you have to have worked a sufficient number of hours, but it's harder for those who work part time to get that many hours.

We recommend reducing the number of hours required to be eligible for EI to 350 hours, or 13 weeks of work. We don't think there should be any distinction in terms of the type of employment you have, whether it's part-time or full-time, to qualify for benefits. Every worker pays into EI.

You talked about your region, Côte-Nord, where industries are seasonal and workers find themselves unable to qualify for employment insurance benefits every year. Their industry shuts down for the rest of the year before they have accumulated the required number of hours. Nowadays, some industries shut down earlier than usual because of climate change. Forest fires in recent years, for example, have cut the length of a season by as much as half.

Furthermore, even when workers manage to qualify for employment insurance, they can experience what is called, in the jargon of groups that advocate for the unemployed, a black hole: the period after their benefits end, but before their industry reopens. They end up with no income for a few weeks or even a few months.

To solve this problem, we recommend giving 15 additional weeks to workers in seasonal industries who are eligible for employment insurance benefits. However, ultimately, we want all workers who find themselves unemployed to be eligible for 50 weeks of benefits so they can take the time to find another job and so that people who work in seasonal industries no longer have to get through the black hole.

• (1655)

Marilène Gill: Thank you very much.

That was a detailed answer. Before my time runs out, I want to add that we will be reintroducing the bill I mentioned. Reform would also have other positive effects, particularly on young people's education and retention in our regions, which is very important.

Thank you, Mr. Chair.

[*English*]

The Chair: Thank you, Madam Gill.

We have Mr. Reynolds for five minutes.

Colin Reynolds (Elmwood—Transcona, CPC): Thank you, Mr. Chair.

Thank you, witnesses, for coming today. I appreciate your being here.

My first question is for Mr. Bizzarro.

I was in the construction industry for almost 20 years, and I was on and off EI many times through training, through periods of unemployment.

You're proposing that we lower the threshold for employment insurance benefits. I have personal experience with people who would rather be on employment insurance than go to work. If we are lowering the threshold for benefits and extending the benefit periods, how do we protect the employment insurance system from abuse?

[*Translation*]

Michaël Bizzarro: Thank you for the question, which often comes up in conversations about benefits for the unemployed.

I would just like to remind you that, according to the annual report by the Canada Employment Insurance Commission, the CEIC, approximately 1% of claimants defraud employment insurance.

We are trying to make progress so that more unemployed people can access benefits, but EI discriminates against many of these people. In our opinion, the 1% of unemployed workers who defraud employment insurance is a very small number.

We're not interested in fighting potential fraudsters; we're interested in making things better for other unemployed people.

• (1700)

[*English*]

Colin Reynolds: When that study was done and it refers to fraud, my assumption would be that a fraud would be somebody who is collecting benefits, but maybe earning cash on the side.

Can you confirm that the fraud is the same as somebody who is just not trying very hard to get a job? I don't know if that would be fraudulent.

[*Translation*]

Michaël Bizzarro: The EI eligibility rules are the same for all unemployed workers in Canada. They are required to meet, seek work and report their income every two weeks. The CEIC makes the rules, and the rules work. There is a stereotype about some workers trying to take advantage of the system, but the CEIC has rules to manage benefits, and it works very well that way.

[*English*]

Colin Reynolds: Thank you.

My next question is for Mr. Skuterud.

What lessons can we learn from our past, or from other OECD countries, that would help us tackle the rise in youth unemployment here in Canada?

Mikal Skuterud: Mr. Hussan and I have both sort of pointed to the same factor. Coming out of the pandemic, there was a very big increase in price inflation. Prices were increasing a lot faster than labour costs. That gives companies margins. When the prices you can sell things at are rising faster than what you have to pay your workers, there are profit margins. That increases labour demand. Now the incentive is to produce a whole lot more and to hire more workers, these low-skilled workers.

There was this huge increase in labour demand. Then there was a lot of hyperbolic talk about a labour shortage crisis, much of it driven by a business lobby. The government responded to that by doing things like removing any restrictions on the number of hours that international students work, which we've seen in the data. I had a student that worked on this with a labour force survey. It was clearly evident that there was an increase in the amount of labour market activity off campus by international students.

All of that sort of blew up, and now we're coming back to another point, because the Bank of Canada has now put the breaks on inflation. We're in a bit of a cycle. Every time we move into—

The Chair: Mr. Skuterud, you can follow up at a later time.

Thank you, Mr. Reynolds. We went over a bit.

Ms. Fancy, you have five minutes or less.

• (1705)

Jessica Fancy (South Shore—St. Margarets, Lib.): Thank you very much.

Through you, Chair, thank you to all the witnesses today for their testimony.

I'll just say that if you have more to say outside of the time or parameters we're giving you today, please don't hesitate to write things up and send them along to our clerk.

I'd like to start with Mr. Bizzarro.

Welcome, Mr. Bizzarro.

You've long argued that young and seasonal workers need stronger transitions between training and stable employment. I have a rural riding in Nova Scotia.

How can the \$307.9-million youth employment and skills strategy, YESS, which provides mentorship and mental health support for over 20,000 youth annually, help bridge that gap for young Quebecers as well as people from my riding to enter today's labour market?

[*Translation*]

Michaël Bizzarro: Excuse me, Ms. Fancy, the interpretation cut out and I think I missed part of your question.

Caroline Desrochers: Mr. Bizzarro, we can't hear you.

Michaël Bizzarro: Excuse me, Ms. Fancy, the interpretation stopped, and I think I missed part of your question. I'm sorry.

[*English*]

Jessica Fancy: Could I reclaim my time very quickly, Chair? I'll be quick.

I just want to know what your take on our youth employment and skills strategy is and if it helps provide mentorship and mental health support for over 20,000 youth. How can that help bridge the gap for young people entering today's labour market force?

[*Translation*]

Michaël Bizzarro: If I understood your question correctly, you want to know our opinion on mental health care for young people entering the workforce.

Is that correct?

[*English*]

Jessica Fancy: Yes, please, for one minute.

[*Translation*]

Michaël Bizzarro: I'm sorry, but MASSE doesn't have a position on that issue, so I'd rather not comment.

[*English*]

Jessica Fancy: That's fair, then.

I'd like to turn my attention to Mr. Hussan.

Welcome, Mr. Hussan.

You mentioned a possible solution. We're about solutions here and how we bolster our programs within government, so I'd like to give you a minute or so to discuss that. You mentioned a national youth job development strategy. I'm looking for some of your ideas about that possible strategy.

Syed Hussan: Thank you so much.

Very quickly, I've been wracking my brain about the study that was referenced earlier about the Bank of Canada, and I realized what it is, and it's clearly a misreading if you don't have proper economics training.

That study says that wages would have been 0.7% higher if the current characteristics of temporary workers had not changed.

Garnett Genuis: [*Inaudible—Editor*] the abstract.

Syed Hussan: No, absolutely, I understand that's all you read.

If the characteristics of temporary workers had not changed, it would have been—

Garnett Genuis: I've read the whole document. If it had not changed, it would have been—

Syed Hussan: —[*Inaudible—Editor*] higher if the characteristics—

Garnett Genuis: [*Inaudible—Editor*]

The Chair: Try to respect the decorum, Mr. Genuis.

Syed Hussan: It's basically this. What the report said is that if the temporary workers had not changed, then the wages would have been 0.7% higher. It does not say that there had been wage suppression, and 0.7% is very low. It's not causation; it's that it would have been mechanically lower on average.

That's what it is, so, please, it would be helpful to go to ChatGPT, maybe—

Jessica Fancy: That's wonderful, thank you.

Mr. Hussan, we're going to put the train back on the tracks here.

In terms of policy development or policy tightening, I'm wondering what you could tell us about the policy tightening that you mentioned within your introductory remarks.

Syed Hussan: In terms of the youth employment and skills strategy, I think for us, we have to understand that international students, temporary foreign workers, migrant workers and immigrants are part of the Canadian labour market. Everyone who works in Canada is part of the labour market, so instead of pitting migrants against youth, we need a strategy that includes both. For migrants, that means permanent resident status.

Part of the problem is that people can be exploited more because they don't have equal immigration rights. We need a single-tier society where everyone has the same eligibility to leave bad jobs and the ability to stand up for their rights. That would be a major step forward.

I can send a fuller proposal in writing later.

• (1710)

Jessica Fancy: Thank you so much, Mr. Hussan.

With the remainder of my time, I'd like to give you the opportunity to expand on anything else you've heard throughout this testimony today.

Syed Hussan: Yes, of course.

I think the other thing is that Mr. Skuterud, for example, continues to bring up data, but causation is not caused by correlation. As I explained, 34% of international students were working in 2021, which is when this 20-hour work limit was removed. Higher rates of international students do not have a direct causation. Similarly, temporary foreign workers are working in agriculture and care. They're not working in new jobs.

The Chair: Thank you, Mr. Hussan.

I allow everybody to go over the allotted time, but if that doesn't work, then we'll stop everybody at the allotted time.

[*Translation*]

Mrs. Gill, you have the floor for two and a half minutes.

Marilène Gill: Thank you, Mr. Chair.

I don't have much time, but I'd like to ask Mr. Bizzarro one last question.

It's about how, in the absence of reform, people slip through the cracks in the EI system. In particular, this affects the young people

we are looking at as part of this study. They want to enter the labour market while completing their studies.

Michaël Bizzarro: Thank you, Mrs. Gill.

We believe that the core purpose of EI is to function as a social safety net. Initially, the goal of the program was to offer protection to all Canadian citizens. Young men and women are part of that group, whether they're newcomers to the labour market, in school or working part time. We believe that they all need and have the right to access the EI program.

We should start with better access to the program. We believe that nobody should be excluded because they have just joined the labour market or are studying while working, especially since they contribute to it as well.

I think it's important to improve the—

Marilène Gill: I'm sorry to interrupt. I'd like to clarify my question.

I would like to know if there is a correlation, a direct connection, for some young people, with pursuing their education. I myself had to leave home and go to Montreal to study. I had to work to pay the rent. We don't want a student's education to be in jeopardy if something happens. The same goes for work, for employment.

I want to know whether, in your opinion, there is evidence that young people may have to interrupt their pursuits or be unable to get a job because of flaws in the EI system.

Michaël Bizzarro: Yes, I understand your question now, Mrs. Gill.

Indeed, we think that programs like this one could help some young people continue their pursuits. If they have to choose between paying the rent and continuing their education, most students will unfortunately choose to go back to work full time to meet their basic needs.

We think it's important that they be able to continue their studies and become skilled workers for the labour market.

Marilène Gill: Thank you very much.

The Chair: Thank you, Mrs. Gill.

[*English*]

Mr. Majumdar, you have the floor for five minutes.

Shuvaloy Majumdar (Calgary Heritage, CPC): Thank you very much.

I'd love to direct my questions to Professor Skuterud.

Thank you so much for your testimony, sir. As a first-time caller and long-time fan, I've really appreciated having a chance to see you here.

This is my first question. Based on your research and your work, should immigration policy be informed by economic outcomes?

Mikal Skuterud: Could you rephrase the question? I don't know what economic outcomes means.

Shuvaloy Majumdar: Should immigration policy factor in economic outcomes? The GDP per country—

Mikal Skuterud: Again, I'm not trying to be difficult. I don't know what the question is.

Shuvaloy Majumdar: It's labour market needs and the way in which our economy functions in filling in gaps.

Mikal Skuterud: Yes, I guess I'll try to answer. I don't know how much time I have. It's hard to answer these questions. I don't want to get cut off halfway through.

The crux of the problem is that Canadian immigration policy on the economic front is trying to do too much. There's a principle in economics called the Tinbergen principle. If you have more policy objectives than policy instruments, you're going to make a mess of the whole thing. That's exactly what has happened on the immigration front.

We're trying to do everything. We're trying to populate areas where Canadians—young people—don't want to live and that have been bleeding young people for decades. We're trying to meet low-skill labour market needs, and we're trying to drive economic growth. These objectives are not well aligned, and you have a kind of single policy lever, so when you try to push on one objective, you make the other one worse off.

We've created a real mess.

• (1715)

Shuvaloy Majumdar: Thank you. I appreciate your response. In the interest of time, I'm going to the second question.

Could you discuss the myth of labour shortage and what labour oversupply does to wage growth, particularly for young people?

Mikal Skuterud: I've encouraged the 700 economics 101 students I taught today to watch this.

We teach what a shortage is in a market. It's when there's more demand than supply at the given price. When there are labour shortages, it means quite simply by definition that the price is too low. If there are labour shortages, it means wages are too low.

The way to deal with them is to let a free market do what it's good at—reallocate. Competition for scarce workers will drive the wages up, lead to new investments and productivity. Increases in wages will lower demand and increase supply. It's that simple. That's what happens.

However, when you get government interventions, they can make first best outcomes worse, and that is what we've seen in recent years.

Shuvaloy Majumdar: Exactly. Free markets, equality of opportunity, merit....

In that context, sir, what do you think the impact of DEI policies has been on young workers?

Mikal Skuterud: It depends on who you are, I suppose.

I know people who have benefited from those programs, and I also know people who have probably been harmed by those programs. They have distributional effects.

Shuvaloy Majumdar: In what sense do you see the downside of pursuing those types of government interventions that get in the way of equality of opportunity and focus more instead on equality of outcomes?

Mikal Skuterud: At the University of Waterloo, there are positions, job vacancies, that very clearly exclude eligibility of certain groups. Those people just aren't eligible for the jobs.

If that's a job that I otherwise would have competed for and I'm no longer eligible because there's a DEI program, then clearly I'll be worse off.

Shuvaloy Majumdar: I'm sorry to hear that, sir.

I think it undermines human dignity and professional accomplishment when those types of subjective pressures are placed on the marketplace for any profession.

Thank you for your courage in saying that.

I have about a minute left with you, so I'll ask you this question. You've said that permanent immigration isn't about meeting today's labour needs, but rather about long-term productivity. Do you believe that—

The Chair: Perhaps we could pause for a minute, Mr. Majumdar.

The bells are ringing. I need unanimous consent to continue. We would have one more after you.

Do we have unanimous consent?

Garnett Genuis: We have to head to the chamber.

The Chair: We don't have unanimous consent.

With that, thank you to the witnesses for appearing. The meeting is adjourning because of a vote call in the House of Commons.

The meeting is adjourned.

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