

# Are International Students the Ideal Economic-Class Immigrants?

Discussion

Dr S Thomas

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# Key points

1. Asking the *right* questions is important
2. Defining the *objectives* of policy is important for evaluating effectiveness
3. *Are* international students ideal economic class immigrants?
4. What role do universities play?
5. Investment and living standards

# Asking the right questions

- what is the role of permanent immigration?
  - respond to current labour demands?
  - proactively steer the labour market into the future?
  - drive *innovation*?
  - increase investment?

# Defining the objectives of policy

- What is immigration policy trying to do?
  - increase the population?
  - increase GDP?
  - increase GDP per-capita? (living standards)
- a clear objective helps with evaluating the relative merits of different approaches

# Are international students ideal economic class immigrants?

- data suggests they do better in the labour market than their foreign educated peers
- still a gap in earnings between international student and domestic peers (declining)
  - larger gaps at the lower end of the wage distribution
  - grade achievement gaps as well, larger at the lower end, more prominent in 3rd and 4th year (when writing typically becomes a more important element)
  - literacy and numeracy are key determinants in labour market performance, these scores improve with Canadian education Mueller and Truong (2022)

# What role do universities play?

- if international students are ideal, universities are a key sorting mechanism
  1. how do universities respond to increased financial pressures?
    - what are the incentives to enforce standards? (anecdotal evidence of no-shows)
    - can current infrastructure handle higher student populations? (or higher proportions)
      - can literacy skills be adequately addressed?
      - competition in markets for international students
  2. do high tuition fees come with selection effects?
    - what are the characteristics of students who can afford to pay such high fees?
    - what is the impact of part-time work while studying on later labour market performance?
- innovation policy and universities, what are the links, incentives, potential pitfalls?

# Investment crisis

- capital stock per worker appears unaffected by immigration
- but capital is a key piece of economic living standards
- if *increasing* living standards is the aim, are innovation/immigration/higher education/health/social policies addressing this?
  - multi-faceted issue: changing policy in one area potentially impacts others areas

# The end

- Thank you

# References

Mueller, Richard E, and NT Khuong Truong. 2022. "Wage and Basic Skills Inequality Between Immigrants by Immigration Admission Categories and Canadian Non-Immigrants." *Empirical Economics* 62 (4): 1833–84.