

“Immigrants and the Canadian  
Economy” by  
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and Krishna Pendakur

Comments by  
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# Contribution of the Paper

- Excellent review of the very expansive and high quality research carried out in Metropolis British Columbia since 1996.
- A large number of papers are reviewed in detail covering a wide variety of topics.
- It demonstrates how active MBC researchers have been and how their research has been at the forefront of the policy debates.

# Key Topics Covered

- Immigrant labour market performance
  - Earnings, unemployment, role of language
  - Social capital
- Impact of immigration on the Canadian economy
  - Wages, wealth, savings, fiscal impact.
  - Health care, trade, tourism.
- Immigration policy

# Especially influential work

- Krishna and Ravi Pendakur papers on earnings of immigrants and the Canadian born by visible minority status
- Pendakur and Woodcock paper on glass ceilings/glass floors
- Schaafsma and Sweetman paper on zero returns to foreign work experience
- Oreopoulos experiments with resumes

# Discrimination and Immigrant Earnings

- I would have been interested in the authors' views on the Bonikowska, Green and Riddell (2008) paper using the literacy data in IALSS.
- They argue that, since cognitive/literacy skills have virtually identical returns in a human capital wage equation for immigrants and the native born, this is evidence against discrimination

# Macroeconomic Setting/Cohort Effects

- McDonald and Worswick (1998)
  - Current macro conditions/absorptive capacity
- Beaudry and Green (2000)
  - Labour market entry cohort differences
- Green and Worswick (2002, 2012)
  - Benchmark against native born entry cohorts
- Aydemir and Skuterud (2005)
- Picot and Hou (2009) – IT bust and its effects.

# Deteriorating Returns to Foreign Experience

- Green and Worswick (2002, 2012) – similar to native born returns to experience for early 1980s cohort but deteriorated quickly after that to zero.
- This can explain around 40% of the decline in both entry and present discounted value of earnings for post 1980 arrival cohorts of immigrants.

# Impact of Immigration and Occupational Balance

- Tension between admitting individuals with high perceived human capital versus occupational targeting
- Implications for the economy:
  - capital-labour ratio,
  - ratio of skilled to less skilled workers and
  - occupational balance.
- Recent changes have moved us to a human capital based points system (IRPA) and are now moving us back in the other direction.
  - Implications for regulated professions.

# Policy Dynamics and Implications

- Expansion beginning in the late 1980s
- Emphasis on education in mid 1990s
- Quebec selection system
- PNPs/growing TFW totals
- IRPA
- Ministerial Instructions, occupational limits
- Canadian Experience Class
- Recent revamping of the point system
  - Increased importance of language fluency
  - Decline in emphasis on foreign experience
  - Growing role for employers
- Beach, Green and Worswick (2007, 2011)

# Concluding Remarks

- Exceedingly difficult to cover all of the relevant material
- The authors have done an excellent job of covering as much as they have
- Demonstrates the important and growing contribution of MBC in terms of economic research
- I strongly support continued funding of their research through new arrangements