

# Vancouver Centre of Excellence



## Research on Immigration and Integration in the Metropolis

Working Paper Series

**No. 04-04 (Revised)**

**The Economic Experiences of Refugees in Canada**

**Don DeVoretz, Sergiy Pivnenko and Morton Beiser**

**May 2004**

## **RIIM**

### Research on Immigration and Integration in the Metropolis

The Vancouver Centre is funded by grants from the Social Sciences and Humanities Research Council of Canada, Citizenship & Immigration Canada, Simon Fraser University, the University of British Columbia and the University of Victoria. We also wish to acknowledge the financial support of the Metropolis partner agencies:

- Health Canada
- Human Resources Development Canada
- Department of Canadian Heritage
- Department of the Solicitor General of Canada
- Status of Women Canada
- Canada Mortgage and Housing Corporation
- Correctional Service of Canada
- Immigration & Refugee Board

Views expressed in this manuscript are those of the author(s) alone. For more information, contact the Co-directors of the Centre, Dr. Daniel Hiebert, Department of Geography, UBC (e-mail: [dhiebert@geog.ubc.ca](mailto:dhiebert@geog.ubc.ca)) or Acting Co-Director, Dr. Jennifer Hyndman, Department of Geography, SFU (e-mail: [hyndman@sfu.ca](mailto:hyndman@sfu.ca)).

## **The Economic Experiences of Refugees in Canada**

by

### **Don DeVoretz**

Willy Brandt Guest Professor, IMER, Malmö University, Sweden  
Co-Director: RIIM, Simon Fraser University, Canada  
E-mail: [don.devoretz@imer.mah.se](mailto:don.devoretz@imer.mah.se)

### **Sergiy Pivnenko**

Researcher, RIIM  
Centre for Excellence, Simon Fraser University  
Burnaby, B.C. V5A 1S6  
E-mail: [spivnenk@sfu.ca](mailto:spivnenk@sfu.ca)

### **Morton Beiser**

Senior Research Scientist  
CERIS Center for Excellence, University of Toronto  
Email: [mortonbeiser@rogers.com](mailto:mortonbeiser@rogers.com)

Revised May, 2004

Please direct all inquiries to [spivnenk@sfu.ca](mailto:spivnenk@sfu.ca)

We would like to note the financial support of RIIM, Vancouver's Centre of Excellence and IMER, Malmö University while writing this paper. In addition, excellent referee comments greatly improved the text.

**Abstract:** Canada admits refugees on the basis of compassion and not economic criteria. It is however, important to document the economic successes or failures among Canada's refugee population in order to understand how post arrival integration policies affect refugee economic performance. This essay examines a set of economic indicators from Canada's IMDB database to assess the post 1981 Canadian refugee economic experience. With the aid of a standard human capital model we answer a series of economic questions including the length of time required for refugee economic integration, their use of Canada's social safety net, refugee poverty levels and refugee economic performance vis-à-vis Canada's family immigrant class. Our main findings are that employed Canadian refugees earn an amount equal to that earned by their family class reference group circa 1980-2001. However, the incidence of social assistance attachment for refugees is substantial and for those refugees who receive any assistance their total income is at the near destitute level.

**Keywords:** Refugees, immigrant earnings and human capital

## Introduction

Canada's immigration and refugee legislation admits permanent residents through a variety of gateways which all require prior assessment to qualify for admission: the independent or economic class, via a family reunification gateway or by refugee designation.<sup>1</sup> From an economic viewpoint the government's designation of the assessment gateway influences the economic outcomes of the foreign-born. In fact, most foreign arrivals to Canada including refugees are not economically screened by Canada but are singly selected.<sup>2</sup> In short, those who self-select to leave home, but experience no further economic screening upon arrival to Canada will be referred to in this paper as singly selected.<sup>3</sup> Double selection in the immigrant literature argues that the immigrant first self-selects by leaving and then the destination country will select them again if the immigrant offers himself as an economic or independent mover.<sup>4</sup> This second selection based upon human capital attributes of the Canadian bound economic immigrants, presumably leads to their speedier integration into the Canadian economy. In turn, the condition of the Canadian economy at the refugee's or immigrant's time of arrival is often an important influence on their ultimate economic success.<sup>5</sup>

This chapter concentrates on the economic performance of refugees. As one of more than 150 signatories to the UN Convention on refugees, Canada is committed to protecting the persecuted and stateless. Canada is also one of a much smaller group of Convention signatories who offer not just temporary protection, but the option of permanent resettlement. Humanitarian concerns presumably motivate the decision to offer refugees the opportunity for permanent resettlement, and such concerns probably provide sufficient justification to perpetuate this policy.

---

<sup>1</sup> The economic or independent class is further subdivided into entry gates for principal applicants and dependents. Only the principal applicants are assessed for their potential economic contribution under Canada's points system. Thus, they constitute the doubly selected group. The accompanying minors or the spouse of the principal applicant or the spouse are not assessed but can not enter Canada unless the principal applicant passes the points assessed selection procedure. Thus, this paper will treat all members of the independent class, both principal members and their dependents as doubly screened.

<sup>2</sup> In fact, only 25% of all arrivals (none refugees) must pass economic criteria to earn 65 plus points on human capital attributes prior to admission.

<sup>3</sup> Clearly, Canada attempts to insure that the bone fides exist for self proclaimed refugees, but in terms of their economic outcome there is no explicit selection technique employed by Canada to gain admission. This also holds for the family class of immigrants.

<sup>4</sup> The *2002 Immigration and Refugee Protection Act (IRPA)* of 2002 made some substantial changes in both economic criteria for entry of the economic class and the adjudication of refugees. However, all the refugee arrivals under study in this paper were admitted under the 1978 Immigration Act. See Yan Shi (2003) for complete details of both the 1978 and 2002 Immigration Acts.

<sup>5</sup> This is termed the scarring effect. If the economy is weak upon arrival then many immigrants never experience the economic "catch-up" that immigrants who arrive in economically robust periods experience.

Critics, however, suggest that the policy is misguided, because it brings grave economic consequences in its wake. This paper addresses these concerns by investigating the question: what is the labour market outcome for refugees in Canada?

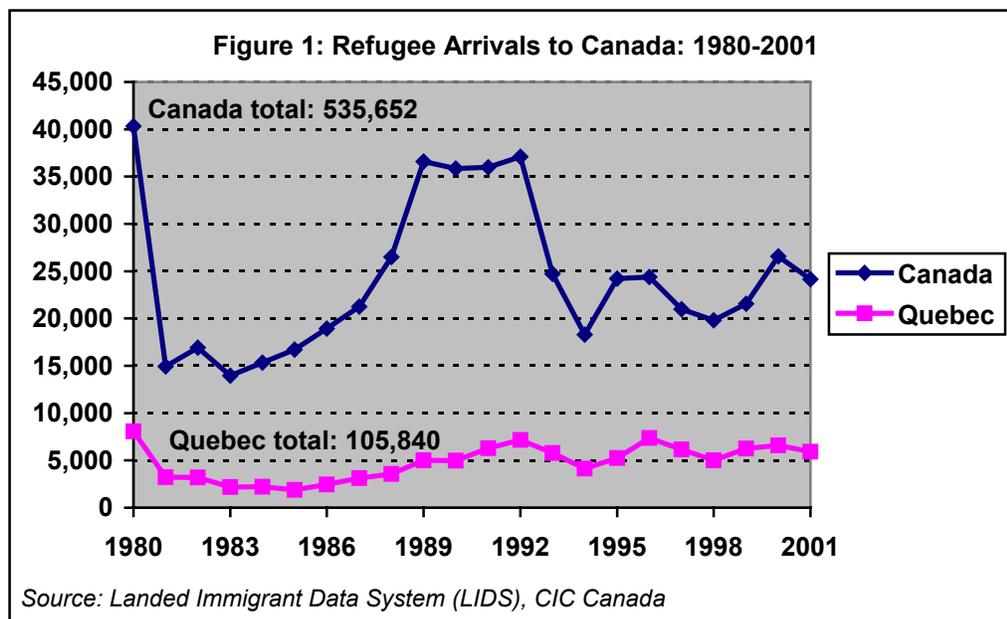
To qualify for Canadian admission, those refugees who arrive in Canada must meet several criteria. Convention refugees are people who leave their country because of a well-founded fear that they will be persecuted due to their religious beliefs, race, nationality, political opinion or membership in a persecuted group. In addition to Convention refugees, Canada has been admitting Protected Persons,<sup>6</sup> that is, inhabitants of designated refugee-producing countries. Asylum seekers are defined as those persons “seriously and personally affected by: civil war, armed conflict, or massive violations of human rights.” Inhabitants of the designated countries<sup>7</sup> meet the definition of Convention refugees, and can include people who suffer because their country denies them the rights of freedom of expression, dissent, or the right to engage in trade union activity. However, unlike Convention refugees or asylum seekers, Protected Persons must apply for resettlement from outside Canada. These refugee applicants are admitted under special rules and are considered either a Convention refugee or a member of a humanitarian designated class.

The humanitarian designated class was introduced by the federal government in 1997 to provide for the possibility of resettlement to individuals personally or seriously affected by situations including civil war and armed conflict. Refugees may be selected abroad for resettlement in Canada or may apply for and receive Convention refugee status from the federal Immigration and Refugee Board within Canada. Finally, it is important to note that Canada’s refugee assessment contains no explicit economic criteria for entry although a suitability criterion based on the refugee’s presumed ability to integrate is used in the selection procedure.

---

<sup>6</sup> Under the 2002 legislation, or the Immigration and Refugee Protection Act this entry group is now referred to as the *Humanitarian Designated Classes*.

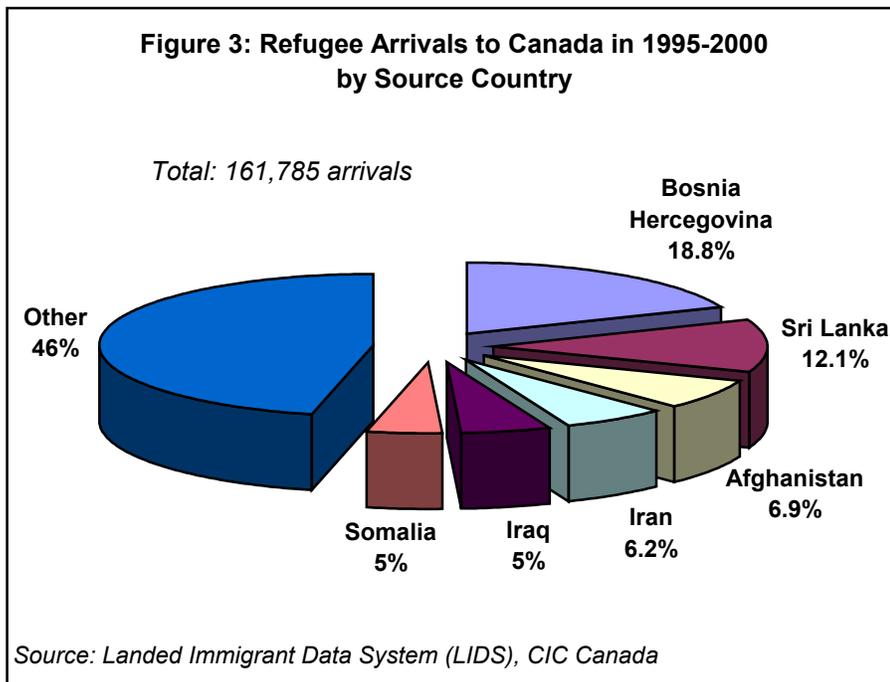
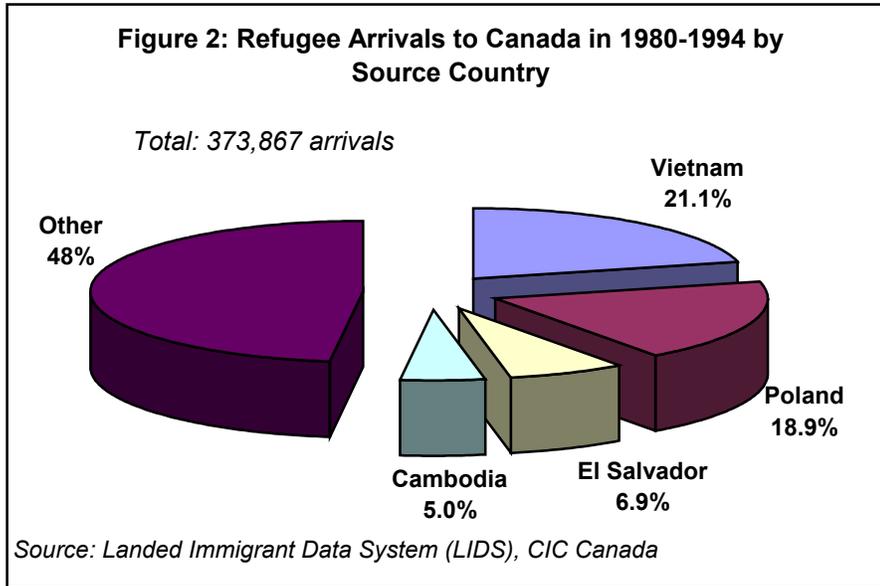
<sup>7</sup> List of countries posted on CIC web site at [www.cic.gc.ca/english/refugees/resettle-5.html](http://www.cic.gc.ca/english/refugees/resettle-5.html).



Between 1980 and 2001 Canada received a total of 535,131 refugees from a wide variety of source countries. Figure 1 documents dramatic fluctuations in refugee arrivals between 1980 and 2001, with numbers ranging from a high of 40,000 in 1980 (corresponding to the “Boat People” crisis in Southeast Asia which stimulated the largest admission of refugees in Canada’s history) to a low of 15,000 in 1983. Since Canada does not have an explicit or implicit refugee quota the total number of yearly refugee arrivals is a product of both external events and Canada’s overall yearly immigrant target levels.<sup>8</sup> The fall in refugee levels in the 1980s and the rise in the early 1990s largely mimics the movement of total announced immigration targets. During the last seven years, the number of refugee arrivals has become stabilized at fewer than 25,000 per year, roughly 10 percent of the immigrant total.

Figures 2 and 3 provide an insight into political hot spots of a given era, demonstrating the manner in which changing world conditions influence refugee flows to Canada. During the period 1980-1995, Southeast Asia, Poland and El Salvador accounted for more than half of all refugee admissions. By contrast, between 1995 and 2000, refugees from Bosnia Herzegovina, Sri Lanka, Somalia and the Middle East made up 54 percent of all such admissions.

<sup>8</sup> Since the early 1990s Canada’s goal has been to admit 50% of its immigrants in the economic class . The rest of the admissions including refugees is a residual of any years total target. Thus, any change in total immigrant intakes affects the absolute number of refugees admitted.



Given this fluctuating number of refugee claimants and their heterogeneity across source countries it is appropriate to ask how these various refugee groups fared in the Canadian economy. The central goal of this chapter is to answer this question. It proposes to analyze the economic performance of Canadian refugees in terms of the standard human capital model. This model basically states that individuals prior to or after arrival in Canada differentially invest in themselves to increase their endowment of human capital (education and language) depending on their age and ability. In turn, differential rates of investment by individuals lead to different economic outcomes in the labor market.

Given that refugees are selected largely under the criterion of humanitarian compassion with presumably little consideration given to their human capital attributes very few economists have analyzed Canadian refugee economic performance to date. What we would like to measure is the refugee economic integration overtime in Canada. For example, how long does this process of economic integration take and how does it compare to the family reunification class? Moreover, what is the refugee experience with poverty and the use of social assistance or unemployment insurance in Canada? Finally, does refugee economic performance depend on how refugees are sponsored?

We next provide a brief literature review and present some stylized facts about the human capital characteristics of refugees. Given this background we then report refugee earnings and their relative rates of economic integration into the Canadian economy after arrival and their use of Canada's social safety net. Finally, we assess Canadian refugee economic integration in general.

### **Literature Review**

The academic literature has primarily focused on legal or political issues of refugee claimants in Canada. Thus, the economic aspect of refugee resettlement has received little attention. Research on the "Boat People," Southeast Asian refugees from Vietnam, Laos and Cambodia (Beiser 1999; Caplan, Whitmore & Choy 1989; Haines 1987; Strand & Woodrow, 1985; Fass 1986) who were admitted to the U.S. and Canada suggests that, after an initial decade of economic struggle, refugee employment rates approximate, and perhaps better those of the receiving society and that refugee service demands are lower. Because these studies have focused on a particular group of refugees who arrived in North America during a particular historical era, the conclusions are necessarily limited.

The lack of a comprehensive research on the economic status of refugees partially owes to inadequate census data. Census data in the U.S. or Canada only discloses foreign birth status and does not reveal entry status (e.g. refugee, family class immigrant, etc.) of an immigrant and thus precludes any detailed economic analysis of the refugee sub-group. Nonetheless, some imaginative census based work has been reported.<sup>9</sup>

A more reliable data source is available to refugee scholars in Canada. The Longitudinal Immigration Data Base (IMDB) combines information from landing records compiled by Citizenship and Immigration Canada (CIC) with information from refugee or immigrant personal income tax returns. If we combine these two data sets we can track income performance of different immigrant admission categories including refugees after 1980. However, education, occupation and language ability in Canada's official languages are recorded as "tombstone" information. In other words, the values of these variables are only known at the time of the refugee's landing.<sup>10</sup>

The IMDB data set allows an economic analysis across entry categories of immigrants over a sufficiently long enough time period to identify cohort, period and aging effects on differential refugee economic outcomes.

A study by Citizenship and Immigration, Canada (1998) utilizing the IMDB database revealed important differences (and some similarities) in the labour market behavior of Canada's major immigrant admission categories.<sup>11</sup> An important example of both differential and then converging behavior is the finding that although Canadian refugees reported substantially lower employment earnings than economic applicants, their earnings patterns relative to three other immigrant entry categories were very similar.<sup>12</sup> Moreover, refugees who had been in Canada for twelve or more years reported average employment earnings at or near the Canadian-born average. Nonetheless, this study reported that refugees admitted prior to 1990 typically reported the highest rates of unemployment benefit usage when compared with any other immigrant category or the Canadian-born population. Also after two years in Canada refugees again report the highest rates of social assistance usage.

---

<sup>9</sup> For example, in the U.S., Cortes (2001) used the 1980 and 1990 U.S. censuses to generate a synthetic panel of refugee and economic immigrants. Even with these limitations, Cortes found that refugees have higher rates of human capital accumulation and thus even though their earnings start below other U.S. immigrants their annual earnings grow faster than these immigrants.

<sup>10</sup> Some tombstone data, age at arrival, years in Canada can be extrapolated into the future.

<sup>11</sup> These groups included the family class, economic principal applicants, the spouses and dependents of these economic principal applicants, and refugees.

<sup>12</sup> These immigrant groups included the family class, and the spouses and dependents of economic principal applicants.

DeSilva (1997) employed a IMDB sub sample of male immigrants who landed during the period 1981-1984 to test the commonly held belief that Canadian refugees perform poorly when compared with other immigrant categories. His analysis was restricted to four immigrant entry classes: independents, assisted relatives, Convention refugees, and the designated class, the last two being combined into one group for the purposes of regression analysis. DeSilva found that although independently selected immigrants were the highest foreign-born income earners, they experienced the smallest earnings growth after arrival. In contrast, the designated refugee class reported the most rapid increase in earnings.

Overall, DeSilva's study demonstrated a rapid convergence in earnings among immigrants and refugees over time. Although the refugee and assisted relative classes initially showed a significant earnings disadvantage compared with the independents, the gap narrowed over time. Given that refugees had the weakest language ability upon landing, their economic progress was deemed strong.

DeSilva's tests also revealed that differences between refugee and immigrant human capital endowments at the time of landing account for only a small portion of their subsequent earnings across these groups. This implies that one has to look at factors other than educational and demographic characteristics at arrival to explain the observed earnings differentials. Finally, DeSilva argues that the economic success of refugees was highly conditioned on their region of origin. The most successful among them were those from Europe, whereas many of refugees from Africa and Southeast Asia have performed poorly.

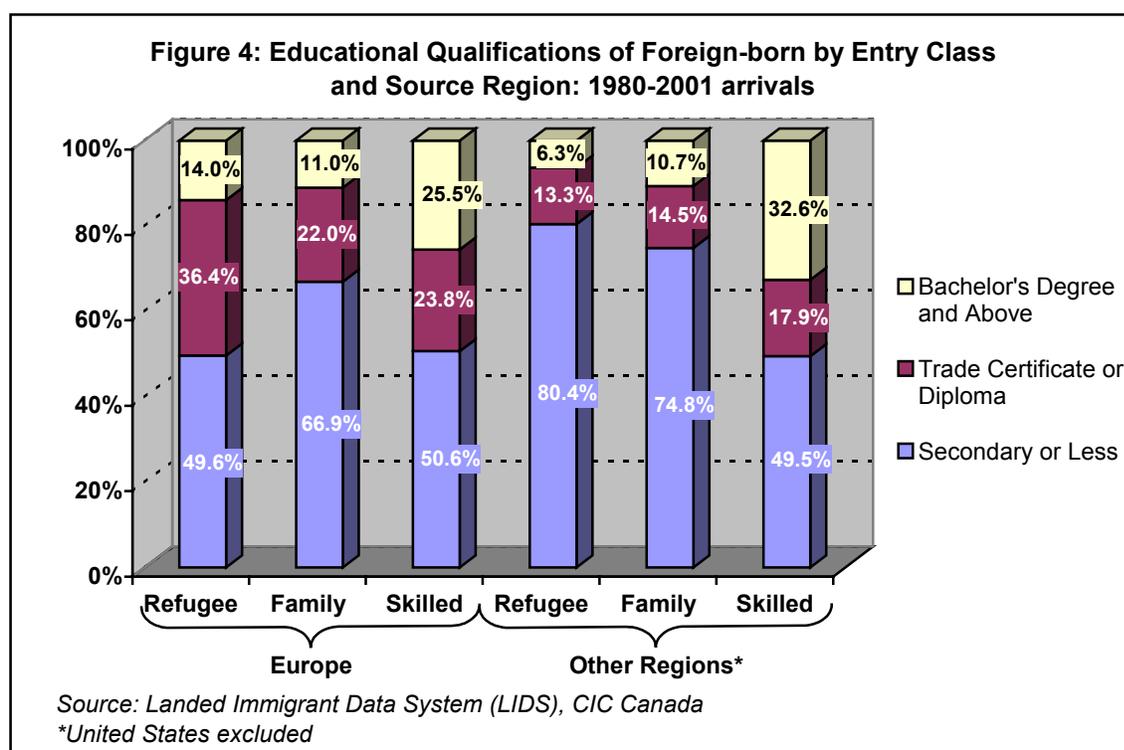
Using the data from the Refugee Resettlement Project (RRP), Beiser and Hou (2000) examined gender differences in English-language acquisition and employment consequences of language proficiency. The results of the study confirmed that English proficiency was a significant determinant of the unemployment rate and labour force participation of refugees in the long term.

In sum, the literature on Canadian refugee economic performance points to the use of the IMDB as the primary data source for this analysis. In addition, these studies argue that earnings convergence occurs between refugees and any reference group overtime (12 years) with educational attainment and language acquisition conditioning the speed of convergence. We will explore this presumed earnings convergence in more detail in the following section.

## Stylized Facts

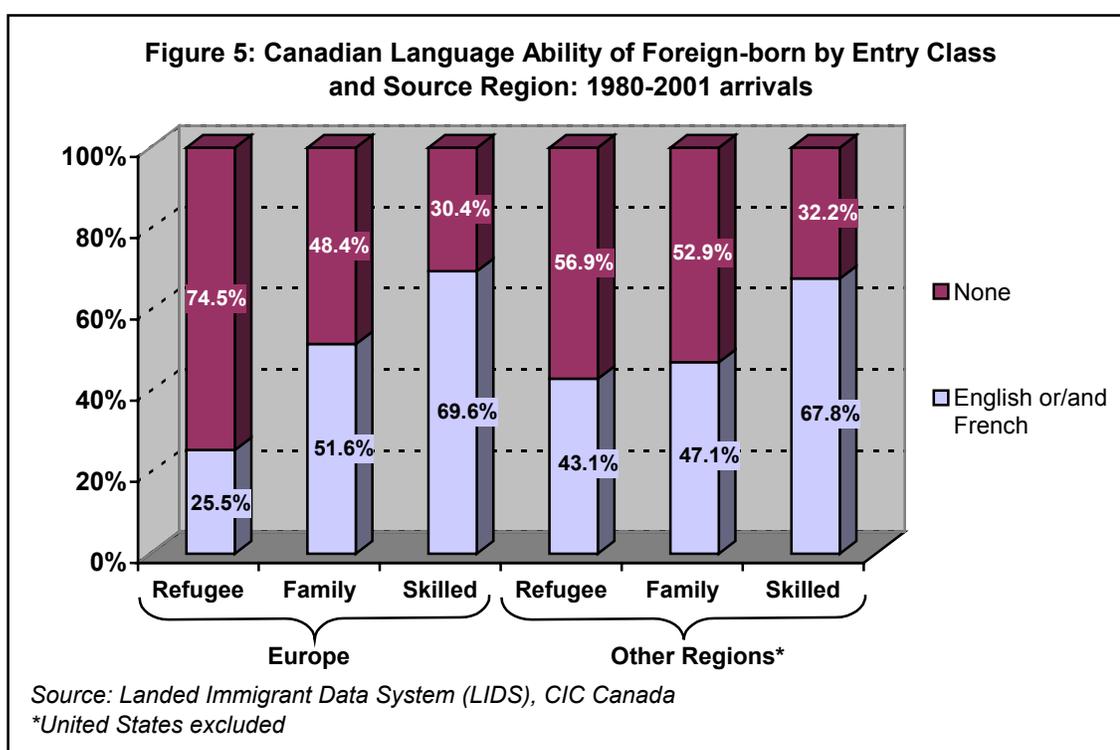
Canadian researchers as noted are fortunate in having at their disposal two administrative data bases which, when combined, yield the researcher a portrait of the immigrant upon arrival (LIDS: Landed Immigrant Data System) and records of their economic performance while residing in Canada (IMDB: Immigration Data Base). The LIDS or landings records are exhaustive and cover every permanent legal immigrant to Canada who arrived after 1980. It is a snapshot that records various socio-economic and demographic features upon arrival. The 2002 version of LIDS which we use covers 4.1 million entrants between 1980 and 2001. The IMDB or immigration database combines both the LIDS database to the immigrant's yearly tax records. This administrative database only covers immigrants who file an income tax and hence the coverage is limited to 40-50 percent of all past arrivals. We will employ this data set to generate some stylized facts below and in our more extensive analysis in the next section.<sup>13</sup>

The human capital attributes of refugees varied considerably and were, to some extent a reflection of educational opportunities available in refugee producing countries.



<sup>13</sup> The IMDB has one major weakness, namely the disappearance of immigrants overtime through death, emigration or retirement but otherwise provides a time series picture of refugee and immigrants.

Figure 4 illustrates the influence of source area on educational heterogeneity. For example, approximately fifty percent of refugees from Europe who arrived between 1980 and 2001 had some post-secondary education compared to only 20 percent who came from other regions.<sup>14</sup> If we compare the educational attainment levels for European immigrants across entry gates we can see that refugees from Europe were as well educated as skilled Canadian immigrants in general. Refugees from non-European sources were the least educated of all immigrant classes: 80 percent had no more than a secondary level of education. It should be noted that the non-European refugee groups contain a wide variety of source countries with different levels of development and masks the true diversity of the entrants' backgrounds.



Knowledge of Canada's official languages followed a different pattern (Figure 5). English or French language ability is one of a number of ways in which applicants for independent immigrant status can earn enough points to qualify for admission. As a consequence, the fact that, regardless of source region, almost 70 percent of all immigrants in this category spoke at least one of Canada's official languages is not surprising. The proportion of family class immigrants who spoke either English or French was substantially lower – about 50

<sup>14</sup> The reported percentages for greater than post-secondary educational levels for Africa (28%), Asia (23%) and South and Central America (25%) were all about half the European level.

percent – a proportion which, once again, did not vary by source region. Refugees were less likely to have a command of English or French than other immigrant classes: however, the group least likely to possess this advantage was refugees from Europe. Further analysis (not shown) demonstrated the uneven distribution of official language ability across refugee groups: 75 percent of refugees from Europe spoke neither of Canada's official languages, in comparison with 57 percent of refugees from other regions who spoke neither language.

A consideration of Figures 4 and 5 together allows a comparison of educational and linguistic skills for Canada's family and refugee classes circa 1980-2001. The comparisons are striking. European refugees were more highly educated than either independent or family class immigrants from this region, but were more likely to be linguistic disadvantaged.<sup>15</sup>

For non-European family class members the educational attainments and linguistic skills are near identical to non-European refugee attainments. In sum, European refugees are a unique group in terms of higher educational levels and less linguistic skills. These differential human capital endowments of education and language should affect refugee economic performance, which we document below.

## **Refugee Economic Outcomes**

### *Economic Outcomes: Entry cohorts and Immigrant admission categories*

The IMDB data set allows us to analyze the economic outcome of refugees from several dimensions. Essentially, the methodology employed here is to identify a class or type of earnings (e.g. employment income, social assistance) and ask how did the refugee group who reported this type of earnings fare vis-à-vis other entry categories. We will also expand this analysis by computing refugee total income, that is we combine the refugee's target income (e.g. employment earnings) with all other sources of earnings (self-employed, social assistance, etc.) reported for the refugee.

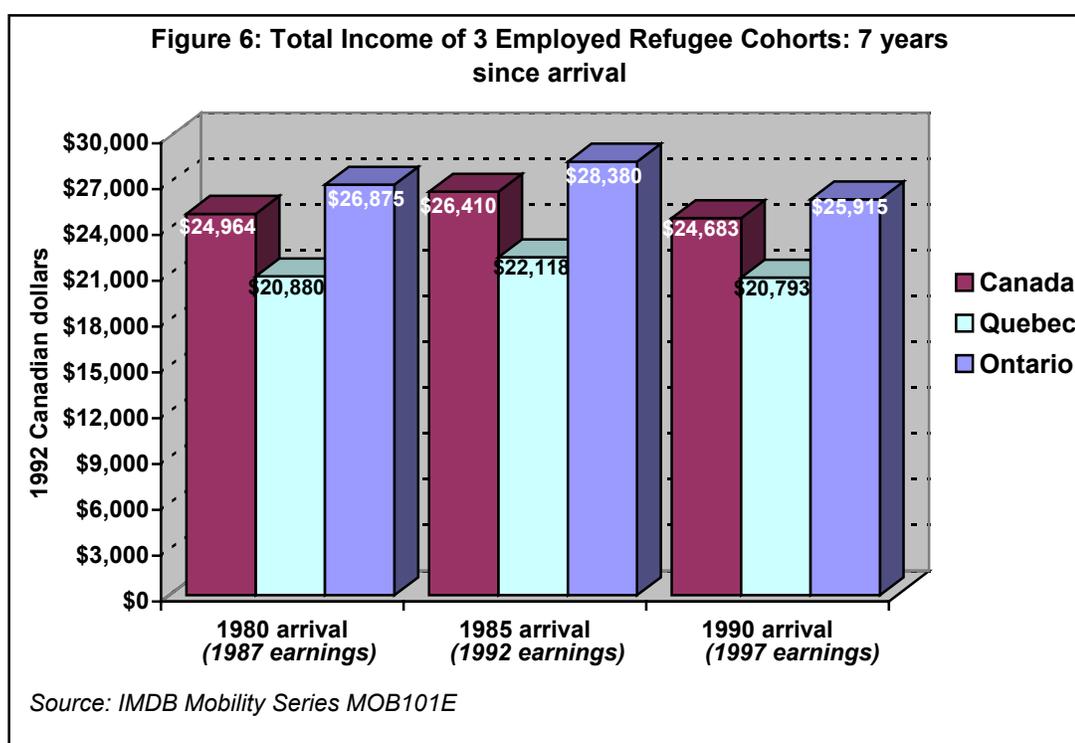
Figure 6 presents an overview of total earned income by all employed refugees seven years after arrival for three different cohorts based on date of arrival: 1980, 1985 and 1990.<sup>16</sup> A further distinction is made to isolate regional differences by specifying the earnings of refugees in Canada and for the province of Quebec since Quebec selects its own refugees. This Figure allows

---

<sup>15</sup> The relatively low level of language proficiency for European refugees is no doubt due to the fact that they come from non-English/French-speaking areas (Balkans and Poland), whereas over 25% of family class and skilled workers emigrate from British Islands and France.

<sup>16</sup> Figure 6 reports total income from all sources for refugees who reported employment earnings.

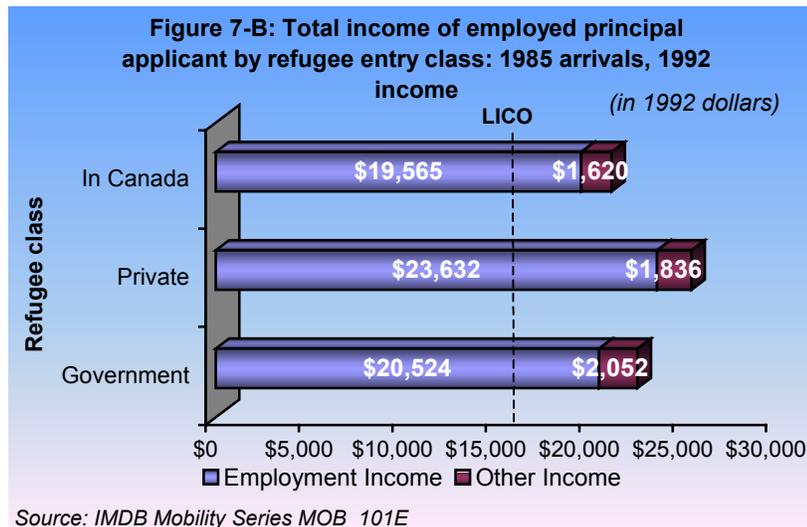
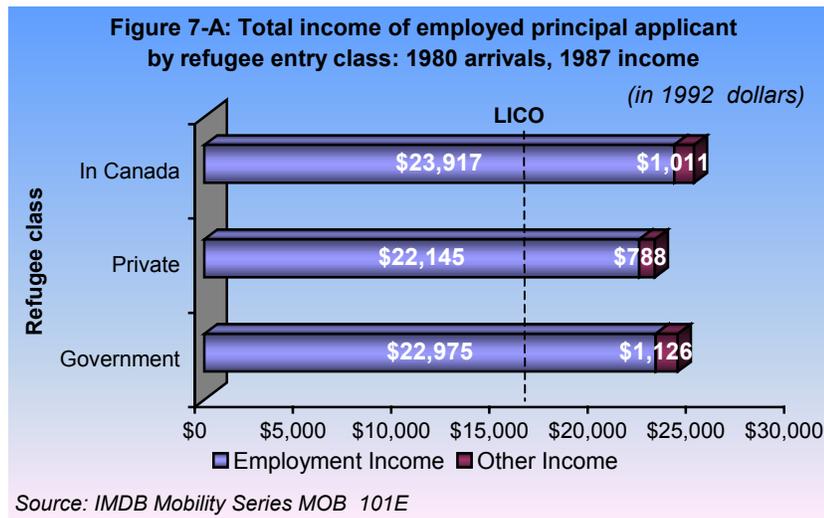
us to detect if there is an entry or period effects. In other words have the earned income prospects of refugees changed between those refugees who entered in the 1980s or 1990s? The answer is no, since seven years after their respective arrival dates the 1980 and 1990 refugee cohorts reported near identical earned incomes. A period affect nevertheless appears in 1992 when refugees for the 1985 cohort earned about \$2,000 more (1992 constant dollars) after seven years in Canada than either the 1980 or 1990 cohorts. Thus, although no long-term decline in refugee earned income appears after 1980, it was better to have arrived before Canada's recession of the early 1990s. In addition, Figure 6 clearly portrays the economic penalty for refugee settlement in Quebec. We return to the cause of this 15% provincial penalty in a later section.<sup>17</sup>

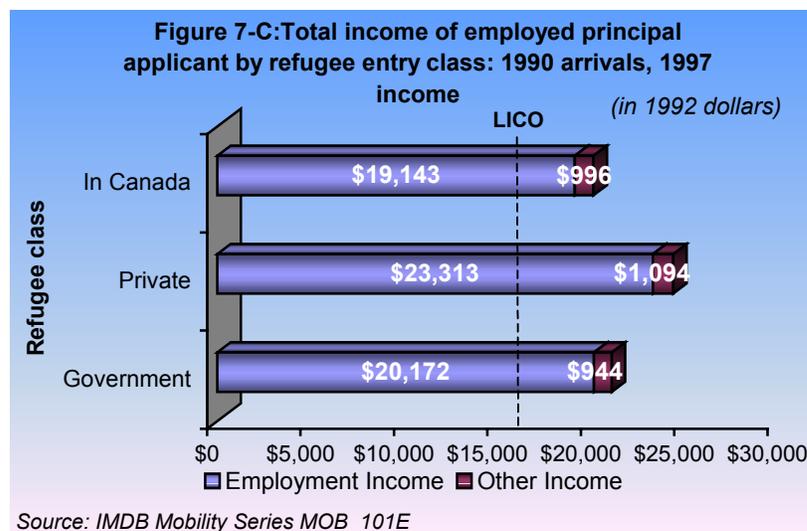


Figures 7-A, 7-B and 7-C report the earnings for employed refugees across three subdivisions of the refugee entry gate for three cohorts. Each refugee gate reflects a presumed different degree of sponsorship or support mechanism after arrival in Canada. In short, those refugees who fall in the category “In Canada” are self sponsored asylum seekers. The remaining two categories: Private and Government reflect respectively the presence of a Canadian sponsor in the private or public sector. Given our above arguments we would expect that sponsored

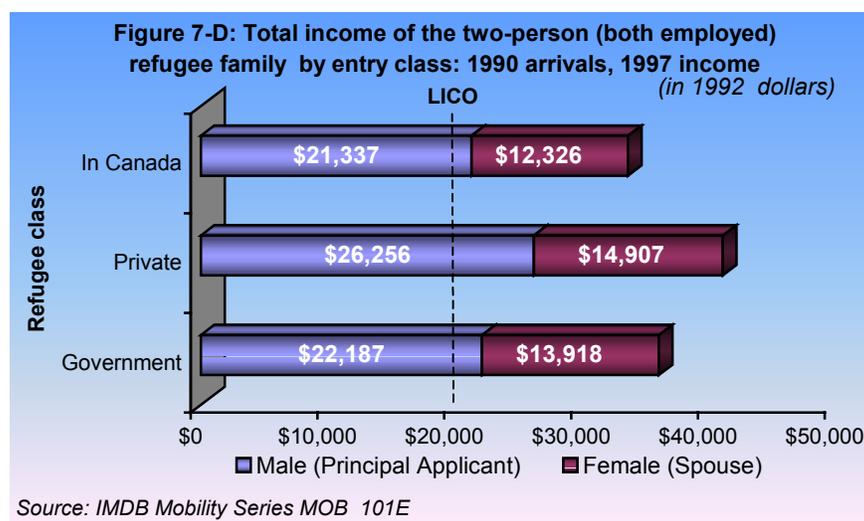
<sup>17</sup> This provincial difference could arise because of the Quebec economy's weakness or the weak endowment of human capital found in Quebec refugees or both.

refugees would after 7 years do better economically than asylum seekers who lack some of these support mechanisms. A clear pattern emerges in favor of the privately sponsored refugee group since between 1987 and 1997 the income prospects of Canadian refugees changed dramatically by refugee entry gates. The “In Canada” or asylum-seeking refugees experienced a 20 percent decline in constant 1992 dollars even after allowing for 7-year integration period. Government sponsored refugees experienced a more modest decline over this period (-12%) while privately sponsored refugees had a modest 5% rise in their earnings.





Moreover, there exist little absolute earnings differences across entry gates except for the privately sponsored 1985 and 1990 cohorts of refugees who did earn significantly more than other entry groups after 7 years in Canada.



These refugee earnings performances greatly exceed the Low Income Cutoff (LICO) level if we assume that both partners in a refugee household found employment.<sup>18</sup> Figure 7-D demonstrates this point since the low income cutoff (LICO) level rises only to 20,233 (1992

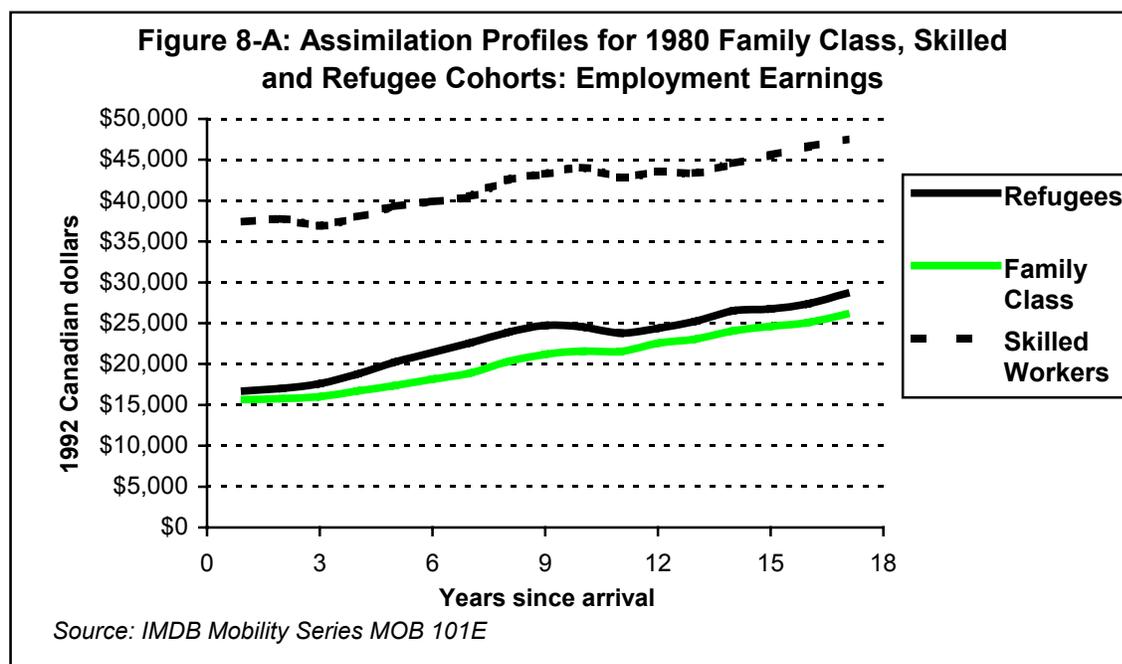
<sup>18</sup> For a two-person urban household living in a city with a population of 500,000 or more the low income cutoff was \$20,233 (1992 Canadian dollars) in 1997.

Canadian dollars) but combined male and female refugee employment earnings for the 1990 entry cohort ranges from \$33,663 to \$41,163 (1992 Canadian dollars).

Nonetheless, the absolute level of earnings for any entry group is not high. Thus we must ask two further questions. How did other non-refugee entry groups to Canada fare after arrival in Canada? Furthermore, what effect did this weak and declining income-earning performance in general have on refugee poverty levels and use of Canada's social assistance programs? We answer these questions below.

### *Refugee Economic Integration*

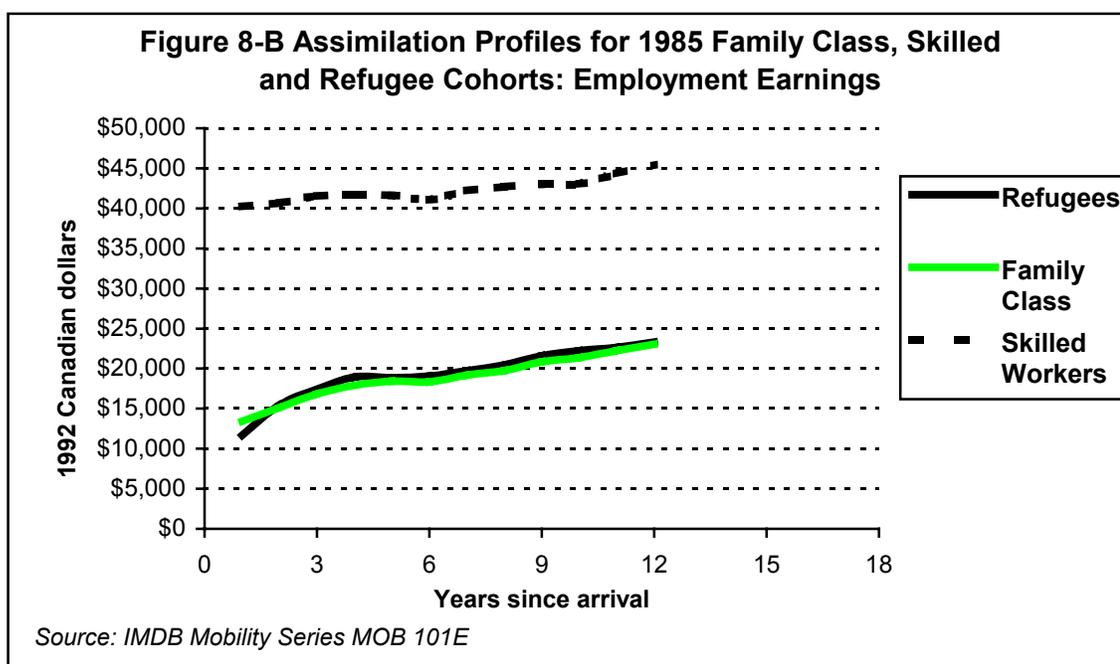
Previous research (DeVoretz, 1995) has demonstrated the important effect of length of resettlement on economic performance. On average, it takes immigrants, as a whole, 12 years or more to achieve their full economic potential. Analyses in this section describe the effects of time on economic performance for different immigrant classes.



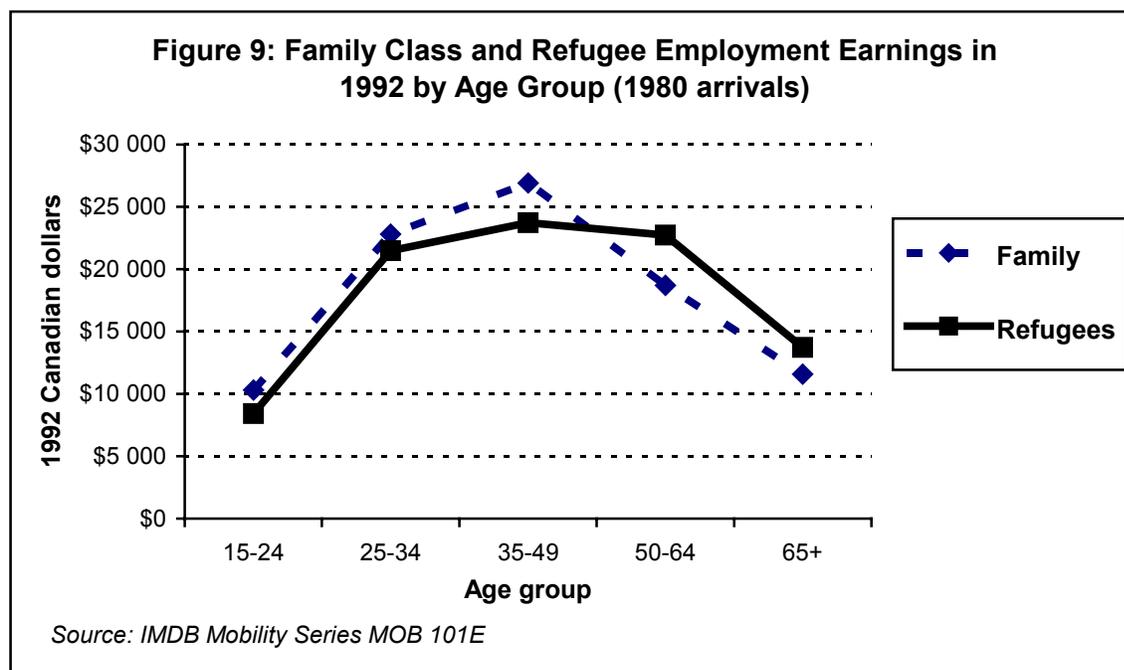
In particular, in this section we attempt to answer the earlier posed questions of degree of refugee economic integration by comparing refugee economic performance to family class immigrants over time. Figures 8-A and 8-B report the degree of refugee earnings integration in terms of years since arrival in Canada for both the 1980 and 1985 cohorts respectively. For the

1980 cohort refugee employment earnings slightly exceed the earnings of family class members for the entire reporting period.<sup>19</sup> Moreover, real (1992 dollars) employment earnings for the 1980 cohort of refugees doubled from 15,000 dollars to 30,000 dollars after 17 years in Canada. In both these dimensions, earnings relative to the family class and the growth in refugee earnings over time, it can be argued that the 1980 refugee cohort assimilated into the Canadian labour market. However, if we (incorrectly) used the doubly selected skilled worker group as the reference group than the degree of refugee integration would be nil. In fact, the effect of double selection is made clear from the earnings of skilled workers who uniformly earn approximately \$20,000 more than the singly selected family and refugee classes for the 1980 cohort.

Figure 8-B reinforces this pattern of divergent earnings between the singly selected (refugee and family class) entrants and the doubly selected (economic) group. However, over the twelve year period reported in Figure 8-b refugees doubled their employment earnings from 12 thousand dollars to 25 thousand dollars while skilled workers only experienced a 5 thousand dollar gain during the same period.



<sup>19</sup> These earnings are uncontrolled except for year of entry and entry class. However, that is our point.

*Age-Earnings Profiles*

An alternative method of measuring economic integration is to construct age earnings profiles for a given entry year (1980) cohort of the family class and refugee arrivals to test the human capital model of earnings. The human capital model would predict that these earnings profiles would be quadratic in form (i.e. concave) with a greater intercept for that group who acquired more human capital. The human capital model is supported by Figure 9, since both the family class and refugees' earnings performance follow the typical quadratic shape of age earnings profile. Both groups' earnings initially rise as investment in language, etc increases their productivity in Canada's labour market: A peak in earnings occurs at age interval 35-49 and then earnings decline to reflect the depreciation of human capital. Figure 9 also amplifies Figure 8-A findings that refugees and family class members have near similar earnings performance. In particular prior to age 40 family class earners outperform refugees and then afterwards the trend is reversed.

*Regional Variations*

In addition to entrance category and time in Canada the place of settlement may exert an independent effect on economic performance (DeVoretz and Pivnenko, 2004). The underlying proposition in this section is that due either to differential selection criteria or a weak economy

(or both) Quebec-bound refugees would have a weaker performance. Also, it should be noted that to the extent that Quebec-bound refugees are francophone they will have limited out-migration possibilities after arrival.<sup>20</sup> All of these forces should contribute to differential regional refugee earnings. Table 1 presents two measures of earnings (employment earnings and total income) across the three provinces for employed refugees and family class entrants over time.

**Table 1: Total Income of Employed Family Class Immigrants and Refugees 7 Years after Arrival by Entry Class, 1992 dollars**

Immigrant cohorts	All Canada		Quebec		Ontario		British Columbia	
	Employment Earnings	Total Income						
1980 (1987)								
Family	\$18,888	\$20,401	\$16,888	\$18,736	\$20,434	\$21,506	\$16,488	\$19,071
Refugees	\$19,341	\$20,346	\$15,218	\$17,017	\$21,720	\$21,903	\$17,459	\$19,530
1985 (1992)								
Family	\$19,176	\$21,072	\$16,405	\$18,406	\$20,944	\$22,558	\$17,224	\$20,088
Refugees	\$19,749	\$21,524	\$15,911	\$18,026	\$21,457	\$23,130	\$16,846	\$19,216
1990 (1997)								
Family	\$18,546	\$19,532	\$14,252	\$15,239	\$19,557	\$20,430	\$18,416	\$19,975
Refugees	\$19,200	\$20,117	\$15,723	\$16,946	\$20,301	\$21,121	\$17,907	\$18,989

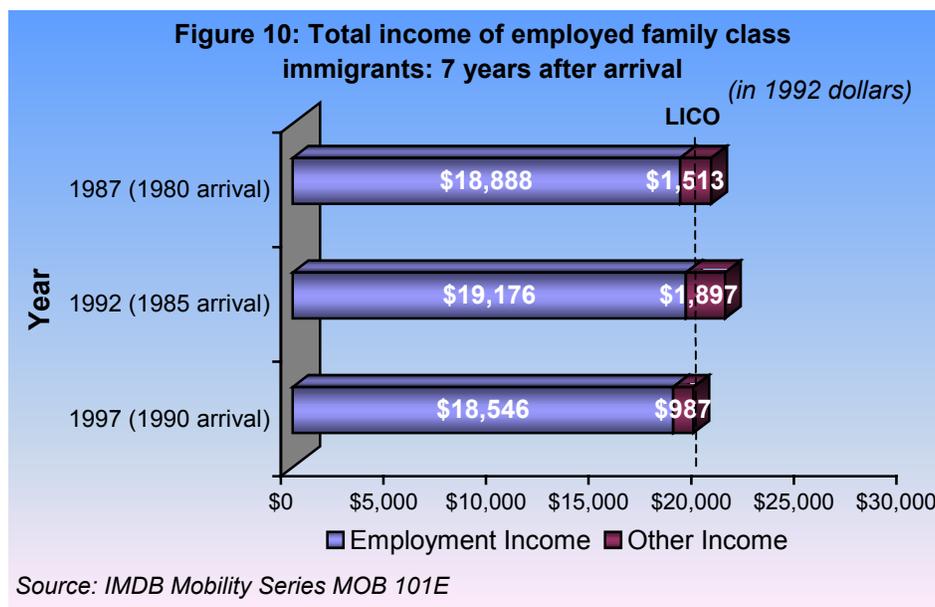
Source: IMDB Mobility Series MOB 101E

Ontario clearly offers superior income prospects for either refugees or family class entrants. The 1980 refugee cohort that lived in Ontario in 1987 earned \$6,502 more in earnings than the 1980 refugee cohort resident in Quebec (British Columbia) in 1987 (table 1 row 3). By 1997 the relative advantage of refugees living in Ontario versus Quebec and British Columbia slightly declined. Family class immigrants, our reference group, experienced a similar disparity in earning outcomes across provinces. However, contrary to the refugee experience these interprovincial income disparities grew between 1987 and 1997. In sum, after seven years in Canada earnings differentials persisted by province of residence for both refugees and the family class immigrants.

<sup>20</sup> See DeVoretz, Pivnenko and Coulombe (2003) for a more complete description of immigrant and refugee economic performance in Quebec.

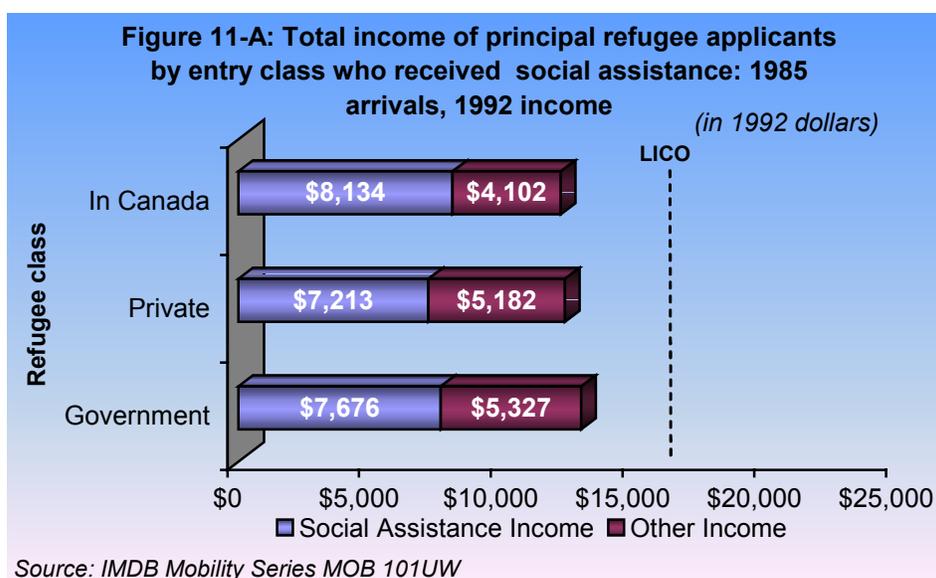
*Refugee use of Canada's Social Safety Net*

Earnings constitute an important measure of economic integration. To balance this measure, however, it is important to know the extent to which refugees use Canada's social safety net. How do the successive refugee cohorts of 1980, 1985 and 1990 fare with respect to poverty levels? Canada has a relative poverty index or Low Income Cutoff criterion, which defined the cutoff income levels as 20,233 (1992) dollars in 1997 for a two person urban household. There are many experiments we could perform to test if refugees receive a total income greater than LICO. In this case we choose a LICO based on single-person refugee household of one principal refugee applicant who was already employed.<sup>21</sup> It is apparent from Figure 7-A that after 7 years in Canada that the 1980-refugee cohort, regardless of selection gate, earned on average total income in excess to LICO. Subsequent cohorts in 1992 and 1997 also exceeded the poverty levels if they had reported earned income. What these diagrams indicate is that on average, refugees were not members of the working poor. However, this does not mean that those refugees who did not report employment earnings or belonged to a multiple member household were not poor. We return to this important issue below. For purposes of completeness Figure 10 reports that the family class or the reference group had a similar experience as the employed refugee group. In other words, if you arrived in Canada in the family class and reported earned income you on average did not fall below the poverty line.



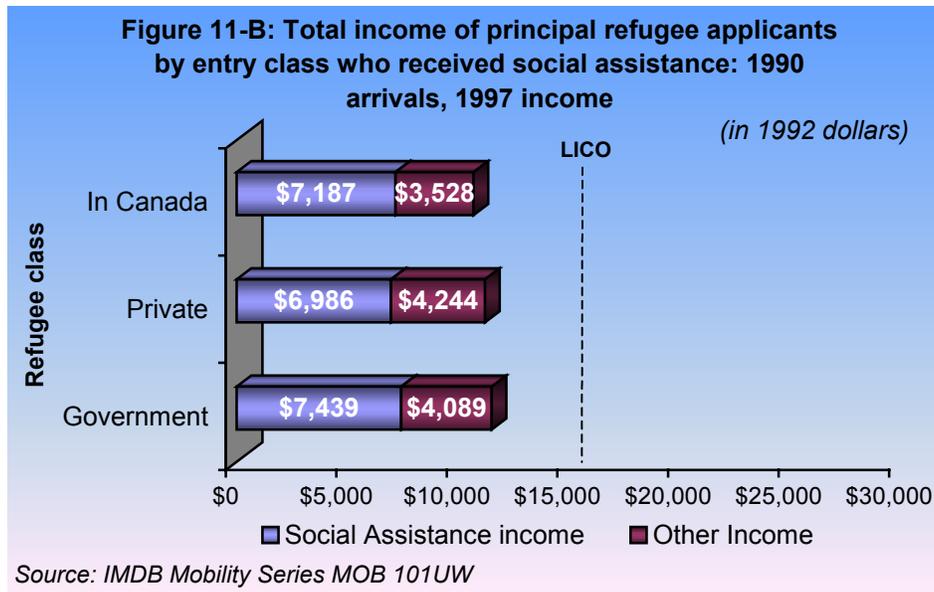
<sup>21</sup> The IMDB is our principal data source and does not allow use to compute household income for multiple earners units. Hence, we are restricted to an analysis of individuals.

The concept of total income used in this analysis includes both earned income and government transfers for only those refugees who reported at least some earned income.<sup>22</sup> This masks the true extent of refugee poverty in Canada since it excludes those who do not report or earn any income. The analytical concept must be reversed for a more accurate picture. We must analyze the refugee group that reported receiving social assistance as a primary source of income, and then compute that dependent group's total income. Figures 11-A and 11-B report the total income of refugees (principal applicants) for the 1985 and 1990 arrival cohorts who first reported receipt of some social assistance.<sup>23</sup>



<sup>22</sup> See DeVoretz and Pivnenko (2004) for a complete analysis of Canadian federal government transfers to immigrants.

<sup>23</sup> Social assistance has been reported on the income tax form only since 1992.



The experience of refugee social assistance recipients is vastly different for employed refugees in general (Figures 7-A to 7-C). For example, government sponsored refugees who entered in 1990 and were employed in 1997 earned \$21,116 (1992 dollars, see Figure 7-C) while those government sponsored refugees who arrived in 1990 and received social assistance in 1997 received a total income of only \$11,528. In short, in 1997 government-sponsored refugees who received some social assistance had a total income level which was only 70% of the LICO level. An additional disturbing finding embedded in Figures 11-A and 11-B is that both earned income and social assistance declined in real terms across the co-horts between 1992 and 1997. In short, long-term refugee poverty (after 7 years in Canada) worsened in the 1990s. Given these vastly different economic outcomes between all refugees on those who received some social assistance we now analyze the incidence of social assistance use by refugee cohorts or entry gates.

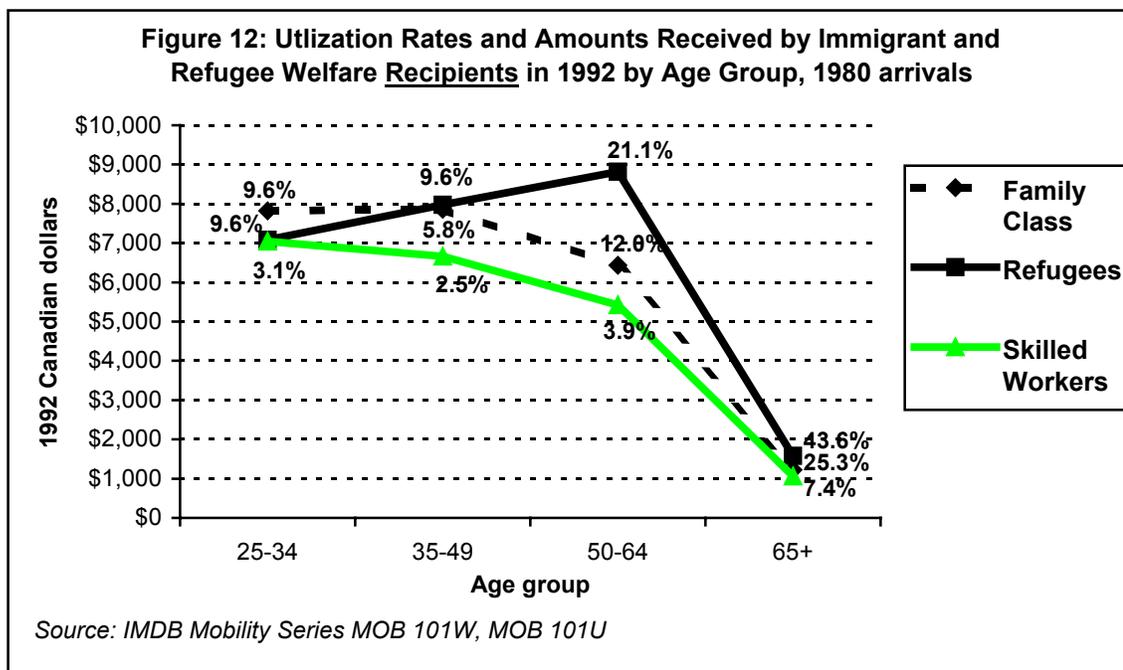
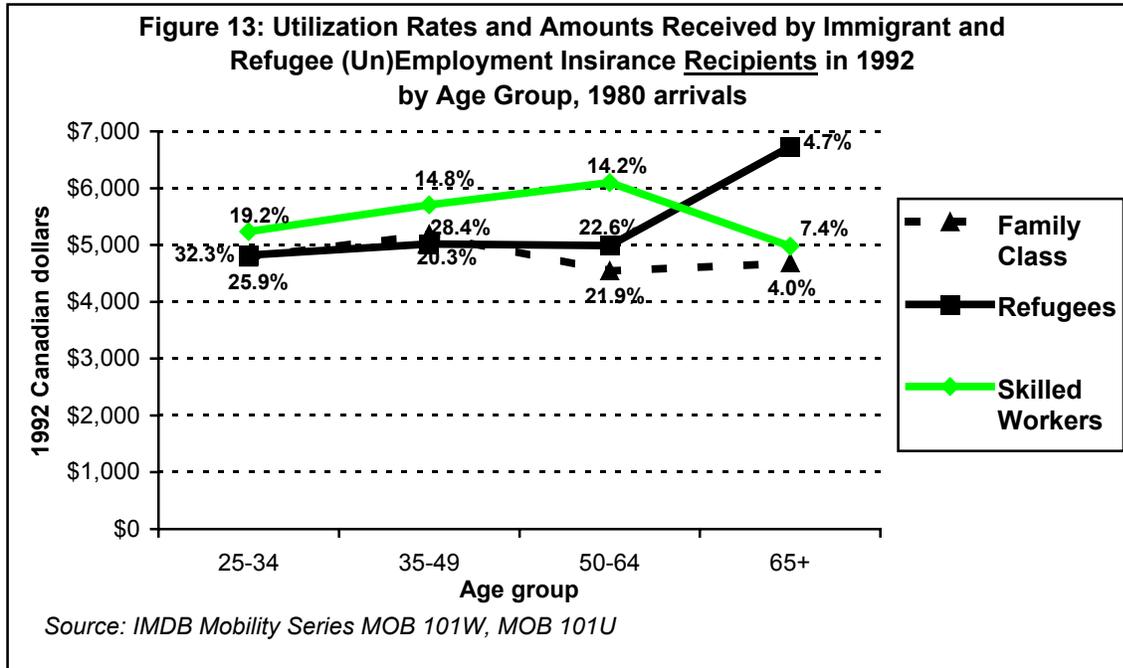


Figure 12 indicates that over their lifetime refugee entrants are more apt to use welfare benefits than any other foreign-born entry category. In particular, during the peak earning years of 35-64 refugees have almost twice the incidence of welfare use as the similarly aged family class members.<sup>24</sup> Beyond age 65 the incidence of use of welfare by refugee claimants who arrived in 1980 rose to about 44% of that age group still resident in Canada in 1992.

Did refugees use welfare benefits to substitute when their unemployment insurance benefits expired? In Canada, the normal procedure is to first utilize any insurance benefits that the worker paid for during periods of employment before social assistance or welfare could be claimed. Figure 13 lends some support to the view that refugees substitute welfare for insurance claims. As refugees age, their use of (Un)employment insurance declines from 32% in the 25-34 aged group to 22.6% in the 50-64 year old group. Nonetheless refugee use employment insurance more than any other group and this reflects the weak employment prospects of refugees relative to either family or independent class immigrants who arrived in 1980.

<sup>24</sup> Different eligibility rules apply to the family and refugee classes for the collection of welfare. In most cases, family class members are, by law, denied access to welfare and when they do receive benefits their sponsors may be required to repay the government for these benefits. This rule did not apply to refugees.



### *Summary and Conclusions.*

This summary will answer the set of questions posed at the outset of this essay. We first asked if refugees experienced economic integration after a significant period of residence (seven years) in Canada. We offered two metrics to answer this question. We first measured refugee earnings relative to independent and family class immigrants over time in Canada and as the refugee group aged. In both dimensions employed refugees on average have integrated into the Canadian economy. First, with respect to their reference group (family class) employed refugees earn an equal amount of income both at their time of arrival and in each successive year of residence.

We next asked if this performance varied by refugee date or arrival or across particular refugee entry gates. Evidence appears that refugees have been affected sometimes positively by their date of arrival during the 1980–1997 study period since the 1985 arrival group earned the highest income after seven years in Canada. There is some evidence that privately sponsored refugee earnings exceed other refugee groups over the study period. This may be because private sponsors have more time or motivation than the regular social system to help refugees find first jobs or help marginal people with their qualifications. Next, our major proposition that Canadian refugees follow a human capital model of earnings performance is supported by the available evidence.

Finally, even given this relatively strong economic performance of the average employed refugee, economic poverty was an endemic and growing problem for refugees. For those refugees who received social assistance, their total income level was extremely low (less than \$12,000 in 1992 dollars) per refugee and this weak performance occurred seven years after their arrival. Thus, whether a refugee fared well in Canada's labour market ultimately depended upon employment prospects. Evidence from Canada's IMDB records for the study period indicates that only 52 percent of those refugees aged 20 to 64 found employment. Thus, the refugee population's earnings performance is truly bi-modal.

We do note, however, that all of the above conclusions must be tempered by the weakness of the primary data source (IMDB) for this paper. The IMDB covers only 40 percent of all refugees and many refugees who have disappeared from the data set have retired, died, returned home, moved on or left the Canadian labour force. In sum, our analysis is limited to those Canadian resident refugees who reported income. In addition, it is difficult with our data set to distinguish between the effects of pure aging and years in Canada. Thus, we can make no definitive judgment if the improvement in refugee earnings reported in this paper was due to either pure aging or integration into Canada's labour market (years in Canada) or both. In the future a more ambitious study of refugees could employ the confidential individual files for the IMDB and remove these weaknesses.

### References

- Beiser, M. & Hou, F. 2000. Gender Differences in Language Acquisition and Employment Consequences among Southeast Asian Refugees in Canada, *Canadian Public Policy* 26 (3), pp. 311–30.
- Beiser, M. 1999. *Strangers at the Gate: The 'Boat People's' First Ten Years in Canada*. Toronto: University of Toronto Press.
- Caplan, N., Whitmore, J., & Choy, M. 1989. *The 'Boat People' and Achievement in America*. Ann Arbor: The University of Michigan Press
- Citizenship and Immigration Canada. 1998. The Economic Performance of Immigrants: Immigration Category Perspective. IMDB Profile Series.
- Cortes, K. E. 2001. Are Refugees Different from Economic Immigrants? Some Empirical Evidence on the Heterogeneity of Immigrant Groups in the United States. Center for Labor Economics, University of California at Berkeley. Working Paper No 41.
- DeSilva A. 1997. Earnings of Immigrant Classes in the Early 1980s in Canada: A Re-examination. *Canadian Public Policy* 23 (2):179–202.
- DeVoretz, D. J., ed. 1995. *Diminishing Returns: The Economics of Canada's Recent Immigration Policy*. Toronto: C.D. Howe Institute; and Vancouver: The Laurier Institution.
- DeVoretz, D. & Pivnenko, S. 2004. Immigrant Public Finance Transfers: A Comparative Analysis by City. *Canadian Journal of Urban Research* 13 (1):155–69.
- DeVoretz, D., Pivnenko, S. & Coulombe, D.S. 2003. The Immigration Triangle: Quebec, Canada and the Rest of the World." RIIM, Simon Fraser University, Working Paper 03-11.
- Fass, S. 1986. Innovations in the Struggle for Self-Sufficiency: The Hmong Experience in the United States. *International Migration Review* 20:351–80.
- Haines D.W. 1987. Patterns in Southeast Asian Refugee Employment: A Reappraisal of the Existing Research. *Ethnic Groups* 7:39–63.
- Shi, Y. 2003. The Impact of Canada's Immigration Act on Chinese Independent Immigration. RIIM, Simon Fraser University, Working Paper 03-07.
- Strand, P. J. & Jones, Jr., W. 1985. *Indochinese Refugees in America: Problems of Adaptation and Assimilation*. Durham: Duke University Press.

<b>No.</b>	<b>Author(s)</b>	<b>Title</b>	<b>Date</b>
02-01	Galina Didukh	Immigrants and the Demand for Shelter	01/02
02-02	Abdala Mansour, Nicolas Marceau and Steeve Mongrain	Gangs and Crime Deterrence	02/02
02-03	Harald Bauder and Emilie Cameron	Cultural Barriers to Labour Market Integration: Immigrants from South Asia and the former Yugoslavia	02/02
02-04	Brian Geiger	Clothing Demand for Canadian-born and Foreign-born Households	01/02
02-05	Dan Hiebert	Canadian Immigration and the Selection-settlement Services Trade-off: Exploring Immigrant Economic Participation in British Columbia	02/02
02-06	David W. Edgington and Thomas A. Hutton	Multicultural and Local Government in Greater Vancouver	03/02
02-07	Steven Vertovec	Religion in Migration, Diasporas and Transnationalism	03/02
02-08	Isabel Dyck	Becoming Canadian? Girls, Home and School and Renegotiating Feminine Identity	05/02
02-09	Parin Dossa	Modernization and Global Restructuring of Women's Work: Border-Crossing Stories of Iranian Women	03/02
02-10	Barry Edmonston	Interprovincial Migration of Canadian Immigrants	03/02
02-11	Handy Gozalie	Immigrants' Earnings and Assimilation into Canada's Labour Market: The Case of Overachievers.	04/02
02-12	Isabel Dyck and Arlene Tigar McLaren	"I don't feel quite competent here": Immigrant Mothers' Involvement with Schooling	05/02
02-13	Geraldine Pratt	Between Homes: Displacement and Belonging for Second Generation Filipino-Canadian Youths	06/02
02-14	Kangqing Zhang and Don DeVoretz	Human Capital Investment and Flows: A Multiperiod Model for China	07/02
02-15	Minelle Mahtani and Alison Mountz	Immigration to British Columbia: Media Representation and Public Opinion	08/02
02-16	Kathrine Richardson	Sieve or Shield? NAFTA and its Influence within Cascadia	06/02
02-17	Don J. DeVoretz, Zhongdong Ma and Kangqing Zhang	Triangular Human Capital Flows: Some Empirical Evidence from Hong Kong and Canada	10/02
02-18	Deirdre McKay	Filipina Identities: Geographies of Social Integration/Exclusion in the Canadian Metropolis	10/02
02-19	Aranzazu Recalde	Recent Latin Americans in Vancouver: Unyielding Diverse Needs Versus Insufficient Services	08/02

<b>No.</b>	<b>Author(s)</b>	<b>Title</b>	<b>Date</b>
02-20	Gillian Creese and Edith Ngene Kambere	“What Colour is Your English”?”	11/02
02-21	Kate Geddie	Licence to Labour: Obstacles Facing Vancouver’s Foreign-Trained Engineers	11/02
02-22	Bernard Henin and Michelle R. Bennett	Immigration to Canada’s Mid-Sized Cities: A Study of Latin Americans and Africans in Victoria, BC	12/02
02-23	A. Charlton, S. Duff, D. Grant, A. Mountz, R.Pike, J. Sohn and C. Taylor	The Challenges to Responding to Human Smuggling in Canada: Practitioners Reflect on the 1999 Boat Arrivals in British Columbia	12/02
03-01	David Ley	Offsetting Immigration and Domestic Migration I Gateway Cities: Canadian and Australian Reflections on an ‘American Dilemma’	01/03
03-02	Don DeVoretz and Kangqing Zhang	Citizenship, Passports and the Brain Exchange Triangle	01/03
03-03	Johanna L. Waters and Sin Yih Teo	Social and Cultural Impacts of Immigration: An Examination of the Concept of ‘Social Cohesion’ with Implications for British Columbia	01/03
03-04	June Beynon, Roumiana Ilieva, and Marela Dichupa	“Do you know your language?” How Teachers of Punjabi and Chinese Ancestries Construct their Family Languages in their Personal and Professional Lives	01/03
03-05	Daniel Hiebert, Jock Collins, and Paul Spoonley	Uneven Globalization: Neoliberal Regimes, Immigration, and Multiculturalism in Australia, Canada, and New Zealand	02/03
03-06	Daniel Hiebert	Are Immigrants Welcome? Introducing the Vancouver Community Studies Survey	03/03
03-07	Yan Shi	The Impact of Canada’s Immigration Act on Chinese Independent Immigrants	04/03
03-08	Roger Andersson	Settlement Dispersal of Immigrants and Refugees in Europe: Policy and Outcomes	03/03
03-09	Daniel Hiebert and Ravi Pendakur	Who’s Cooking? The Changing Ethnic Division of Labour in Canada, 1971-1996	03/03
03-10	Serviy Pivnenko and Don DeVoretz	Economic Performance of Ukrainian Immigrants in Canada and the United States	03/03
03-11	Don J. DeVoretz, Sergiy Pivnenko, Diane Coulombe	The Immigrant Triangle: Québec, Canada and the Rest of the World	05/03
03-12	David W. Edgington, Michael A. Goldberg, and Thomas A. Hutton	The Hong Kong Chinese in Vancouver	04/03
03-13	Margaret Walton-Roberts and Geraldine Pratt	Mobile Modernities: One South Asian Family Negotiates Immigration, Gender and Class	09/03
03-14	Leonie Sandercock	Rethinking Multiculturalism for the 21 <sup>st</sup> Century	10/03

<b>No.</b>	<b>Author(s)</b>	<b>Title</b>	<b>Date</b>
03-15	Daniel Hiebert and David Ley	Characteristics of Immigrant Transnationalism in Vancouver	10/03
03-16	Sin Yih Teo	Imagining Canada: The Cultural Logics of Migration Amongst PRC Immigrants	10/03
03-17	Daniel Hiebert, Lisa Oliver and Brian Klinkenberg	Immigration and Greater Vancouver: A 2001 Census Atlas (Online format only)	10/03
03-18	Geraldine Pratt (in collaboration with The Philippine Women Centre)	From Migrant to Immigrant: Domestic Workers Settle in Vancouver, Canada	11/03
03-19	Paul Spoonley	The Labour Market Incorporation of Immigrants in Post-Welfare New Zealand	11/03
03-20	Leonie Sandercock	Integrating Immigrants: The Challenge for Cities, City Governments, and the City-Building Professions	12/03
04-01	Rosa Sevy and John Torpey	Commemoration, Redress, and Reconciliation in the Integration of Immigrant Communities: The Cases of Japanese-Canadians and Japanese-Americans	02/04
04-02	Don DeVoretz and Sergiy Pivnenko	Immigrant Public Finance Transfers: A Comparative Analysis by City	02/04
04-03	Margaret Walton-Roberts	Regional Immigration and Dispersal: Lessons from Small- and Medium-sized Urban Centres in British Columbia	02/04

**For information on papers previous to 2002, please see our Website**

**<http://www.riim.metropolis.net/research/policy>**

**Back issues of working papers are available for \$5 from**

Vancouver Centre of Excellence: Immigration, WMX4653, Simon Fraser University, 8888 University Drive, Burnaby, B.C, Canada V5A 1S6. Tel: (604) 291-4575 Fax: (604) 291-5336

E-mail: [riim@sfu.ca](mailto:riim@sfu.ca)

<http://www.riim.metropolis.net/>