

WEBVTT

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<v SPEAKER_2>Hello and welcome to Energy Security Cubed, Canada's foremost energy geostrategy podcast, where we explore the factors shaping energy and economic security in Canada and around the world.

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<v SPEAKER_2>I'm Joe Calnan, Vice President, Energy and Calgary Operations at the Canadian Global Affairs Institute.

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<v SPEAKER_2>For today's podcast, we're featuring labour economist Chris Worswick for a discussion of how to meet major project labour requirements in the energy sector.

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<v SPEAKER_2>But before we dive into that, let's quickly cover the situation in Iran.

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<v SPEAKER_2>The imminent threat of conflict between the United States and Iran, the USS Gerald R.

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<v SPEAKER_2>Ford, the most advanced aircraft carrier in the world, is at Souda Bay, and I believe that's how you pronounce it, in Crete as of the recording of this podcast.

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<v SPEAKER_2>The carrier still needs to pass through the Suez Canal and then on to the Arabian Sea to threaten Iran.

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<v SPEAKER_2>Last Friday on February 20th, US President Donald Trump said that he had given the Iranian regime a 10-day deadline to reach a deal or else the United States would attack.

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<v SPEAKER_2>That would bring us to around March 2nd, when things really get heated.

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<v SPEAKER_2>As a result, oil prices have popped up with bread crude oil staying above \$70 per barrel since last Wednesday, significantly up from the \$60 per barrel that we saw in December.

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<v SPEAKER_2>On Monday, Axios reported that General Dan Cain, Chairman of the Joint Chiefs of Staff, has been advising the Trump

administration of the challenges of a military campaign against Iran.

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<v SPEAKER_2>The specific factors cited by the Wall Street Journal were worries about casualties, depleted air defences and an overtaxed force.

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<v SPEAKER_2>It is in moments like these that the possible limits of military force become clear.

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<v SPEAKER_2>There are news stories about the stresses of the forward aircraft carriers' long deployment.

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<v SPEAKER_2>Currently, Lockheed Martin only builds 96 FAD missiles per year.

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<v SPEAKER_2>That's Terminal High Altitude Air Defence, those are the land-based missiles.

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<v SPEAKER_2>And similar numbers of Navy Terminal Phase Interceptors are built annually.

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<v SPEAKER_2>So it wouldn't be surprising if the US burns through a year's supply of these defending against Iranian ballistic missiles.

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<v SPEAKER_2>We should remember that a similar number of missiles were expended trying to defend against the Houthis.

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<v SPEAKER_2>And let me tell you, the Houthis are not as technologically advanced as Iran.

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<v SPEAKER_2>The impact of all of this will not just be military.

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<v SPEAKER_2>As we said before on the podcast, real disruption in the Persian Gulf could have a huge hit to oil supplies and spike prices.

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<v SPEAKER_2>For Trump, this is a political risk.

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<v SPEAKER_2>His argument to Americans at his State of the Union address in a midterm year will be about affordability with lower gasoline prices as a highlight.

00:03:12.805 --> 00:03:14.405

<v SPEAKER_2>A deal is still possible.

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<v SPEAKER_2>Steve Witkoff and Jared Kushner will be meeting with Iranian Foreign Minister Abbas Orochi on Thursday in Geneva, which could provide some breakthrough.

00:03:24.065 --> 00:03:27.445

<v SPEAKER_2>Iran has signaled that it is prepared to make concessions.

00:03:29.045 --> 00:03:35.105

<v SPEAKER_2>Now, before we get into the interview, I'd like to again flag our upcoming Energy Analyst Summit.

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<v SPEAKER_2>There's only a few tickets left before I have to cut off sales, so get them now.

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<v SPEAKER_2>Now, we'll switch over to our discussion with Chris.

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<v SPEAKER_3>Hi, I'm Dave Perry, the President and CEO of the Canadian Global Affairs Institute.

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<v SPEAKER_3>I hope you're enjoying Energy Security Cubed, Canada's leading podcast on energy issues.

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<v SPEAKER_3>Reach out to us at contact at cgai.ca for options and pricing.

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<v SPEAKER_3>That's contact at cgai.ca.

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<v SPEAKER_2>For today's interview recorded February 20th, 2026, we

talk about major energy projects through the lens of their labour requirements.

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<v SPEAKER_2>With us to discuss this is Chris Worswick.

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<v SPEAKER_2>Chris is a professor in the Department of Economics at Carleton University.

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<v SPEAKER_2>He is also an external fellow of the Centre for Research and Analytics of Migration at the University College London.

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<v SPEAKER_2>He has also published extensively on topics related to labour economics and development economics with a particular focus on migration issues.

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<v SPEAKER_2>Delighted to have you on the podcast, Chris.

00:04:48.065 --> 00:04:49.885

<v SPEAKER_1>Thanks for having me.

00:04:49.885 --> 00:04:50.205

<v SPEAKER_2>Yeah.

00:04:50.205 --> 00:04:52.485

<v SPEAKER_2>So, really happy that we can talk through this.

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<v SPEAKER_2>This is more of a domestic concern, but I think it will have implications for Canada's push for major projects, and that of course has implications for our trade relations into the future.

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<v SPEAKER_2>So, to start off with, I think we should describe this issue.

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<v SPEAKER_2>So, we've seen many articles in recent years lamenting shortage in skilled trades workers, and the resulting economic consequences of this.

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<v SPEAKER_2>So, to start off, just to give some context, Chris, in your view, is there a shortage of skilled tradespeople in Canada?

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<v SPEAKER_2>And what evidence do we have to back this up?

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<v SPEAKER_1>It's a great question.

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<v SPEAKER_1>And I think it's an issue that certainly, I think, has been around probably since at least the 1970s.

00:05:39.825 --> 00:05:46.005

<v SPEAKER_1>It seems like there's this kind of ongoing question of, do we have enough tradespeople?

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<v SPEAKER_1>And historically, Canada hasn't produced enough trades, you know, licensed tradespeople.

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<v SPEAKER_1>I think we've relied on tradespeople from Britain and Europe.

00:05:58.685 --> 00:06:10.925

<v SPEAKER_1>And even though we have a very well-developed community college type system across the country, it just doesn't seem like enough people are getting trade certifications through that.

00:06:10.925 --> 00:06:15.005

<v SPEAKER_1>And we're always seem to be surprised we don't have more apprentices.

00:06:15.005 --> 00:06:17.405

<v SPEAKER_1>And, you know, we can talk a little bit about that if you want.

00:06:17.405 --> 00:06:23.765

<v SPEAKER_1>But whether it's a huge shortage is an open question mark in my mind.

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<v SPEAKER_1>One of my co-authors, Macal Scooter, had sort of presented data on the construction sector online, on Twitter, I think.

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<v SPEAKER_1>Where, you know, if you have a shortage of something in economics, usually we think of that as at the market price or the usual price, demand exceeds supply.

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<v SPEAKER_1>And what, you know, in a market economy, you would expect the price to go up until demand and supply are kind of equated or

close to being equal.

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<v SPEAKER_1>You can think about it the same way for a labour market.

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<v SPEAKER_1>If you have a shortage of, let's say, electricians, for example, concrete example, you probably have demand higher than supply at the going wage rate, and you should expect to see wages going up.

00:07:08.965 --> 00:07:13.825

<v SPEAKER_1>And what he showed for the construction sector was we just don't see that.

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<v SPEAKER_1>And so that's a bit of a red flag for me that, you know, maybe what we're experiencing is high demand, but at the going wage rate, there's not really a shortage.

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<v SPEAKER_1>And maybe firms are just frustrated that at this going wage rate, they're paying as much as they are.

00:07:31.945 --> 00:07:39.325

<v SPEAKER_1>So I don't want to get too far into supply and demand, but I think, you know, I'm not convinced there's huge shortages.

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<v SPEAKER_1>Now, I think as you're, you know, as we'll probably talk about as we proceed, there could be shortages if we do all of the major projects that are being discussed.

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<v SPEAKER_1>So, but at this point in time, I think there's a bit of an open question about how severe these so-called shortages actually are.

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<v SPEAKER_2>Yeah, yeah.

00:07:56.385 --> 00:07:59.505

<v SPEAKER_2>And that's kind of like the economics 101.

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<v SPEAKER_2>If you have a shortage of something, you would normally think the price would skyrocket of that.

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<v SPEAKER_2>So-

00:08:06.445 --> 00:08:08.105
<v SPEAKER_1>Or at least go up, right?

00:08:08.725 --> 00:08:20.565
<v SPEAKER_1>Skyrocket is really, you know, Econ 101 again, it sort of depends on things like elasticities of demand, elasticity of supply for those of you and listeners who have done this.

00:08:20.565 --> 00:08:21.765
<v SPEAKER_1>So-

00:08:21.765 --> 00:08:23.685
<v SPEAKER_1>but definitely it should go up.

00:08:23.685 --> 00:08:32.445
<v SPEAKER_1>And if it's not going up, that's a bit of a concern that this might be more of a frustrating situation for firms rather than a true shortage.

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<v SPEAKER_2>Yeah, yeah.

00:08:33.245 --> 00:08:44.625
<v SPEAKER_2>I think that this kind of reminds me of some of the conversations we have on quote unquote skills shortages in the military where it comes to mechanics and all of the like, which are very important for the military.

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<v SPEAKER_2>And they say that there's a shortage, but really the problem is that if you're working the private sector with those skills, you get paid more and so they have a shortage at that price point.

00:08:53.905 --> 00:08:54.065
<v SPEAKER_2>So-

00:08:54.165 --> 00:08:56.285
<v SPEAKER_1>I think that's really important to keep in mind.

00:08:56.285 --> 00:09:03.205
<v SPEAKER_1>And I always remind people, but then we move on and it never seems to become part of the discussion.

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<v SPEAKER_2>Yeah, absolutely.

00:09:05.425 --> 00:09:18.105
<v SPEAKER_2>But so, like you said, and like we were talking about before, this discussion is really relevant for this big, and I guess,

pipeline of major projects currently under consideration in Canada.

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<v SPEAKER_2>Now, these are all going to be major projects, billions of dollars spent in capital expenditures for each of these.

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<v SPEAKER_2>And these include major new pipelines, LNG export facilities, and also the Pathways, Carbon Capture and Storage Projects.

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<v SPEAKER_2>So each of these individual projects, billions of dollars being put on the line.

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<v SPEAKER_2>And I've heard concerns from companies in the sector that trying to pull off all of these projects at the same time could hit this kind of labor bottleneck.

00:09:48.045 --> 00:09:55.465

<v SPEAKER_2>So even if we're not facing these constraints right now, it could be something we have to wrestle with in the future.

00:09:55.465 --> 00:09:57.145

<v SPEAKER_2>So I'd like to get your view.

00:09:57.505 --> 00:10:00.565

<v SPEAKER_2>Do you think this could be a major concern?

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<v SPEAKER_2>And how would we know that it is becoming a major problem for meeting Canada's infrastructure goals?

00:10:10.465 --> 00:10:13.125

<v SPEAKER_1>I think it is a concern, whether it's a major concern.

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<v SPEAKER_1>I think it depends a bit on whether we can use immigration sensibly to kind of expand the supply.

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<v SPEAKER_1>But I think that's got to be in the context of wages in these areas going up.

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<v SPEAKER_1>I'm not saying they need to skyrocket, but if we're not seeing wage growth for these workers, then I would not support a big expansion of permanent or temporary workers.

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<v SPEAKER_1>So I think what governments probably should do is reassure the companies that they are prepared to use that policy lever of expanding the number of workers.

00:10:54.805 --> 00:11:02.085

<v SPEAKER_1>But I think we do tend to, in Canada especially, look to immigration to solve too many problems.

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<v SPEAKER_1>And sometimes the immigration is really not suited to it.

00:11:04.625 --> 00:11:06.545

<v SPEAKER_1>This one might be.

00:11:06.545 --> 00:11:12.765

<v SPEAKER_1>But I think we should be looking to the community colleges and saying, look, all this demand is coming.

00:11:12.765 --> 00:11:18.005

<v SPEAKER_1>What can you do to help us meet this demand for skilled workers?

00:11:18.025 --> 00:11:20.245

<v SPEAKER_1>Look at the apprenticeship system.

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<v SPEAKER_1>I mean, my understanding is, a lot of the apprentices are people being taken on by the skilled trades person's best friend, you know, best friend's child gets taken on as an apprentice.

00:11:31.705 --> 00:11:36.285

<v SPEAKER_1>So there's something going on there that I think that system needs to be more responsive.

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<v SPEAKER_1>So I think we should look to, you know, it's not that I'm nationalistic.

00:11:39.705 --> 00:11:48.305

<v SPEAKER_1>It's just I think that from a policy perspective, we should be looking for Canadian citizens and permanent residents, permanent immigrants already here.

00:11:48.305 --> 00:11:51.445

<v SPEAKER_1>Like, why aren't those workers stepping up?

00:11:51.445 --> 00:11:54.765

<v SPEAKER_1>And if we don't see the wage growth, I wouldn't expect them to.

00:11:54.765 --> 00:11:57.765

<v SPEAKER_1>But immigration can be part of the solution.

00:11:57.765 --> 00:11:58.105

<v SPEAKER_2>Yeah.

00:11:58.105 --> 00:12:01.525

<v SPEAKER_2>And I assume that there's kind of like a temporal issue here, right?

00:12:01.525 --> 00:12:14.385

<v SPEAKER_2>Because when people, when they're, you know, graduating high school and they're deciding what sort of career path they want, they're looking at kind of the wages right now for various different career paths.

00:12:14.385 --> 00:12:21.665

<v SPEAKER_2>But then if you think about it, you know, it'll be anywhere from kind of like two to four years before they actually enter that career.

00:12:21.665 --> 00:12:24.265

<v SPEAKER_2>And by then, things might have changed quite significantly.

00:12:24.265 --> 00:12:36.885

<v SPEAKER_2>So I guess that's another question is whether Canadians or permanent residents currently have all the information that they need for where the world is going to be in four years.

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<v SPEAKER_2>So that's another part of it.

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<v SPEAKER_1>Yeah, that's a good point.

00:12:40.545 --> 00:12:49.965

<v SPEAKER_1>And that's one of the issues with some of the skilled trades is the apprenticeship period or the training period, broadly defined, can be quite long.

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<v SPEAKER_1>And so that's an argument for using some type of international migration program in the short term.

00:12:58.625 --> 00:13:01.525

<v SPEAKER_1>And I mean, there's other things that provincial governments could do.

00:13:01.525 --> 00:13:17.385

<v SPEAKER_1>I mean, you could have, you know, might not be politically popular, but you could imagine reducing grants for non-trades post-secondary education or subsidizing the tuition for the trades.

00:13:17.385 --> 00:13:21.045

<v SPEAKER_1>You know, there's some levers there that might be more...

00:13:21.045 --> 00:13:25.625

<v SPEAKER_1>Because it would be affecting a potentially huge number of people coming out of high school.

00:13:25.625 --> 00:13:32.205

<v SPEAKER_1>I mean, our immigration numbers have been large, but they're not going to solve this problem, I would think.

00:13:32.205 --> 00:13:41.185

<v SPEAKER_1>So I think, you know, there's multiple policies that can be put to ensuring that there's an adequate supply of different types of skilled workers.

00:13:41.185 --> 00:13:42.145

<v SPEAKER_2>Yeah, absolutely.

00:13:42.145 --> 00:13:53.765

<v SPEAKER_2>And, you know, I'm a little bit nervous about, you know, necessarily, you know, telling kids that this is a great career path, if it isn't, you know, like that's something that...

00:13:53.765 --> 00:13:54.725

<v SPEAKER_1>That's a good point, yeah...

00:13:54.725 --> 00:13:54.725

<v SPEAKER_2>.

00:13:54.725 --> 00:13:57.285

<v SPEAKER_2>we should be careful about to go down.

00:13:57.285 --> 00:13:57.585

<v SPEAKER_2>But...

00:13:57.705 --> 00:14:03.865

<v SPEAKER_1>Yeah, I mean, the one thing I would say too is, I think there's a lot of uncertainty with AI, right?

00:14:03.965 --> 00:14:06.305

<v SPEAKER_1>So, where is the labor market going with AI?

00:14:06.305 --> 00:14:15.625

<v SPEAKER_1>So, I think there's an opportunity for governments to say, well, you know, we're not sure what's happening with AI for white-collar jobs, we're pretty sure blue-collar skilled jobs have a good future.

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<v SPEAKER_1>And so, I do think advertising campaigns and, you know, information campaigns can be quite helpful in this regard.

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<v SPEAKER_2>Yeah, yeah.

00:14:24.605 --> 00:14:35.285

<v SPEAKER_2>I think that for sure telling, you know, people what, you know, their expected lifetime earnings are from various different roles can kind of like you know, provide that signal.

00:14:35.285 --> 00:14:40.665

<v SPEAKER_2>I feel like that information isn't quite as well-known as it probably should be.

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<v SPEAKER_2>So, this could be a problem if we do have all these major projects coming down the pipeline all at once.

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<v SPEAKER_2>And there is concern that, you know, we'll just see rampant inflation that really reduces our ability to actually accomplish these.

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<v SPEAKER_2>So, I'd like to pick your brain on some of the kind of opportunities or the policies we could use to help fix it.

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<v SPEAKER_2>So, you recently co-authored a letter by the CD.

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<v SPEAKER_2>Howe Institute, and I'll link this in the show notes here.

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<v SPEAKER_2>And the letter is titled, How We Subverted Our Skills-Based Immigration System.

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<v SPEAKER_2>So, you and your co-authors advocate for returning to a system which prioritizes candidates based on highest future Canadian earnings.

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<v SPEAKER_2>Like I said, you know, putting that, you know, central in here.

00:15:25.005 --> 00:15:33.145

<v SPEAKER_2>But how could you see such a system where we return to kind of that traditional way we manage immigration?

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<v SPEAKER_2>How could you see this fit in with Canada's current or anticipated deficit in the skilled trades?

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<v SPEAKER_1>It's a great question.

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<v SPEAKER_1>And, you know, historically in Canada, like I'd say since about 1967, when we moved to a non-preferred country immigration system, suddenly there was this huge number of potential people around the world from other countries who might want to come to Canada.

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<v SPEAKER_1>And the policy solution was to bring in the point system, where basically applicants get points for education, age, sometimes occupation, although it varied, and language fluency.

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<v SPEAKER_1>Those are the sort of the main ones.

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<v SPEAKER_1>And it was clearly designed, it wasn't explicitly written down, it was clearly designed to sort of capture what economists would call human capital.

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<v SPEAKER_1>And we think of human capital as being a key driver of earnings.

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<v SPEAKER_1>It's not the only one, but it's sort of, you know, often we will measure human capital in some of our empirical work by what are your earnings.

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<v SPEAKER_1>And so if your earnings are high, you're high human capital.

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<v SPEAKER_1>If they're low, you're lower, at least human capital.

00:16:40.245 --> 00:16:42.025
<v SPEAKER_1>Anyway, so that's the system.

00:16:42.165 --> 00:16:53.845
<v SPEAKER_1>And in that piece, I think it was Macal, Scooter, David Green, Craig Riddell, and Phil Oriopoulos, you know, four amazing economists all working on these types of issues.

00:16:53.925 --> 00:16:57.985
<v SPEAKER_1>And we all agreed that we need to get back to that system.

00:16:57.985 --> 00:16:58.885
<v SPEAKER_1>This is not an...

00:16:58.885 --> 00:17:02.825
<v SPEAKER_1>And it shouldn't be interpreted as an argument against skilled trades.

00:17:02.825 --> 00:17:06.745
<v SPEAKER_1>Because often, if you look at it, some skilled trades have quite high earnings.

00:17:06.745 --> 00:17:10.825
<v SPEAKER_1>I was just sort of looking at quick numbers earlier today.

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<v SPEAKER_1>And like in the oil patch, skilled trades people are earning like close to three times the Canadian average earnings.

00:17:18.605 --> 00:17:31.905
<v SPEAKER_1>And so from my perspective, so I have a paper with Michael Scudero and Matt Doyle looking at these issues to sort of say, well, how would you design your economic immigration system?

00:17:31.905 --> 00:17:33.465
<v SPEAKER_1>Who would you select?

00:17:33.465 --> 00:17:37.005
<v SPEAKER_1>And how many immigrants would you take for a country like Canada?

00:17:37.005 --> 00:17:41.925
<v SPEAKER_1>And we looked at the theory, economic growth theory and immigration.

00:17:41.925 --> 00:17:52.605
<v SPEAKER_1>And we came up with basically a rule of thumb, which says that you should sort of look at your pool of applicants, rank them

from top to bottom based on expected future earnings.

00:17:52.605 --> 00:17:58.065

<v SPEAKER_1>We sort of suggested like 10 years out to give the people lots of time to adapt to Canada.

00:17:58.065 --> 00:17:59.265

<v SPEAKER_1>That's a choice.

00:17:59.265 --> 00:18:01.105

<v SPEAKER_1>It doesn't have to be that long.

00:18:01.105 --> 00:18:05.405

<v SPEAKER_1>But then what we kind of argue is you want to start at the top.

00:18:05.405 --> 00:18:08.905

<v SPEAKER_1>You take, you know, your superstar people.

00:18:08.905 --> 00:18:13.125

<v SPEAKER_1>You know, I often talk about like brain surgeons trained at Harvard who speak English or French.

00:18:13.125 --> 00:18:15.525

<v SPEAKER_1>I mean, they're going to do extremely well in Canada.

00:18:16.425 --> 00:18:17.865

<v SPEAKER_1>Not tough decisions.

00:18:17.865 --> 00:18:23.425

<v SPEAKER_1>But then you move down that sort of ranking of predicted earnings.

00:18:23.425 --> 00:18:25.645

<v SPEAKER_1>And then you get to about the Canadian average.

00:18:25.645 --> 00:18:35.105

<v SPEAKER_1>And at that point, if you take the next person or the next hundred people, they're probably pulling the average down and pulling GDP per capita down.

00:18:35.105 --> 00:18:42.265

<v SPEAKER_1>So even if you took this kind of general approach, I still think you would take a lot of skilled tradespeople.

00:18:42.765 --> 00:18:49.745

<v SPEAKER_1>And I think there's a tendency or a bias to say, well, the high human capital people are people with university degrees.

00:18:49.745 --> 00:18:53.625

<v SPEAKER_1>But that's not necessarily the case if you're measuring in terms of earnings.

00:18:53.625 --> 00:18:55.005

<v SPEAKER_1>That's a long answer, sorry.

00:18:55.005 --> 00:19:07.745

<v SPEAKER_1>But I think what I'm trying to say is, I think the people you probably have in mind would have high enough earnings, most of them, that they would probably meet just a general economic criterion for selection.

00:19:07.745 --> 00:19:08.905

<v SPEAKER_2>Yeah, yeah, absolutely.

00:19:09.025 --> 00:19:21.925

<v SPEAKER_2>And just on a side note here, I was talking with some people from quite a major oil sands company, and they were talking about how Fort McMurray was originally built, and those oil sands projects were originally built.

00:19:21.925 --> 00:19:25.585

<v SPEAKER_2>But the surge labour at that point was often from the Maritimes.

00:19:25.585 --> 00:19:43.745

<v SPEAKER_2>And so there was rampant underemployment in the Maritimes among people who had those skilled trades because the kind of fishing industry and many other industries were in decline out there, and they were able to provide that kind of surge capacity to Western Canada actually build things out.

00:19:43.745 --> 00:19:49.185

<v SPEAKER_2>But now we're kind of lacking that surge capacity of skilled people.

00:19:49.185 --> 00:19:53.625

<v SPEAKER_2>So that's kind of the question here about where does that come from?

00:19:53.625 --> 00:19:57.765

<v SPEAKER_1>Yeah, so I agree that's probably true.

00:19:57.765 --> 00:20:09.645

<v SPEAKER_1>And I guess what I'm saying is even so getting back to the piece you cited, our point was not to say we should take university-educated people over skilled trades.

00:20:09.645 --> 00:20:28.005

<v SPEAKER_1>Our point was more, and we get in the policy piece, is

that the federal government's approach, increasingly the federal government started under Justin Trudeau, it's continued under Mark Carney, is to focus on category-based immigration rather than what I'd call human capital base.

00:20:30.905 --> 00:20:39.865

<v SPEAKER_1>One of the most controversial ones in my mind is the focus on Francophone immigrants as economic immigrants outside of Quebec.

00:20:39.865 --> 00:20:44.245

<v SPEAKER_1>I have absolutely no problem focusing on French language skills in Quebec.

00:20:44.245 --> 00:20:49.285

<v SPEAKER_1>I think where it's much more questionable on economic grounds is outside Quebec.

00:20:49.285 --> 00:20:53.765

<v SPEAKER_1>Our point is that, and that's not the only one, as you know that I'm sure there's other categories.

00:20:55.505 --> 00:21:04.445

<v SPEAKER_1>In a sense, if you compare a human capital-based selection, where you're just taking people with the highest expected earnings, why would you do category-based?

00:21:04.445 --> 00:21:08.585

<v SPEAKER_1>It would only be to take people who can't meet the other standard.

00:21:08.585 --> 00:21:25.325

<v SPEAKER_1>So by definition, by trying to ramp up the percentage of any category, I don't mean to just pick on Francophone applicants, but any category, if you're trying to bump up the percentage, you're probably lowering your standards on expected future earnings.

00:21:25.325 --> 00:21:32.945

<v SPEAKER_1>And so the piece was really about, let's stop having these niche programs that don't make any economic sense.

00:21:32.945 --> 00:21:44.345

<v SPEAKER_1>Now if this is a, if you're, you know, if we're thinking of a mine in Northern Ontario that's opening up and we need skilled tradespeople and they're going to have high earnings, I would support that.

00:21:44.345 --> 00:21:52.665

<v SPEAKER_1>But I think you can support that based on their earnings, not based on, you know, them being skilled trades, per se.

00:21:52.665 --> 00:21:53.565
<v SPEAKER_2>Yeah, absolutely.

00:21:53.565 --> 00:22:05.345
<v SPEAKER_2>So you'll have, like you said, brain surgeons up there and then the next category down might be like an engineer who works on building a new oil sands facility or something like that.

00:22:05.345 --> 00:22:12.145
<v SPEAKER_1>And then you might have an electrician doing better than somebody from the humanities, not from the humanities.

00:22:12.145 --> 00:22:27.165
<v SPEAKER_1>But like, you know, I think we have to think about, educate, think about human capital in terms of the market value of it in their earnings rather than any kind of like normative assessment of what, which type of education is more important than another.

00:22:27.165 --> 00:22:28.745
<v SPEAKER_2>Yeah, absolutely.

00:22:28.745 --> 00:22:44.625
<v SPEAKER_2>So kind of sticking with this point and sticking with your kind of criticism of how immigration policy has, Canadian immigration policy has become less focused on strengthening Canada as a whole, I suppose, in recent years.

00:22:44.625 --> 00:22:56.805
<v SPEAKER_2>So in a recent Global Mail article you published last October, you of course argued that the temporary foreign worker program should be eliminated and Canada should return to bringing in permanent immigrants.

00:22:58.125 --> 00:23:07.625
<v SPEAKER_2>I'd like to return to my concern here again, that the nature of major projects could imply that Canada needs a temporary surge in capacity for a limited pipeline of big projects.

00:23:08.005 --> 00:23:19.505
<v SPEAKER_2>None of this means that I'm against the idea of people being permanent immigrants, but it's just a question of making sure that we have that longer-term requirement, I suppose, for these skills.

00:23:19.505 --> 00:23:39.165
<v SPEAKER_2>So how can we find a balance between the immediate need for skilled labor in certain capacities and also the longer-term needs for Canada's economy and the strength of Canada's broader labor force and future citizens looking forward?

00:23:40.265 --> 00:23:42.505
<v SPEAKER_1>Sure.

00:23:42.505 --> 00:23:46.865
<v SPEAKER_1>My answer is going to sound a little similar to my last one, but it is a different context.

00:23:48.125 --> 00:23:52.685
<v SPEAKER_1>So I'm not particularly opposed to temporary migration.

00:23:53.685 --> 00:23:58.305
<v SPEAKER_1>I'm not approaching this from a legal justice perspective.

00:23:58.365 --> 00:24:08.265
<v SPEAKER_1>I mean, I've certainly heard brilliant lawyers and jurists sort of argue that, oh, we should have permanent immigration, not temporary immigration.

00:24:08.265 --> 00:24:10.285
<v SPEAKER_1>That's not really my point.

00:24:10.285 --> 00:24:15.445
<v SPEAKER_1>But I think that, I guess here's how I would phrase it.

00:24:15.445 --> 00:24:23.945
<v SPEAKER_1>I think any temporary migrant who would meet my, you know, are you raising the average earnings in Canada criterion?

00:24:23.945 --> 00:24:25.225
<v SPEAKER_1>We should just make them permanent.

00:24:25.225 --> 00:24:26.045
<v SPEAKER_1>That would be my view.

00:24:26.865 --> 00:24:30.185
<v SPEAKER_1>You know, if it's worth bringing them in temporarily, then what?

00:24:30.485 --> 00:24:43.865
<v SPEAKER_1>And I take your point, like this could be a surge, but I think it's going to be a decade, two decade long surge, hopefully, because I think from an economic perspective, I think these projects make a great deal of sense for Canada.

00:24:43.865 --> 00:24:49.325
<v SPEAKER_1>And, you know, given all the global uncertainty, I would just keep building, you know.

00:24:49.325 --> 00:24:52.025

<v SPEAKER_1>So I don't see this suddenly enough.

00:24:52.205 --> 00:25:07.425

<v SPEAKER_1>If, like, in contrast, late in the COVID pandemic, there was this argument that firms were really struggling as they opened up to, you know, face-to-face business again in a lot of service sectors.

00:25:07.425 --> 00:25:11.865

<v SPEAKER_1>And a lot of Canadian citizens didn't want to go back to those jobs yet.

00:25:11.865 --> 00:25:18.945

<v SPEAKER_1>And I think I was quoted in one interview saying, like, this sounds more like a temporary migration problem than a permanent migration problem.

00:25:19.665 --> 00:25:24.745

<v SPEAKER_1>And, of course, it got published everywhere at this comment I made.

00:25:24.745 --> 00:25:28.545

<v SPEAKER_1>And, but, but even there, you could see what, and that's what the government did.

00:25:28.545 --> 00:25:33.665

<v SPEAKER_1>Like, just shows government did expand temporary foreign workers, and then international students were expanded.

00:25:33.665 --> 00:25:38.765

<v SPEAKER_1>And especially international students, they were allowed to work, you know, any number of hours off campus they wanted.

00:25:38.765 --> 00:25:41.625

<v SPEAKER_1>It became a de facto temporary foreign worker program.

00:25:41.625 --> 00:25:44.865

<v SPEAKER_1>You saw this huge surge of temporary residents.

00:25:46.625 --> 00:25:51.285

<v SPEAKER_1>That was way too much, in my opinion, and it went on far too long.

00:25:51.285 --> 00:25:55.545

<v SPEAKER_1>But I would argue this is less temporary than that, right?

00:25:55.545 --> 00:25:58.665

<v SPEAKER_1>So we're talking about big projects that are going to take years.

00:25:58.665 --> 00:26:04.965

<v SPEAKER_1>We'll probably discover new projects as we do some of them, and we'll improve our technology.

00:26:04.965 --> 00:26:10.105

<v SPEAKER_1>I think this is like a, if it's done properly, it's a 30, 40 year period.

00:26:10.105 --> 00:26:12.045

<v SPEAKER_1>I don't think that's temporary.

00:26:12.305 --> 00:26:18.405

<v SPEAKER_1>If someone meets the standard that their earnings are going to be high, we should make them permanent.

00:26:18.405 --> 00:26:30.865

<v SPEAKER_1>Because what ends up happening, I think, and I see this, I saw this with the Harper government, which was the first government to really start using temporary foreign workers as a policy instrument outside of agriculture.

00:26:30.865 --> 00:26:36.705

<v SPEAKER_1>As soon as you start bringing in temporary foreign workers, the employers start lobbying the employer groups.

00:26:36.705 --> 00:26:46.805

<v SPEAKER_1>The provinces are very, in my opinion, very susceptible to this because they have, pat myself on the back here as an economist, they have fewer economists in the bureaucracy.

00:26:46.805 --> 00:26:57.745

<v SPEAKER_1>The federal government actually has a lot of great economists, and they tend to push back and they say, this doesn't really make sense for the reasons these academics are suggesting and just common sense.

00:26:57.745 --> 00:27:01.345

<v SPEAKER_1>I don't think you get the same pushback at the provincial level.

00:27:02.665 --> 00:27:09.605

<v SPEAKER_1>Invariably, what happens is temporary foreign, and you see that even in the current federal government.

00:27:09.605 --> 00:27:16.845

<v SPEAKER_1>When they announce a new category, I think one was the military bringing doctors and pilots in.

00:27:16.845 --> 00:27:19.005

<v SPEAKER_1>Well, I mean, who could argue against doctors and pilots?

00:27:19.005 --> 00:27:27.705

<v SPEAKER_1>Like that's, you know, obviously, if they enter the labour force after leaving their service, they're going to have high earnings, if they can work in those fields.

00:27:27.705 --> 00:27:30.485

<v SPEAKER_1>But it's always including doctors and pilots.

00:27:30.485 --> 00:27:33.365

<v SPEAKER_1>It's not only doctors and pilots.

00:27:33.365 --> 00:27:38.345

<v SPEAKER_1>And then they set a target and the government just starts expanding these definitions.

00:27:38.765 --> 00:27:41.505

<v SPEAKER_1>And I would argue they can stop being skilled workers.

00:27:41.505 --> 00:27:47.925

<v SPEAKER_1>So under construction, for example, one of the big categories is construction cooks.

00:27:47.925 --> 00:27:51.605

<v SPEAKER_1>Well, I'm sorry, that's probably, in my opinion, not a skilled job.

00:27:51.605 --> 00:27:56.165

<v SPEAKER_1>I mean, I think anybody who can be a line cook could do that work.

00:27:56.165 --> 00:28:00.765

<v SPEAKER_1>And this is where I think it's better to have like an earnings threshold.

00:28:00.765 --> 00:28:05.465

<v SPEAKER_1>It takes a lot of the lobbying and politics out of the way.

00:28:05.465 --> 00:28:06.725

<v SPEAKER_1>Anyway, you get the idea.

00:28:06.905 --> 00:28:13.145

<v SPEAKER_2>Yeah, just kind of having a more objective measurement to standardize these things.

00:28:13.145 --> 00:28:15.465

<v SPEAKER_2>Yeah, I completely hear that.

00:28:15.465 --> 00:28:26.905

<v SPEAKER_2>And yeah, I do hope that we end up moving more in that direction, because it makes sense to me, because we can't just forget about basic economics when we're designing these things.

00:28:26.905 --> 00:28:32.645

<v SPEAKER_1>Yeah, and I think a lot of Canadians, I mean, part of the problem is a lot of Canadians are uncomfortable with the earnings argument.

00:28:32.645 --> 00:28:35.885

<v SPEAKER_1>And so that's one of the reasons why we've had these points systems.

00:28:35.885 --> 00:28:45.585

<v SPEAKER_1>And I think what ends up happening is people, the economists who create these points systems, look at the earnings and then translate it into a number 63 out of 100.

00:28:45.585 --> 00:28:48.725

<v SPEAKER_1>And if you get a score of 63 or higher, you're in.

00:28:48.725 --> 00:28:53.145

<v SPEAKER_1>If you're below 63, just making these numbers up, you're not in.

00:28:53.145 --> 00:28:56.345

<v SPEAKER_1>But it's the same idea, it's just how do you allocate points?

00:28:56.345 --> 00:28:58.005

<v SPEAKER_1>You do it based on earnings.

00:28:58.005 --> 00:29:06.405

<v SPEAKER_1>And I think that sort of system, which has been our traditional points system, it's not perfect, but it's worked much, I think it's much better than what we're doing right now.

00:29:06.405 --> 00:29:07.685

<v SPEAKER_2>Yeah, fantastic.

00:29:07.685 --> 00:29:07.985

<v SPEAKER_2>Yeah.

00:29:07.985 --> 00:29:16.665

<v SPEAKER_2>Very important lessons for how we think about the major projects and what sort of labor force requirements and how we can manage that.

00:29:16.665 --> 00:29:19.865

<v SPEAKER_2>I think that that's very useful for our listeners.

00:29:19.865 --> 00:29:21.345

<v SPEAKER_2>So thank you so much for that.

00:29:21.345 --> 00:29:28.565

<v SPEAKER_2>Now, one last question before we end the conversation here, unless you have any finishing thoughts that you want to share about this?

00:29:31.505 --> 00:29:39.845

<v SPEAKER_1>Well, I've done a few presentations to House of Commons committees on immigration over the years, and it's amazing.

00:29:40.005 --> 00:29:54.985

<v SPEAKER_1>I usually come in talking about permanent immigration, because I've got all this published commentary on temporary foreign workers, invariably I end up arguing with the MPs about fish plants in Atlantic Canada.

00:29:56.205 --> 00:30:05.805

<v SPEAKER_1>I feel like I'm going to write a piece on fish plants in Atlantic Canada, just because it ends up being something I'm not really prepared to talk about, and it goes around in circles.

00:30:05.805 --> 00:30:10.985

<v SPEAKER_1>And I leave it thinking, is this the really pressing policy question face in Canada?

00:30:10.985 --> 00:30:16.385

<v SPEAKER_1>It's a very small fraction of the temporary foreign workers end up there.

00:30:16.385 --> 00:30:22.545

<v SPEAKER_1>Most temporary foreign workers are working in fast food restaurants in places like Toronto.

00:30:23.205 --> 00:30:35.705

<v SPEAKER_1>And I'm sorry, are there not workers who, you know, we have high youth unemployment, you know, how are we going to get youth unemployment down if every time an employer complains they can't find anyone, we bring in temporary foreign workers.

00:30:35.705 --> 00:30:40.025

<v SPEAKER_1>So most of my concern is really at the lower wage part of the distribution.

00:30:40.025 --> 00:30:56.465

<v SPEAKER_1>And so if, if, you know, if five, you know, if a couple of years from now we see salaries surging in the resource sector, and

the minister or somebody much below the minister says to me, is it okay if we bring in temporary foreign workers?

00:30:56.465 --> 00:31:03.025

<v SPEAKER_1>I would say sure, but just hold the line on skill to try to protect low wage workers in Canada.

00:31:03.025 --> 00:31:07.245

<v SPEAKER_1>We want, we want this to surge, to lift all boats.

00:31:07.245 --> 00:31:10.765

<v SPEAKER_1>We don't want this to create greater income inequality.

00:31:10.805 --> 00:31:12.445

<v SPEAKER_2>Yeah, yeah, no, I agree.

00:31:12.445 --> 00:31:28.745

<v SPEAKER_2>And, you know, something that I definitely noticed during the pandemic and then the inflation surge that happened, definitely in the United States more so than in Canada, is how the cost of fast food here in Canada didn't surge nearly as much as it did down the United States.

00:31:28.745 --> 00:31:37.625

<v SPEAKER_2>And, you know, going to Tim Hortons, you, I didn't notice that much of a change in terms of how much, you know, it was still remarkably cheap going to Tim Hortons.

00:31:37.825 --> 00:31:44.365

<v SPEAKER_2>And I think part of that was definitely the kind of suppression of wages up here in Canada versus down in the United States.

00:31:44.365 --> 00:31:52.065

<v SPEAKER_2>And I'm not like, you know, sure that's good for my wallet, but is it good for Canadian society broadly?

00:31:52.545 --> 00:31:55.365

<v SPEAKER_2>I'm less convinced of that.

00:31:55.365 --> 00:32:02.425

<v SPEAKER_2>So one last question though, Chris, before we let you go, and I'm sure that you have a very interesting answer for this one.

00:32:02.425 --> 00:32:05.185

<v SPEAKER_2>What is a book that you'd like to recommend for our audience?

00:32:06.825 --> 00:32:15.405

<v SPEAKER_1>Yeah, so I'm going to recommend a book I actually haven't

read because it's on my list, but it's relevant, I think, to the topic.

00:32:15.405 --> 00:32:17.665

<v SPEAKER_1>I'll just switch so I get the title right.

00:32:17.665 --> 00:32:21.885

<v SPEAKER_1>It's written by Tony Keller, who's a columnist with The Globe and Mail.

00:32:21.885 --> 00:32:27.385

<v SPEAKER_1>I've actually never met Tony, so I have no conflict of interest whatsoever.

00:32:27.385 --> 00:32:38.685

<v SPEAKER_1>But he's written a book on the recent immigration situation in Canada called Borderline Chaos, How Canada Got Immigration Right and Then Wrong.

00:32:38.685 --> 00:32:41.745

<v SPEAKER_1>It's on my list to read in the next week or two.

00:32:42.805 --> 00:32:51.025

<v SPEAKER_1>I know he's talked a lot with Mikhail Skrutarud, who's the co-author of mine, and Mikhail has been pushing this book that everybody should read it.

00:32:51.025 --> 00:32:52.785

<v SPEAKER_3>So I recommend that.

00:32:52.785 --> 00:32:53.145

<v SPEAKER_2>Yeah.

00:32:53.145 --> 00:32:58.985

<v SPEAKER_2>So I'm assuming this book goes more into the political factors that made this change feasible.

00:32:59.865 --> 00:33:00.385

<v SPEAKER_1>I think so.

00:33:00.385 --> 00:33:02.825

<v SPEAKER_1>I think it's a mix of politics and economics.

00:33:02.825 --> 00:33:03.445

<v SPEAKER_2>Okay.

00:33:03.445 --> 00:33:04.505

<v SPEAKER_2>Fantastic.

00:33:04.505 --> 00:33:04.765

<v SPEAKER_2>Yeah.

00:33:04.765 --> 00:33:05.825

<v SPEAKER_2>No, that's all.

00:33:05.825 --> 00:33:10.485

<v SPEAKER_2>Include that book in the show notes here, and hopefully people will pick it up.

00:33:10.485 --> 00:33:10.945

<v SPEAKER_2>Okay.

00:33:10.945 --> 00:33:11.405

<v SPEAKER_2>Wonderful.

00:33:11.405 --> 00:33:13.585

<v SPEAKER_2>Well, thank you so much for coming on again, Chris.

00:33:13.585 --> 00:33:19.025

<v SPEAKER_2>This was a nice short and sweet podcast talking about these issues.

00:33:19.025 --> 00:33:28.585

<v SPEAKER_2>I always like having economists on because you folks really know how to package a message very compactly and make sure that your point gets across.

00:33:28.745 --> 00:33:30.525

<v SPEAKER_2>So, thank you so much.

00:33:30.525 --> 00:33:31.045

<v SPEAKER_1>My pleasure.

00:33:31.045 --> 00:33:33.645

<v SPEAKER_1>Thanks for having me.

00:33:33.645 --> 00:33:41.205

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00:33:41.205 --> 00:33:44.285

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00:33:44.285 --> 00:33:46.405

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00:33:46.405 --> 00:33:51.225

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00:33:51.225 --> 00:34:02.185

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00:34:06.565 --> 00:34:10.805

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00:34:10.805 --> 00:34:13.825

<v SPEAKER_2>Thanks go out to Drew Phillips for our music.

00:34:13.825 --> 00:34:15.125

<v SPEAKER_2>I'm Joe Calnan.

00:34:15.125 --> 00:34:17.345

<v SPEAKER_2>Thanks for listening to Energy Security Cubed.