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Economic Participation: Unemployment and Labour Displacement

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Economic Participation: Unemployment and Labour Displacement

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by

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I. Foreword

This research bulletin focuses on issues related to the (un)employment experiences of immigrants in the labour market and their potential impact on the economic well-being of resident Canadians. Immigration can potentially affect the economic well-being of Canadians in several ways. First, immigrants potentially can cause job displacement of Canadians, or immigrants can create jobs with complementary inputs. Immigrants can also possibly suppress the wages of Canadians if their labour services are perfectly substitutable for Canadian labour services, or raise Canadian wages if their labour supply is complementary to Canadians. Related labour-market issues include the formation of a segmented labour market with immigrant enclaves, and the public finance consequences of a large at-risk immigrant population.

This literature review is designed to provide the policy maker with a concise summary of recent empirical results of these particular issues surrounding immigration and the labour market. Specifically, this research bulletin will address four main questions:

a. Is the unemployment situation exacerbated by migration given the current situation of the host population and the economic conditions of the country? Secondly, what is the empirical evidence pertaining to the frequency, incidence, and duration of unemployment spells of immigrants, vis-à-vis the host population?
b. Do immigrants increase job opportunities for resident workers, or does immigration cause the displacement of Canadian-born workers in the labour market? Furthermore, do immigrants suppress the wages of Canadians or does immigration increase Canadian wages?
c. To what degree do immigrants participate in “enclave” labour markets?
d. What are the key factors in determining the participation of immigrants in employment insurance (formerly unemployment insurance) and income assistance programs?

The first set of issues surrounding (un)employment will provide policy direction to the timing and size of immigrant flows under various entry gates. On the second issue of job displacement, this goes to the question of the quality of immigrants coming into the country and how the points system can be modified to influence these flows if job displacement is prevalent. On the third issue of immigrant participation in enclave labour markets, results from such studies can

be used to justify the continuation of affirmative action programs. Finally, the participation of immigrants in (un)employment insurance and income support programs, describes both the degree of risk in the immigrant labour market and how this risk translates into a burden on the provincial and federal treasuries.

The literature on the economics of immigration has been dominated by research on the immigrant/Canadian-born earnings differentials and the earnings adjustments of immigrants.[1] This research has attempted to document if immigrants catch-up and eventually outperform or overtake their Canadian-born cohorts in terms of earnings performance. Beginning with the work of Chiswick (1978) and Borjas (1985), the empirical literature has typically dealt with this question by estimating age-earnings profiles. The available literature provides a mixed picture on the earnings performance of immigrants relative to their Canadian-born cohorts. Under an older methodology, the standard answer was that after 10 to 15 years, the average immigrant overtook his Canadian cohort and thereafter earned more. (See Abbot and Beach, 1993, DeVoretz, 1989, Akbari, 1987, and Chiswick and Miller, 1988). The more recent econometric evidence on age-earnings profiles offers a dissenting view. For example, Bloom, Grenier and Gunderson (1995), using data from the 1971, 1981 and 1986 Canadian censuses, found that recent immigrant cohorts experience less earnings growth, and for all post-1970 immigrant cohorts, earnings assimilation does not occur; that is, their earnings may never catch up to the Canadian-born. This earnings collapse has been attributed to declining immigrant human capital, discrimination, and the recession of the 1980s, which reduced the absorptive capacity of the labour market.

The above description of immigrant earnings performance explains results *in* the labour market but not *how* immigrants affect the labour market participation of others. This will be the focus of the next two sections.

II. Immigration and Unemployment

The possible relationship between immigration and the (un)employment of the Canadian-born has also received considerable attention because of Canada's traditionally high unemployment rate.

[1] De Silva (1992) and Borjas (1994) also have excellent reviews of this literature. Since the earnings performance of immigrants is not the issue under investigation in this review, I have only highlighted a few studies.

Using macroeconometric modeling, various researchers have analysed the effect of net immigration (i.e. immigration minus emigration) on unemployment rates while still focussing mostly on the typical macroeconomic variables such as gross national product, per capita income, etc. The macroeconomic models that have been widely used in examining the impact of immigration fall under three broad families. The models developed by the Bank of Canada, e.g. RDX2, the CANDIDE models managed by the Economic Council of Canada, and the larger TIM models developed by Informetrica. Nakamura *et al.* (1992) used a version of the RDX2 model to study the impact of immigration on unemployment and other macroeconomic variables. Rao and Kapsalis (1982) used the version 2.0 of the CANDIDE model family to examine the same issues, and Sonnen and McLaren (1978) used the TIM model. Furthermore, Davies (1977) conducted a comparative study of the predicted effects of immigration using RDX2, CANDIDE, and TRACE.

In all the macroeconomic studies cited above, the general conclusions seem to indicate that increased levels of immigration were found to raise the unemployment rate[2] despite the large experimental variation in immigration flows. For example, Davies's study concluded that an increase in net immigration from 100,000 to 200,000 increases the unemployment rate by 1.31 percent using the CANDIDE model, 1.74 percent using the TRACE model and 2..05 percent using the RDX2 model. Furthermore Rao and Kapsalis (1982) also concluded that the unemployment rate will increase by 0.7 of a percentage point above the base solution by the end of 1990, if 50,000 immigrants were admitted into Canada every year starting from 1980. Such results certainly aggravates the unemployment problem in Canada. Despite the apparent consensus and similarities in the findings derived from the macroeconometric simulation studies of immigration on unemployment, limitations of these techniques must be borne in mind when using these results as a basis for policy formulation. For example, Robertson and Roy (1982) made the following comments on the Rao and Kapsalis study, and aptly summarize criticisms of macroeconometric modeling:

> *It is stated in the paper that "the key assumption underlying the simulation is that except for age/sex differences, the additional immigrants would have job characteristics similar to those of Canadians." The available evidence on comparative occupational distributions would strongly suggest the contrary. In addition, the paper also ignores significant differences with regard to some of the*

[2]The exception is the study conducted by Nakamura *et al*. (1992).

> *other characteristics of immigrants and Canadian residents. Such differences could considerably alter the results in either direction. In particular, we would like to mention considerable differences that exist between immigrants and Canadian residents with regard to labour force participation, level of education, and the unemployment experience.*[3]

Thus, the validity of macroeconometric analyses of immigration rests heavily on the extent to which these models actually capture the functioning of the economy, the interpretation of commonly used indicators of economic performance and how well they capture the demographic differences between the immigrant and host populations.

Marr and Siklos (1995) present an alternative methodology employing time series analysis focussing on the relationship between unemployment and immigration. They provide a series of tests including simple cross correlations, Granger causality (two-way causality between immigration and unemployment), vector autoregressive (VAR) modeling and cointegration analysis to detect any relationships between unemployment and immigration or vice-versa, for the years 1926 to 1992. They conclude that past immigration and unemployment rates are inversely related. In other words, increases in unemployment are associated with a subsequent reduction in immigration levels and vice-versa. Furthermore this relationship was found to be stronger for the period after 1946 compared to the entire 1926-1992 sample period. This could be partly explained by the relatively higher immigration flows to Canada after 1945. Disaggregating the time series data by occupations and country of origin, Marr and Siklos also concluded that, for example, unemployment shocks had a significant effect on the proportion of immigrants from Asia.

The policy implications from the Marr and Siklos study in particular, suggest that Canada's tap-on, tap-off policy aimed at regulating the immigration-unemployment tradeoff, should be targeted to the segment of the immigrant population headed for the labour force, not just the gross flows. Policies should also be pursued within the context of the structural and regional differences in labour markets across Canada. For example, when Alberta's economy expands vis-à-vis British Columbia's, destination should be an admission criterion. But how does one ensure that immigrants actually settle in their intended destination since there is always the possibility of moving? Policies should create incentives to entice immigrants to stay in designated areas or

[3] See Nakamura, Nakamura and Percy (1992), "Macroeconomic Impacts of Immigration." In S.

provinces. DeVoretz (1995) suggests subsidized language instruction and expedited family reunification.

Although the effect of immigration on unemployment has been of prime focus, little literature appears on the immigrant-employment hypothesis. That is, how does immigration increase the probability that an unemployed resident will find employment in the immediate future? Several recent studies have addressed this particular issue in the Australian context. These studies include Chapman, Pope and Withers (1985), Chapman and Norman (1985) and Chapman (1997). Their methodologies could be employed for future research in this area within the Canadian content.

III. Labour Market Adjustment of Immigrants

A derivative question from the above literature points us to the relationship between immigration and Canadian employment stability. Stability is measured in terms of the risk of unemployment and also by the duration of unemployment spells or the demonstrated capacity to recover from unemployment. Such studies have useful policy implications for immigrant settlement services, as well as the associated public finance implications. The empirical evidence on the immigrant impact on employment stability is sparse. This lack of research findings can be partly attributed to the lack of panel data, which better facilitates one's understanding of the dynamics of unemployment experiences of immigrants. However, with the release of data from the first panel of the Survey of Labour and Income Dynamics (SLID), some initial research findings are available. For example, Rappak and Thomas (1997) conclude that recent immigrants are at greater risk of unemployment than are other Canadians. But they find that, after 16 years, assimilation leads to an equal risk for immigrants of unemployment as non-immigrants. Furthermore, Rappak and Thomas report that while recent immigrants are able to find work as quickly as non-immigrants, the jobs they find are not as stable as those of Canadians.

In another recent study on the unemployment incidence among immigrant men in Canada by McDonald and Worswick (1997), recent immigrants, that is those who have been in Canada for less than five years, were found to have higher unemployment probabilities than Canadians and

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Globerman (ed.), *The Immigration Dilemma*, (Vancouver: The Fraser Institute), page 161.

were more vulnerable in recession years.[4] McDonald and Worswick's study employed 11 pooled cross-sectional surveys from the Survey of Consumer Finances for the period 1982 to 1993. This allows them to control for varying macroeconomic conditions, that is recessions and booms, during the period under investigation because their results were found to be sensitive to these macroeconomic conditions. McDonald and Worswick also conclude that although the incidence of unemployment among recent immigrant cohorts is high, the probability of immigrant unemployment tends to converge with that of Canadians with more years of residence in Canada. The policy implications from this study suggests that recent immigrants will benefit most from labour market programs that will facilitate the transition from unemployment to work, especially during a recession.

IV. Job Displacement

Central to the debate on job displacement is whether immigrants create jobs for Canadians or displace Canadian-born workers, and if so, in what industries or occupations? The study of the employment effects of immigration flows on the Canadian labour force has been a rich source of policy debate since at least the turn of the century in Canada. According to Dales (1966), Canada's turn of the century "National Economic Policy" was three-pronged; higher tariffs, railroad investment and increased immigration. The impact of immigration on wages and employment was central to Dales' thesis. The problems arising from immigration according to Dales, were twofold. First, immigration became increasingly urbanized resulting in lower urban Canadian wages. The effect of this wage decline was allegedly to displace Canadian workers to the United States in search of higher wages. Thus, although Canadian gross national product increased through immigration, Dales argues that Canadian per capita income lagged behind the United States. This is because the higher paid skilled workers who left for the United States in search of higher wages were replaced by the lower paid immigrants. Secondly, the emigration of Canadians to the United States in search of higher wages led to inefficient immigrants flows. That is, it took more and more gross flows of immigrants to achieve a given amount of net population growth.[5]

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[4] Canada experienced a recession in the early 1980s and the early 1990s.

[5] Others have dissented from this negative interpretation of the historical impact of increased immigration flows. Chambers and Gordon (1966) have argued that increased immigration allowed the Canadian

Since the publication of Dales's historical seminal piece on the displacement effects of immigration, there have been a series of modern studies in Canada addressing the employment effects of immigration. Clark and Thompson (1986), Roy (1987, 1997), DeVoretz (1989) and Akbari and DeVoretz (1992), provide modern econometric estimates of the displacement effect in Canada. Clark and Thompson (1986) found that Canadian immigrants circa 1970 were, in general, substitutes for the existing labour force and complementary to capital. The complementarity between immigrant labour and capital means that an inflow of immigrants to Canada increases the rate of return to owners of capital. Specifically, Clark and Thompson report that all professional groups substituted for the entire remaining less-skilled Canadian labour force, with the greatest degree of substitution occurring between highly trained labour and service/primary workers.

Following Clark and Thompson (1986), Roy (1987) investigates the immigrant displacement effects. Using 1981 census data, Roy estimates wage equations from a multi-factor generalized production function. His results indicate that immigrants in the aggregate (i.e. pooled together irrespective of their country of origin) are neither substitutes nor complements to the Canadian-born in the work force. However, when disaggregated by country of origin, the results reveal that United States-born immigrants and Canadian-born workers are substitutes for one another in the labour market. Extending the analysis to specific occupational categories, Roy also found European-born immigrants and Canadian-born labour are substitutes in clerical, services and processing occupations, while they have complementary skills in natural sciences and transportation occupations. Furthermore, the Canadian-born and immigrants from Third World countries (i.e. Asia, Africa, South and Central America and the Caribbean) are substitutes in machining and transportation occupations. Finally, European-born immigrants and immigrants from Third World countries have complementary skills in machining and transportation occupations.

Roy's study significantly improves on that of Clark and Thompson by incorporating place-of-origin effects in his analysis. However, one serious caveat is the omission of capital from the production function. Furthermore, his study did not produce any elasticities, making it difficult or

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manufacturing sector to grow after 1900, because the increased labour supply and constant real wage

impossible to quantify the substitution and complementary relationships observed between the various types of labour.[6]

The deficiencies in Roy's study were first rectified by DeVoretz (1989) and then subsequently by Akbari and DeVoretz (1992). Using a translog production function, they analyzed the impact of immigrant workers on the employment of Canadian-born workers for 125 industries circa 1980. Their estimated cross-elasticities suggest no economy-wide displacement of Canadian-born workers by immigrants. However, they also point out that displacement did occur in subsectors of the Canadian economy, that is, in the labour-intensive industries.[7]

V. Wage Impacts

Economic theory instructs us that in a static world the absence of displacement implies a wage effect. Thus, an analysis of immigrant labour market impacts would be incomplete if one only examines employment effects, but not the wage effects. The empirical evidence on the wage impacts of immigration is limited. The exception is Laryea (1997), Laryea (1998a) and Laryea (1998b). Using panel data from the 1988-1990 Labour Market Activity Survey (LMAS), Laryea (1998a) found immigrants and Canadian-born workers to be complements in production with a corresponding wage elasticity of 0.011. This implies that a 1% increase in the number of foreign-born workers will increase the wages of Canadians by 0.011%. When the data was disaggregated by industry, Laryea detected wage suppression in the primary, transport and storage and wholesale and retail trade industries. In the manufacturing, government, financial[8] and service[9] industries, immigration inflows increased the wages of Canadians. These results apply to both male and female subsamples.

Laryea (1998b) also examined wage suppression within occupations with 1991 census data. Amongst other results, professional immigrants and unskilled workers were found to be

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increased profits for investment.

[6] It should be pointed out however that Roy (1997) calculated just one elasticity between US-born immigrants and Canadian-born workers. The estimated elasticity was 0.09.

[7] Examples of the labour intensive industries include: Meat and poultry, Bakery, Food, Plastics fabricating, Men's clothing, Women's clothing, Household furniture, Universities and colleges, Hardware tool and cutlery, Metal stamping and Machine shops.

[8] The financial industry in this study includes finance, insurance and real estate.

[9] The service sector includes health, education, business, personal and food services.

complements in production, contrary to theoretical predictions. Laryea (1998b) rationalises this result by observing that in situations where the professional skills of immigrants are not recognised in Canada, those immigrants may settle for menial jobs, which may then displace the unskilled Canadian-born workers.

The above review of studies on job displacement and wage impacts of immigration flows has been addressed solely through a production framework or channel; that is, whether natives and immigrants are substitutes or complements in production and the attendant wage impacts. Immigrants may, however, also influence Canadian-born workers through other channels apart from the production channel, and these additional influences may offset or reinforce any wage or job displacement impacts exerted through the production-structure channel. Examples of these other channels include local-demand channels, a net-export-demand channel, the labour-force-participation channel and finally the internal-migration channel. For example, under the local-demand channel of immigration impacts, if immigrants bring financial and human capital on arrival, it can stimulate local demand in the area of residence. The enhanced local final demand will result in additional local output and, hence, increased demand for labour with the attendant wage and employment effects.[10] Future research on this topic should incorporate these other channels and simulate their impact on the economy.

VI. Immigration and Enclave Labour Markets

The main question in this area of research is whether enclave markets help or harm immigrants. There are numerous studies on immigrant self-employment and entrepreneurship,[11] but very few studies address the broader issue of immigrants in an enclave economy.

Hiebert (1997), using special cross-tabulations from the 1991 Canadian census, investigates occupational clustering in Toronto, Montreal and Vancouver. Hiebert also explores three inter-related issues: the extent of ethnic and gender segmentation in the labour markets of the three cities; the nature of the segmentation (i.e. which groups perform which jobs); and the geographical specificity of segmentation.

[10] See Greenwood and Hunt (1995) for a discussion on the non-production channels of immigrant labour market impacts and some empirical results for the United States using this methodology.
[11] See for example Razin and Langlois (1989, 1990 and 1997).

Hiebert reports that, in general, immigrants who have been in Canada longer are more evenly distributed across occupational categories than recent arrivals. Secondly, he also discovers rigidities in the labour market that reinforce the marginalised position of certain immigrant groups. Specifically, immigrant and visible-minority women received a smaller income increment from education than those in more "mainstream" categories. Furthermore, men and women of colour occupy more than their share of "secondary" occupations (i.e. non-professional or unskilled occupations) and immigrant women of colour are frequently clustered into low-paying and least secure jobs.

On geographical segmentation, Hiebert discovered that groups that captured the most desirable jobs in one geographical location tend to replicate their success in other locations, while groups in less advantageous positions appear to have little to gain by migrating to other urban labour markets. For example, immigrant men of British origin were equally represented in the professional and managerial occupations in Toronto, Montreal and Vancouver, whereas Indo-Canadian men were highly overrepresented as taxi owners/operators in Toronto and Vancouver.

An extension of Hiebert's work could look to enclave industries such as clothing, transport and construction as transitional enclave sectors. The use of the Immigration Database (IMDB) would be instructive, because it is longitudinal and tracks immigrants over a longer time period. Thus the life history of immigrants moving in and out of enclaves could be analysed.

VII. Immigrant Participation in Income Transfer Programs

The participation of immigrants in Canadian income-transfer programs has often attracted the attention of policy makers. In an era of rising demand for income assistance programs, cuts in federal government block grants to the provinces and reductions in the generosity of federal employment insurance benefits, this issue assumes added importance. From a policy standpoint the variables of interest in any empirical study should be immigrant (un)employment experience and, hence, eligibility for transfer programs.

There are several studies that address the issue of employment insurance and welfare participation among the Canadian population,[12] but a limited number target the immigrant population. There are, however, a few exceptions, which I will now briefly review. Two types of studies exist in this area. One type examines employment insurance or welfare participation as a single issue. The second type considers welfare participation and labour market involvement (i.e. labour-supply decisions) simultaneously. It is appropriate to examine the simultaneity of these decisions because, under Canada's employment insurance laws, one can only enjoy employment insurance benefits after working for some minimum number of weeks. This implies that when an immigrant cannot find work, their only recourse to sustenance is through social assistance. Such a transition period allows immigrants to assimilate and acquire language and other labour market skills. Once they start working and incomes begin rising, they will come off welfare since they are no longer eligible. Thus it is useful to consider how the labour-supply decision impacts on the use of social assistance and vice-versa.

Studies that focus on the use of welfare or employment insurance as a single issue devoid of labour-supply decisions include Lui-Gurr (1995), Baker and Benjamin (1994, 1995) and Charette and Meng (1994) and de Silva (1997). Using a multinomial logit model, Lui-Gurr (1995) examines welfare dependency of immigrants in British Columbia under the Guaranteed Available Income for Need (GAIN) act of 1976 compared with welfare benefits received by the Canadian-born using 1989 administrative records. These records contain information regarding the number of months a family received income assistance spanning the period from August 1989 to July 1991. Her findings suggest that foreign birth status does not affect the probability of being on welfare in British Columbia. However, once on income assistance, the duration on welfare for foreign-born families is greater than for the Canadian-born with the exception of single individuals and couples with no dependent children. Furthermore, refugees were more likely to collect income assistance compared with non-refugees, and also the probability of receiving benefits between recent and older immigrant cohorts was about the same.

Baker and Benjamin (1995a) consider the receipt of social assistance and employment insurance among immigrant and Canadian-born men using the 1986 and 1991 Surveys of Consumer Finance. The sample was restricted to those in the 16 to 64 age bracket. They find that

[12] For example see Allen (1993), Christofides et al. (1997), Barrett and Cragg (1998) and Green and

on entry, immigrant cohorts are less likely to draw income transfer programs than their Canadian counterparts. Furthermore, more recent cohorts are more dependent on these programs than earlier cohorts of immigrants, and also the probability of receipt of income transfer programs increases over the time spent in Canada for all cohorts.

Baker and Benjamin (1995b) also investigate the participation of immigrant and Canadian-born women in employment insurance and income assistance programs using the same database and a similar methodology. Foreign-born females particularly at risk in the labour market[13] are often not scrutinised for employment suitability. Baker and Benjamin conclude that participation rates for foreign-born females are lower than those of Canadian-born women in both programs. However, there exist differences in participation rates across immigrants of different arrival periods. Thus the overall conclusion of Baker and Benjamin's empirical findings on immigrant participation in employment insurance and social assistance programs is that immigrants do not impose an excessive financial burden on the taxpayer, regardless of their gender and time of arrival.

Charrete and Meng (1994) also examine the determination of welfare participation among female household heads in Canada using data from the 1989 Labour Market Activity Survey (LMAS). This study was not directly targeted at the immigrant population, but the authors include a dummy variable, which indicates whether the individual is Canadian-born.[14] They also conclude that there were no apparent differences in the use of welfare programs between the Canadian-born and the immigrant population. Furthermore, they also find that while social assistance benefit levels and especially earned income exemptions may play a significant role in the welfare participation decision of female household heads, the effect of the program tax rate on earnings above the exemption levels is not apparent.

De Silva's (1997) contribution to the debate on immigrant participation in the employment insurance program lies in his emphasis on ethnic origin effects. He uses pooled data from the 1986 and 1991 census to examine the relationship between ethnicity and employment insurance

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Sargent (1998).

[13] Beach and Worswick (1993) provide more evidence on the double jeopardy of immigrant women in the labour market.

participation by immigrants. De Silva's findings suggest that Portuguese, Italian, Polish, West and South Asian, and Black immigrant men have a higher probability of receiving employment insurance benefits compared with immigrants of British origin. He also reached similar conclusions for immigrant women.

Christofides et al. (1997) simultaneously examine the issue of welfare participation and labour-supply decisions by foreign birth status. Labour force and welfare participation decisions are interrelated because the greater the hours of work at a given wage rate, the less likely that person will qualify for income support. The estimates of the binomial probit equations from this study using data from the 1988-89 LMAS suggest that foreign-born men are less likely to use social assistance. This result disappears once endogenous selection involving labour-supply decisions is taken into account. In other words, if social assistance benefits exceed the reservation wage, one does not participate in the labour market. In the case of women, there was no significant effect in either specification. The results for labour-supply decisions in terms of hours worked were also inconclusive. Immigrant men not using social assistance supply approximately 12 hours of labour per month less than Canadians. However, in specifications that include interactions between immigration and program variables, this effect disappears. In the case of women, the reverse was true. Christofides et al. also conclude that the response of immigrants to a welfare program's generosity may be higher than that of Canadians, but again this significance disappears once endogenous selection is taken into account. Finally, due to the relatively small immigrant sample, Christofides (1997) advises caution when interpreting the results. The policy implications of Christofides' study implies that an increase in the reservation wage, or a reduction in benefits might entice people to move from welfare to work.

The general conclusions from these studies indicate that the main determinants of employment insurance and welfare use are individual characteristics such as age, sex, marital status and education, demographic variables, and the level of program benefits and taxes. From a policy view, the studies by Charette and Meng (1994) and Christofides (1997) offer very useful insights because they include benefit levels and tax rates as explanatory variables. Further work in this important public policy area is warranted, however, especially in the dynamics of program use,

[14] Christofides et al. (1997) also control for whether an individual is Canadian-born by including a dummy variable. They also conclude that immigrants are less likely to be on social assistance.

as the studies reviewed above analyse employment insurance and welfare participation in a static sense.

VIII. Policy Implications

The review of the empirical literature above presents several areas for policy attention, some of which has been alluded to in the relevant sections. Firstly, empirical results from the studies on immigration and unemployment and labour market adjustment of immigrants suggest that Canada's immigration policies aimed at regulating the immigration-unemployment trade-off should be targeted at the immigrant population headed for the labour force, not just the gross flows. They should also be pursued within the context of structural and regional differences across labour markets in Canada. Thus, the recent set of agreements between the federal government and the provinces over immigration selection is germane. On the issue of immigrant adjustment, the results show that employment instability amongst immigrants is relatively higher than that of Canadians. Policy should be aimed at providing better settlement services and language, which will facilitate the assimilation process.

The empirical evidence on job displacement suggests no economy-wide displacement of Canadians. Substantial displacement does occur across 59 foreign-born labour-intensive industries however, and this suggests the need for policy adjustment. As for wage impacts, especially by occupations, professional immigrants and unskilled Canadian workers were found to be substitutes in production. This is probably attributed to the issue of immigrant skill recognition. Policies should be aimed at improving existing structures to facilitate professional accreditation so that immigrants can work in the occupations for which they were initially trained. To this end, employers could also arrange with the federal government to directly recruit foreign-born workers as employers are better placed to identify relevant skills of potential immigrants.

On the issue of immigrant participation in enclave labour markets, the evidence suggests that women experience a double jeopardy first as women and secondly as immigrants because they are mostly concentrated in the low-paying occupations. In this case, policy implications indicate that it is premature to dismantle any existing affirmative action programs for women. The

selection criteria for admitting immigrants to Canada should also be broadened to include both husband and wife as presently wives only accompany the husbands and are not critically screened. This may partly explain their difficulties in the labour market. Finally, policies should be aimed at helping immigrants to attain upward occupational mobility through training and skills upgrading.

The studies on participation of immigrants in employment insurance and welfare programs generally seem to suggest that immigrants assimilate into the participation behaviour of the Canadian-born population. Hence, there is no evidence that immigrants pose an extra burden on the Canadian taxpayer and concerns over immigrant numbers and the public purse are not generally relevant for policy makers.

IX. Descriptive Section

A. Material for this publication was gathered from 11 learned journals, 8 books or book chapters, and 3 conference papers.
B. Material for this research bulletin was also gathered from 26 articles.
C. The publication dates for journal used in this bulletin range from 1966-1998.
D. The scope and methodology of each study has already been addressed in the main text of the bulletin.

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