

What Have We Learned About
Immigrants, Diversity and Economy?
16 Years of Metropolis

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Introduction

- Research on Immigrants and Integration in the Metropolis (RIIM, 1996-2007) and Metropolis British Columbia (MBC, 2007-2012) have brought together researchers, policy-makers and practitioners for 16 years.
- With a total core funding of about \$5m., RIIM/MBC produced over 250 working papers leading to about 200 scholarly publications in the area of immigration and diversity.
- Of these, about 100 working papers investigated economic and labour market issues.

Introduction

- Canada's is an ethnically diverse immigrant economy:
 - More than 1 in 5 people are immigrants; more than 1 in 7 are visible minorities; more than 30 ethnic groups have populations bigger than 100,000.
- How does this matter?
- Javdani, Jacks and Pendakur, "Immigrants and the Canadian Economy", WP 12-09 summarizes and synthesizes the working papers in the Economics and Labour Market Domain.
- In this talk, I will try to summarize and synthesize even further.

Topics

- Immigrant and Minority incomes: Patterns and Causes
- Immigrant Occupations and Mobility
- The Effects of Immigration on Canada's Economy
- Immigration and Intake Policy: Numbers and Classes of Immigration

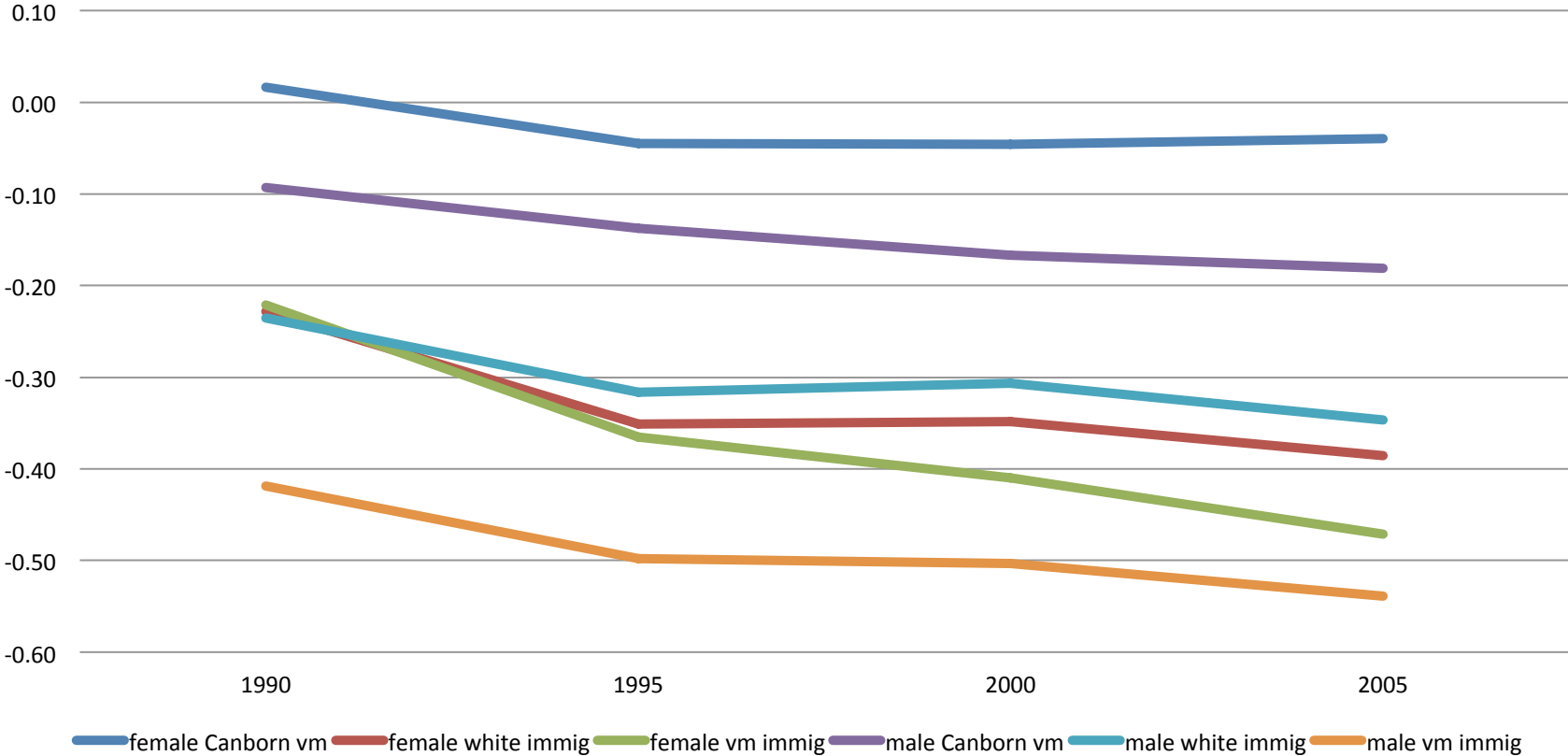
Immigrant and Minority Earnings

- Immigrants earn less than similar Canadian-born workers.
 - About 30% less for recent white immigrants
 - About 40-50% less for recent vm immigrants
- Visible minorities earn less than similar white workers.
 - About 5% less for women, 15% less for men
- These gaps have *widened* over time.

Immigrant Earnings Gaps 1990-2005

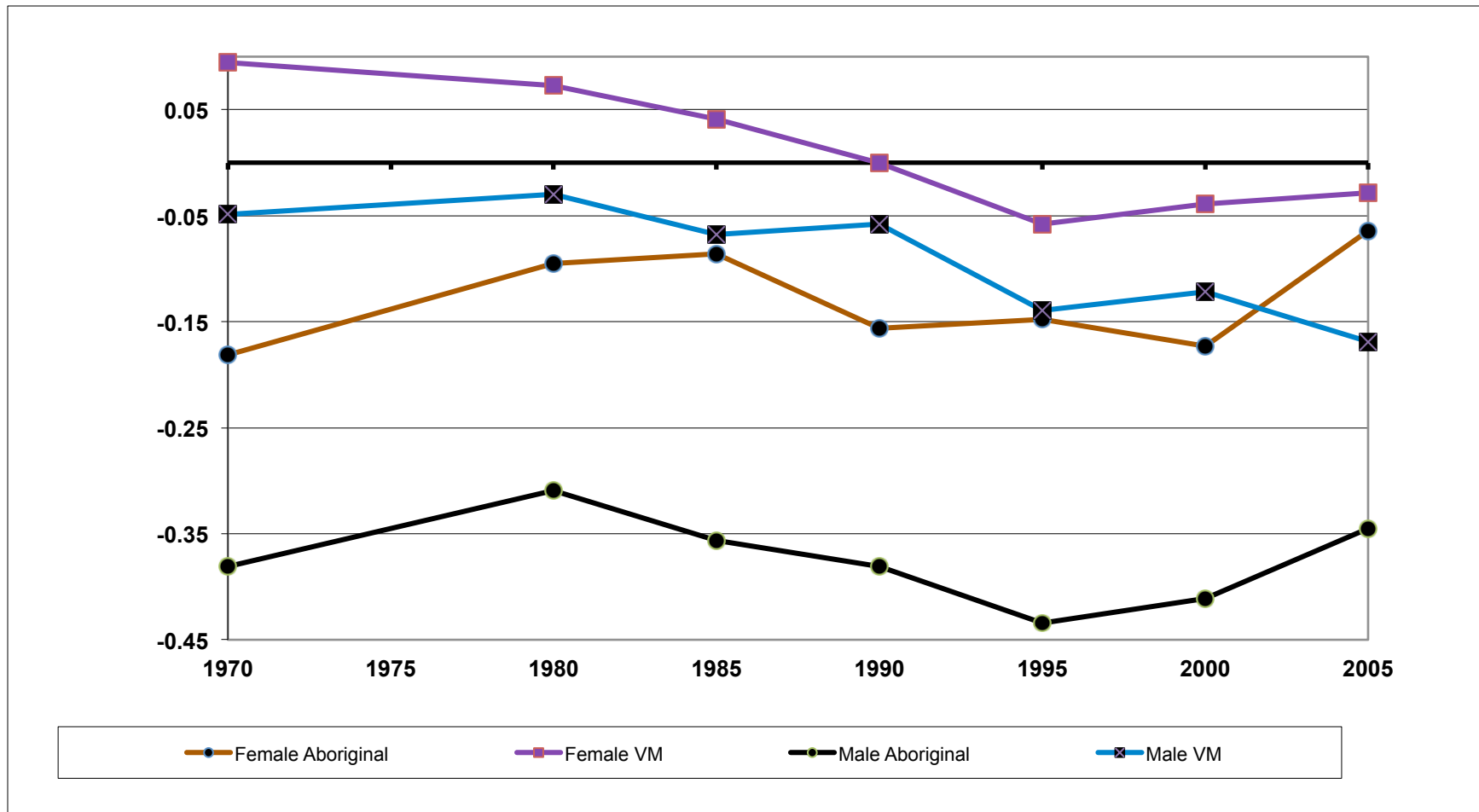
Immigrants after 5 years in Canada

Figure 1: Canada



The Evilometer

Canadian Born Aboriginals and Visible Minorities 1970-2005



Low Earnings

- Immigrants have lower employment rates.
- Immigrants are more than twice as likely to be self-employed.
- Immigrants with jobs have jobs in lower-paying firms.
- Immigrants are not compensated for foreign education or foreign credentials.
- Immigrant disparity is uneven: there are winners and losers

- Canadian-born visible minorities have more education, which undoes some disparity.
- Aboriginals have less education, which exacerbates disparity

Why? Immigrant Human Capital

- Microdata analysis shows that immigrants with Canadian credentials outperform those without. Even a little 'top-up' of Canadian education is very valuable.
- Field Experiments show that Canadian experience is even more valuable in terms of call-back rates for immigrant applicants.
- Both types of evidence suggest that employers favour applicants from western European backgrounds (especially British).

Why? Language

- Language proficiency matters.
- As immigrant source countries have moved out of Europe and into Asia, the proportion with high English or French proficiency has decreased.
- But immigrants from South Asia, where English is commonly spoken and taught, are still disadvantaged.

Why? Employer Behaviour

- Field experiments show name discrimination.
- Interviews with employers suggest that HR managers believe that name discrimination
 - does probably occur
 - Is related to beliefs about language ability and sociability
- But, it is still illegal.

Why? Immigrant Social Capital

- Immigrants cluster up in communities with lots of their own ethnicity.
 - Partly by policy, mostly by choice
- Immigrants use ethnically-based networks to find jobs. But, this only works for those connected to the network.
- Are immigrants untrusting? Do they make natives untrusting? Is diversity a trust-killer?
- No. Immigrants live in big cities, where everyone is untrusting.

Immigrant Occupations

- Immigrants are more than twice as likely to be self-employed. Is this push or pull?
 - Those in Canada longest are most likely self-employed.
- One channel for low immigrant earnings is via lower occupational attainment.
 - Not necessarily low-skill occupations. Visible minorities tend to concentrate in technical jobs.

Immigration and the Economy

- Immigration creates unemployment in the short run, but employment in the long run.
 - These impacts are both small.
- Immigrants increase Canada's international trade.
 - They increase both quantity and variety of trade.
 - Substantial gains: 10% of trade, near doubling of the number of traded goods types.

Immigration and Finance

- Immigrants use public services about as much as do natives
- Immigrants earn less, so pay less taxes
- Overall, the impact on the public purse is medium-sized: about \$500/immigrant/ year.
- Immigrants increase the overall savings rate. This might increase domestic investment.

Immigration Policy: Intake

- Business immigration has been less successful than widely thought: job creation has been in low-wage sectors; income gains for the economy near zero; business immigrants often report very low income themselves.
- Independent class has been more successful than family and refugee classes.
- Refugees perform very poorly on the whole, but with great heterogeneity across groups.

Immigration Policy: Net Flows

- Is/was there a brain drain/gain?
 - Big net brain gain in 1970s and 1980s (mainly from Asia), small drain (mainly to USA) in 1990s, about balanced in 2000s.
- Foreign students have historically been a huge brain gain.
- Return migration is substantial, and affects our assessment of integration.

Immigration Policy: Temporary vs Permanent

- Intake of temporary workers now exceeds that of permanent resident immigrants.
- Huge policy change with hardly any research validating (or invalidating) the approach.
- Temporary workers are most visible in low-skill work (e.g., agriculture), but also play a big role in high-skill jobs (e.g., programming).
- Big flows of temporary workers discourages domestic worker mobility.

Where Do We Go From Here?

- Areas of increasing relevance and importance where knowledge is weak:
 - Transnationals and Refugees
 - Temporary Migrants
 - Aboriginal People: human capital and labour
 - Firm Behaviour re: immigrants and minorities
 - Efficacy of Settlement and Integration Services
 - Tolerance, Social Cohesion, Inter-Marriage: Unity