



Title: The Costs of Regulatory Federalism: Does provincial labour market regulation impede the integration of Canadian immigrants?

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Research Question:

Policy makers and researchers have recognized a decline in the economic performance of immigrants to Canada in the past few decades. One factor that could be affecting the performance of immigrants in the labour market is the regulation of occupations. By focusing on the occupations from the Canadian health care sector that have experienced the introduction of regulation between 1991 and 2006, we ask: Does labour market regulation impede or facilitate immigrant participation in the labor market?

Importance:

Much research has been aimed at explaining the economic performance gap between immigrants and native-born workers.

Research Findings:

We find that on average a province's introduction of occupational regulation increases participation in that occupation of immigrants relative to the native born individuals by 20%.

Implications:

Our findings must be interpreted with caution as it is as of yet unclear whether economic outcomes for immigrants improved in absolute terms following the introduction of occupational regulation. That said, the results do bode well for those who believe that more labour market regulation is required for greater consumer protection in the health care sector. As Canada will likely continue to serve as a destination for high skilled economic immigrants, and the demand for health services increases, it is unlikely that increasing the scope of regulation will harm the fortunes of immigrants. In fact, our findings suggest the opposite: that regulating a profession will improve the fortunes of immigrants. While our research does not identify the attributes of regulation that improve the economic performance of immigrants, one can speculate that the objective and transparent nature of credential recognition likely plays a role.