

# **Economic Outcomes and Economic Impacts of Immigrants to Canada**

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(April 2011)

## **Outline of Presentation**

- Different roles/goals of immigration
- Background statistics on levels, sources and admission categories of immigrants to Canada
- Changing skill mix of immigrants to Canada
- Economic outcomes of immigrants – how immigrants are doing in Canada
  - worsening outcomes of immigrants
  - reasons for worsening outcomes
  - earnings adjustment patterns by admission categories
- Economic effects of immigration – how immigration affects host countries' economies
- What lies ahead for Canadian immigration?

## **Different Roles/Goals of Immigration**

- Nation building
- Facilitating family reunification
- Humanitarian admission of refugees
- Contributes to demographic growth
- Provides economic benefits
  - brings in economic skills that can increase productivity and fill labour market gaps
  - fosters economic expansion (e.g., opening of the west)
  - contributes to the slowing down of aging of workforce and brings increased flexibility to the workforce
  - promoting regional economic growth

**Table 1**

**Number of Immigrants Arriving in Canada and Percent of Population**  
**1901 – 2008**

	<b>Number (‘000)</b>	<b>% of Pop.</b>		<b>Number (‘000)</b>	<b>% of Pop.</b>
1901	55.7	1.0	2000	227.5	0.7
1911	331.3	4.6	2001	250.6	0.8
1921	91.7	1.0	2002	229.0	0.7
1931	27.5	0.3	2003	221.3	0.7
1941	9.3	0.1	2004	235.8	0.7
1951	194.4	1.4	2005	262.2	0.8
1961	71.7	0.4	2006	251.6	0.8
1971	121.9	0.6	2007	236.8	0.7
1981	128.6	0.4	2008	247.2	0.7
1991	232.8	0.8			

Source: Citizenship and Immigration Canada (2009), Facts and Figures 2008, p. 3.

**Table 2**

**Immigration Inflow Rates and Stocks by Major Receiving Countries in 2005**

	<b>Inflow (‘000)</b>	<b>Immigrants as % of Population</b>	<b>Immigrants as % of Lab. Force</b>	<b>Stock of Immigration (millions)</b>
Australia	180	20.3	25.7	4.1
<b>Canada</b>	262	18.9	21.2	6.1
France	170	10.7	12.0	6.5
Germany	241	12.3	n.a.	10.1
Italy	199	4.3	8.6	2.5
New Zealand	59	15.9	n.a.	0.6
U.K.	363	9.1	11.2	5.4
U.S.	1,122	12.9	15.7	38.4

Source: Columns 1 and 3 from OECD (2009), International Migration Outlook 2008, pp. 29 and 69 (labour force figures are for 2006). Columns 2 and 4 from The World Bank (2008), Migration and Remittances Factbook 2008, various pages.

n.a. – not available.

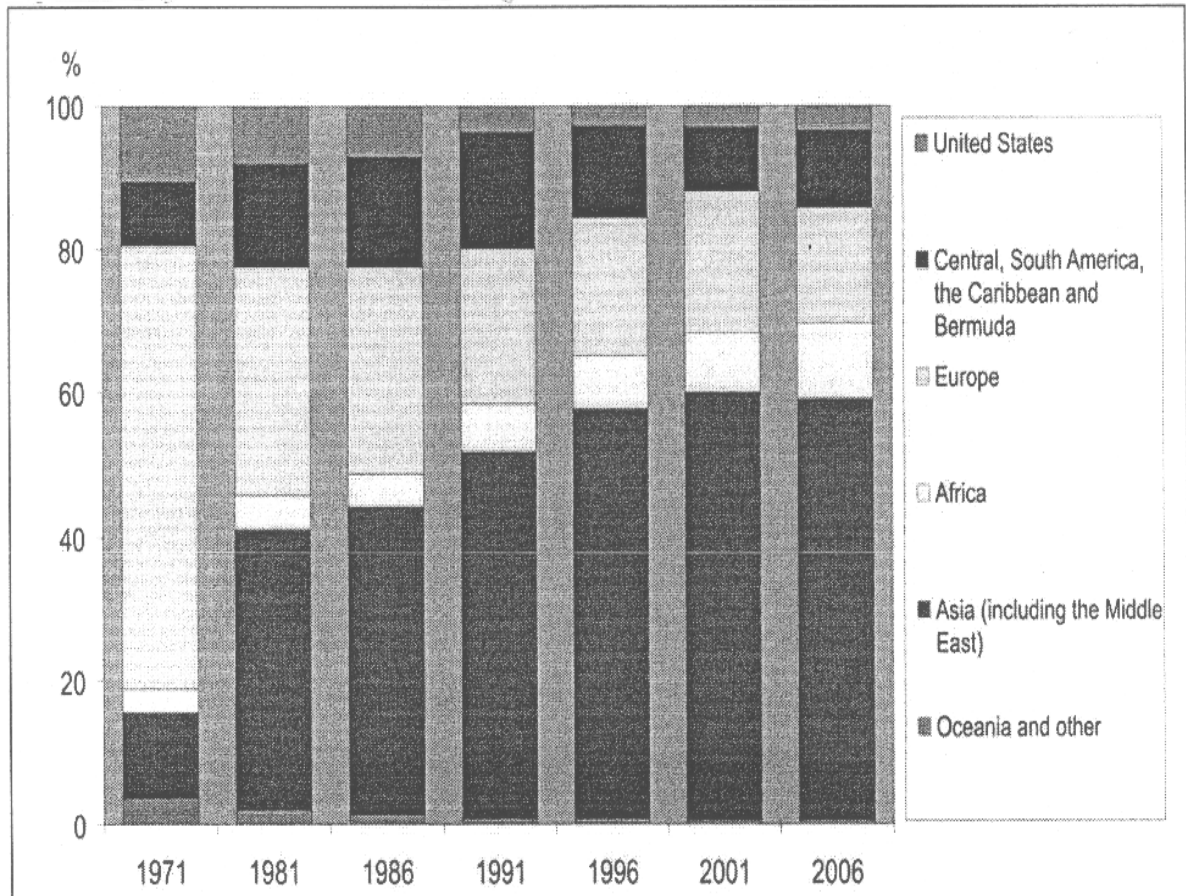
**Table 3****Top 10 Countries of Birth of Recent Immigrants, 1981-2006**

<b>Order</b>	<b>1981 Census</b>	<b>1991 Census</b>	<b>1996 Census</b>	<b>2001 Census</b>	<b>2006 Census</b>
1	United Kingdom	Hong Kong	Hong Kong	People's Republic of China	People's Republic of China
2	Viet Nam	Poland	Peoples Republic of China	India	India
3	United States of America	People's Republic of China	India	Philippines	Philippines
4	India	India	Philippines	Pakistan	Pakistan
5	Philippines	Philippines	Sri Lanka	Hong Kong	United States of America
6	Jamaica	United Kingdom	Poland	Iran	South Korea
7	Hong Kong	Viet Nam	Taiwan	Taiwan	Romania
8	Portugal	United States of America	Viet Nam	United States of America	Iran
9	Taiwan	Lebanon	United States of America	South Korea	United Kingdom
10	People's Republic of China	Portugal	United Kingdom	Sri Lanka	Colombia

Source: Statistics Canada (2007), Cat. No. 97-557, p. 10.

**Figure 1**

**Region of Birth of Recent Immigrants to Canada, 1971-2006**



**Notes:**

1. 'Recent immigrants' refers to landed immigrants who arrived in Canada within five years prior to a given census.
2. "Other" includes Greenland, St Pierre and Miquelon, the category 'other country', as well as a small number of immigrants born in Canada.

Source: Statistics Canada (2007), Cat. No. 97-557, p. 9.

**Table 4****Numbers and Percentages of Immigrant Landings by Admission Categories, 1984-2008**

	<b>Economic Class</b>	<b>Family Class</b>	<b>Refugees</b>	<b>Other Immigrants</b>	<b>Total</b>
1984	26,079 (29.5)	44,521 (50.4)	15,361 (17.4)	2,315 (2.6)	88,276
1985	26,112 (31.0)	39,361 (46.7)	16,772 (19.9)	2,101 (2.5)	84,346
1986	35,839 (36.1)	42,475 (42.8)	19,204 (19.3)	1,835 (1.8)	99,353
1987	74,108 (48.7)	53,840 (35.4)	21,470 (14.1)	2,666 (1.8)	152,084
1988	80,220 (49.6)	51,425 (31.8)	26,765 (16.6)	3,172 (2.0)	161,582
1990	97,933 (45.2)	74,686 (34.5)	40,236 (18.6)	3,601 (1.7)	216,456
1992	95,803 (37.6)	101,122 (39.7)	52,349 (20.5)	5,544 (2.2)	254,818
1994	102,311 (45.6)	94,195 (42.0)	20,436 (9.1)	7,454 (3.3)	224,396
1996	125,370 (55.5)	68,359 (30.2)	28,478 (12.6)	3,865 (1.7)	226,072
1998	97,912 (56.2)	50,896 (29.2)	22,843 (13.1)	2,547 (1.5)	174,198
2000	136,290 (59.9)	60,616 (26.6)	30,092 (13.2)	460 (0.2)	227,458
2002	137,863 (60.2)	62,290 (27.2)	25,116 (11.0)	3,780 (1.7)	229,049
2004	133,748 (56.7)	62,261 (26.4)	32,687 (13.9)	7,129 (3.0)	235,825
2005	156,312 (59.6)	63,361 (24.2)	35,776 (13.6)	6,790 (2.6)	262,239
2006	138,252 (54.9)	70,508 (28.0)	32,499 (12.9)	10,382 (4.1)	251,641
2007	131,244 (55.4)	66,232 (28.0)	27,955 (11.8)	11,322 (4.8)	236,753
2008	149,072 (60.3)	65,567 (26.5)	21,860 (8.8)	10,742 (4.3)	247,241

Source: Citizenship and Immigration Canada (2009), Facts and Figures 2008, pp. 4-5.



**Table 5****Temporary Foreign Workers and Foreign Students in Canada, 1984-2008**

	Foreign Workers			Foreign Students		
	Entries	Still Present	Total	Entries	Still Present	Total
	1984	65,175	33,573	98,748	26,832	48,870
1986	79,953	40,132	120,085	27,645	41,292	68,937
1988	99,308	51,661	150,969	36,515	40,786	77,301
1990	112,238	65,562	177,800	47,929	41,554	89,483
1992	108,870	63,503	172,373	52,954	45,894	98,848
1994	96,143	48,208	144,351	47,439	50,971	98,410
1996	89,760	53,818	143,578	46,587	65,136	111,723
1998	100,436	54,739	155,175	48,041	76,934	124,975
2000	116,565	61,458	178,023	69,104	89,906	159,010
2002	110,915	71,168	182,083	76,948	127,376	204,324
2004	112,553	86,450	199,003	66,121	150,161	216,282
2005	122,723	101,822	224,545	67,877	153,920	221,797
2006	139,103	116,886	255,989	71,786	156,246	228,032
2007	164,905	135,991	300,896	74,038	159,911	233,949
2008	192,519	170,975	363,494	79,509	163,352	242,861

Source: Citizenship and Immigration Canada (2009), *Facts and Figures 2008*, pp. 48-49.

**Table 6**

**Age Distribution of Recent Immigrants and Total Population of Canada, 2006**

<b>Age Group</b>	<b>Recent Immigrants (percent)</b>	<b>Total Population (percent)</b>
Less than 15	20.1	21.1
15 – 24	15.1	14.4
25 – 54	57.3	42.3
55 – 64	4.1	10.7
65 and Over	3.4	11.5
	<b>100</b>	<b>100</b>

Note: Recent immigrants refer to immigrants who came to Canada between January 1, 2001, and May 16, 2006.

Source: Statistics Canada (2007), Cat. No. 97-557, p. 13.

**Table 7**

**Immigrant Characteristics at Landing:**  
**Level of Education, 1980, 1990 and 2000**

(proportions)

	1980	1990	2000
<b>Education</b>			
University Post-Graduate	.0177	.0289	.0902
University Undergraduate	.0583	.1100	.2506
Post-Secondary	.1645	.1996	.1558
Secondary	.5898	.5316	.3526
Elementary or Less	.1676	.1297	.1507
<b>Total Number of Landings</b>	143,136	216,402	227,313

Source: Calculations by the authors from the CLD data, from Beach, Green and Worswick (2008).

**Table 8**

**Immigrant Characteristics at Landing: Level of Education: Economic Immigrants,  
1980, 1990, and 2000.**

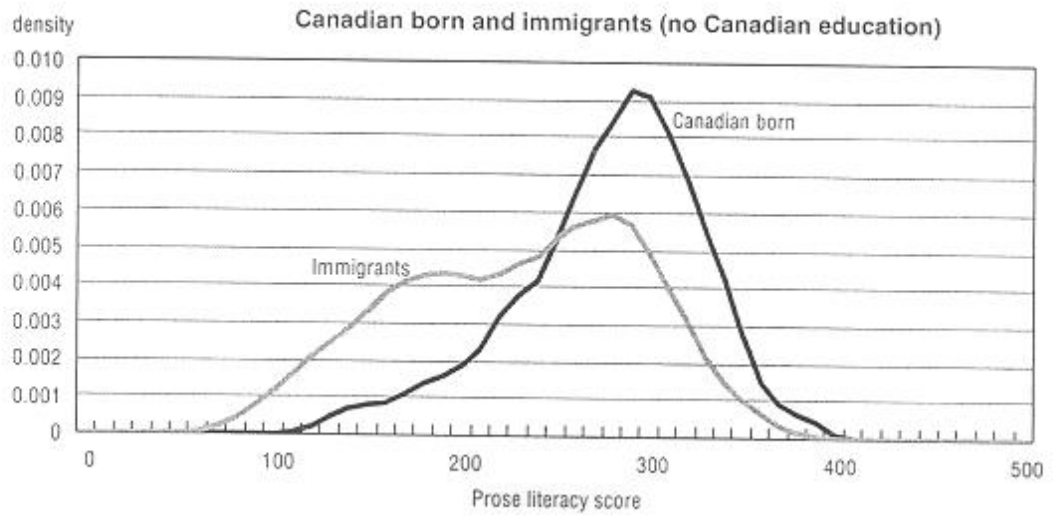
(Proportions)

	1980	1990	2000
<b>Education</b>			
University Post-Graduate	.0333	.0438	.1337
University Undergraduate	.0900	.1365	.3364
Post-Secondary	.2331	.2092	.1389
Secondary	.4900	.4797	.2258
Elementary or Less	.1508	.1308	.1652
<b>Total Number of Landings</b>	49,895	95,627	133,422

Source: Calculations by the authors from the CLD data, from Beach, Green and Worswick (2008).

Figure 2

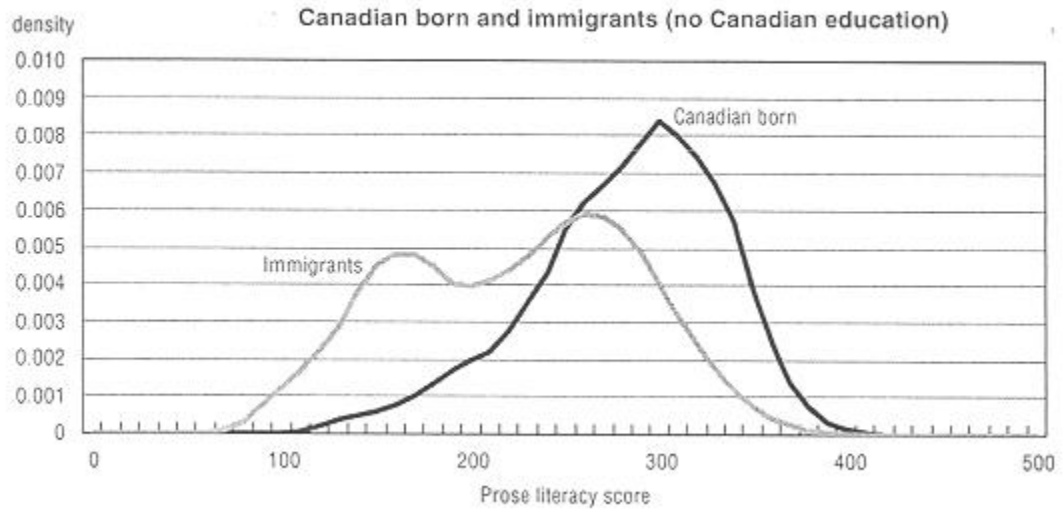
Distribution of Prose Literacy Scores for Immigrants and Canadian-born Males



Source: Bonikowska, Green and Riddell (2008), p. 31.

**Figure 3**

**Distribution of Prose Literacy Scores for Immigrants and Canadian-born Females**



Source: Bonikowska, Green and Riddell (2008), p. 33.

**Table 9**

**Labour Market Involvement Rates of Immigrants Aged 25-54 by Sex in Canada 2007**

(Percent)

	<b>Very Recent Immigrants</b>	<b>Recent Immigrants</b>	<b>Established Immigrants</b>	<b>Canadian Born</b>
Men:				
Unemp. Rate	10.1	6.6	5.2	5.0
Part. Rate	86.4	91.3	92.2	91.4
Emp. Rate	77.7	85.2	87.4	86.8
Women:				
Unemp. Rate	12.3	8.1	5.5	4.1
Part. Rate	61.3	74.4	81.8	84.3
Emp. Rate	53.8	68.4	77.3	80.8

Note: Very recent refers to immigrants who have been in Canada for 5 years or less.

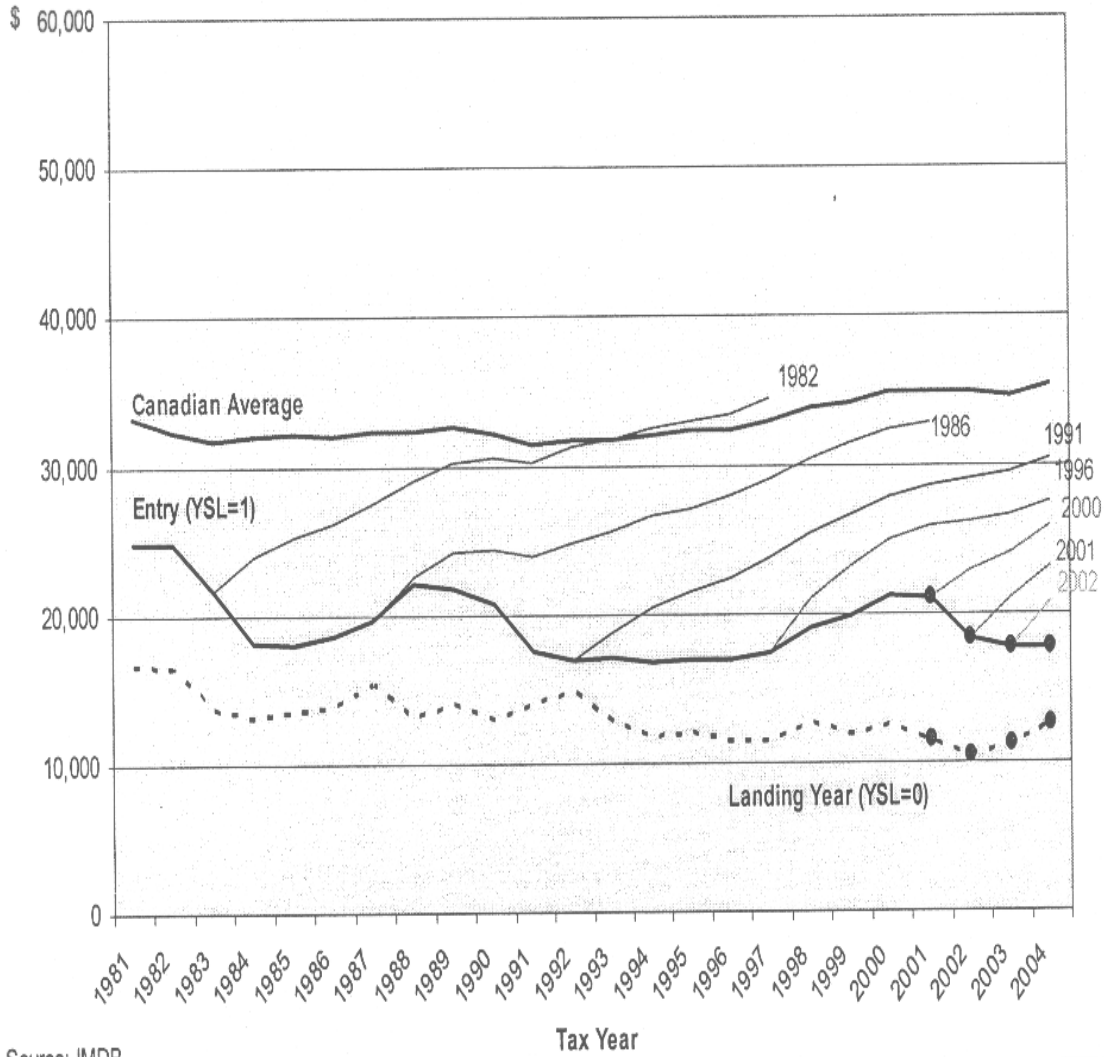
Recent refers to immigrants who have been in Canada between 5 and 10 years.

Established refers to immigrants who have been in Canada for more than 10 years.

Source: Statistics Canada (2008), Cat. No. 71-606, p. 10.

**Figure 4**

**Average Annual Earnings for All Immigrants by Year of Landing and Subsequent Working Years in Canada (2004 dollars)**



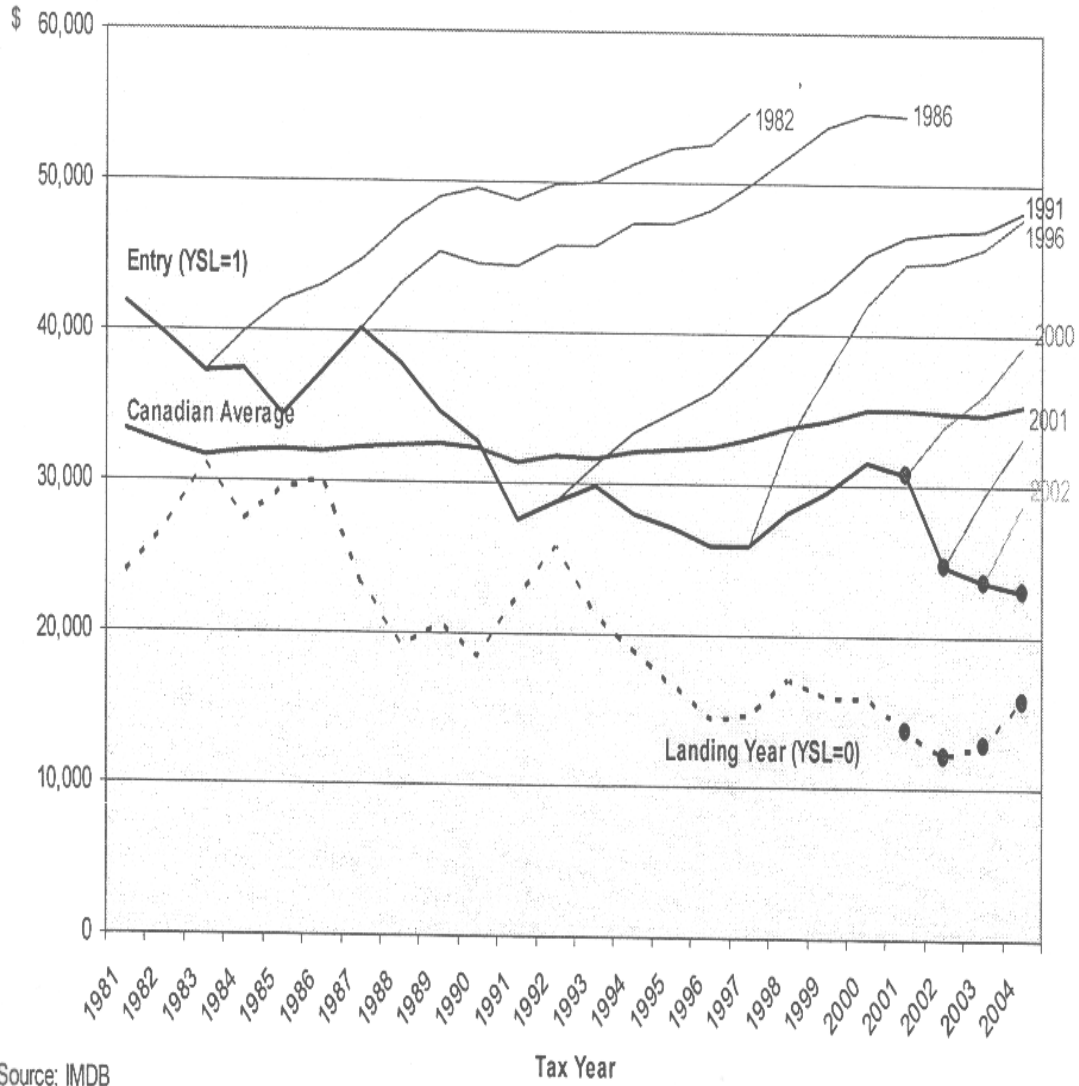
Source: IMDB

Additional Source: Citizenship and Immigration Canada (2004), "Recent Immigrant Outcomes — 2004", p. 3.



**Figure 5**

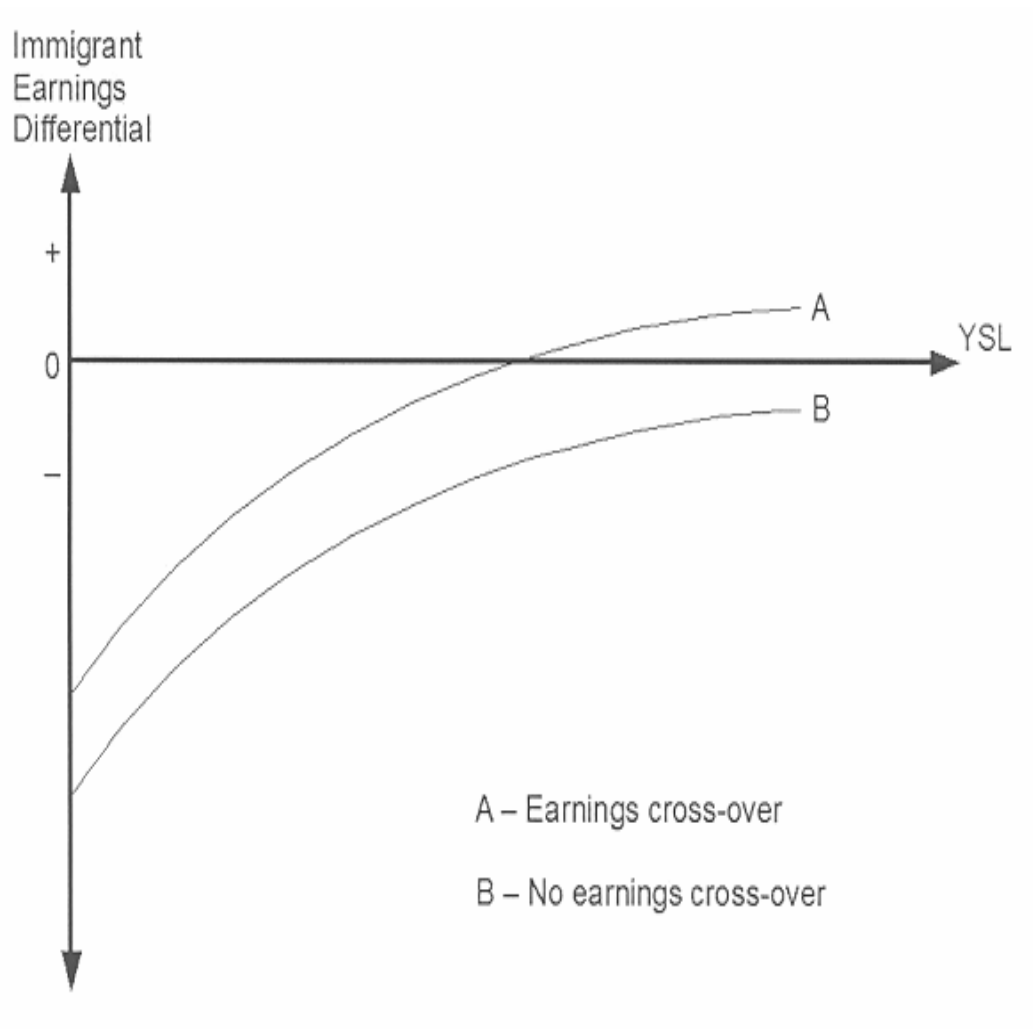
**Average Annual Earnings for Skilled Principal Applicants by Year of Landing and Subsequent Working Years in Canada (2004 dollars)**



Additional Source: Citizenship and Immigration Canada (2004), "Recent Immigrant Outcomes — 2004", p. 7.

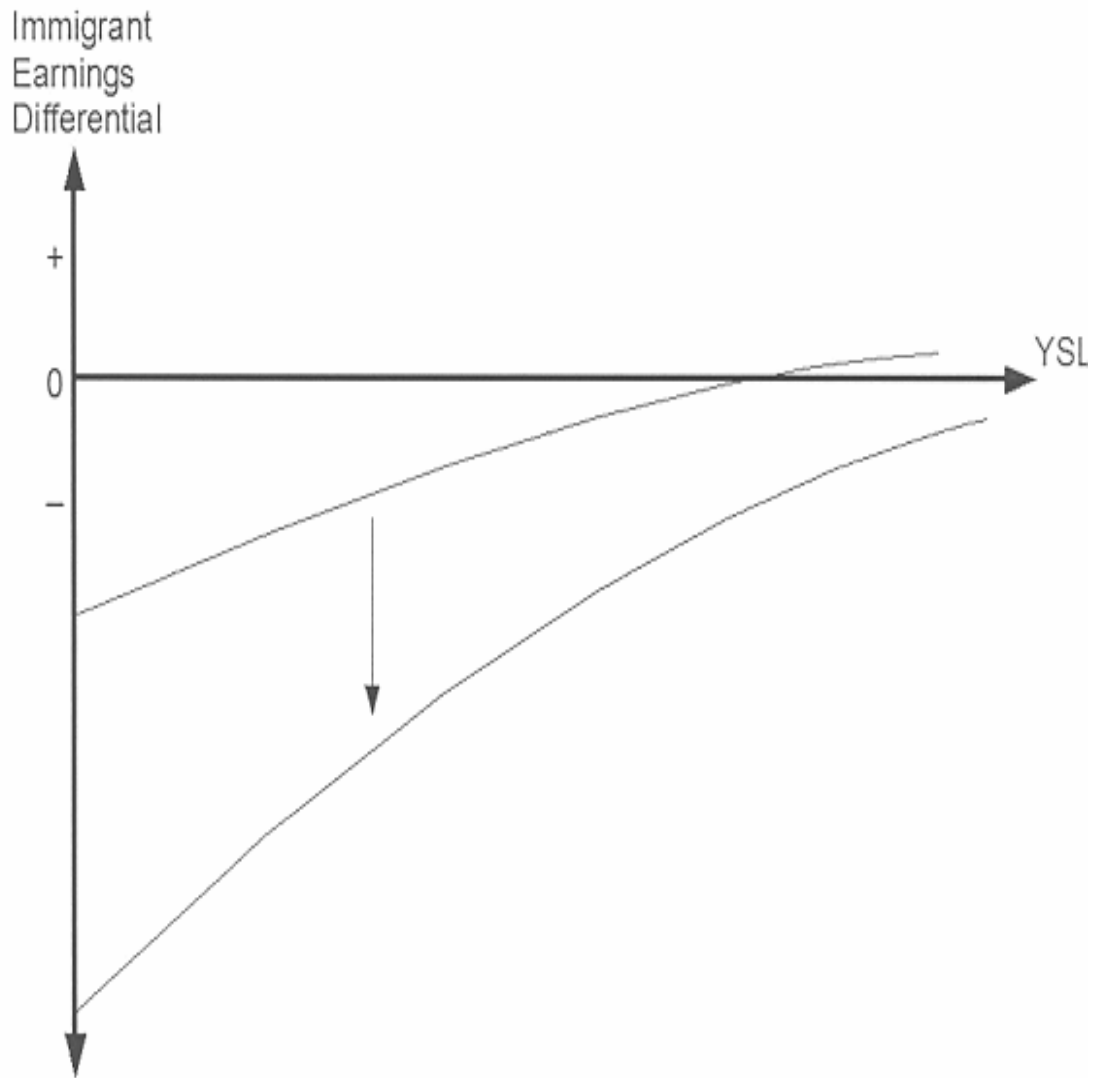
**Figure 6**

**Immigrant Earnings Adjustment Gap by YSL**



**Figure 7**

**Shifts in Immigrant Earnings Adjustment Profile**

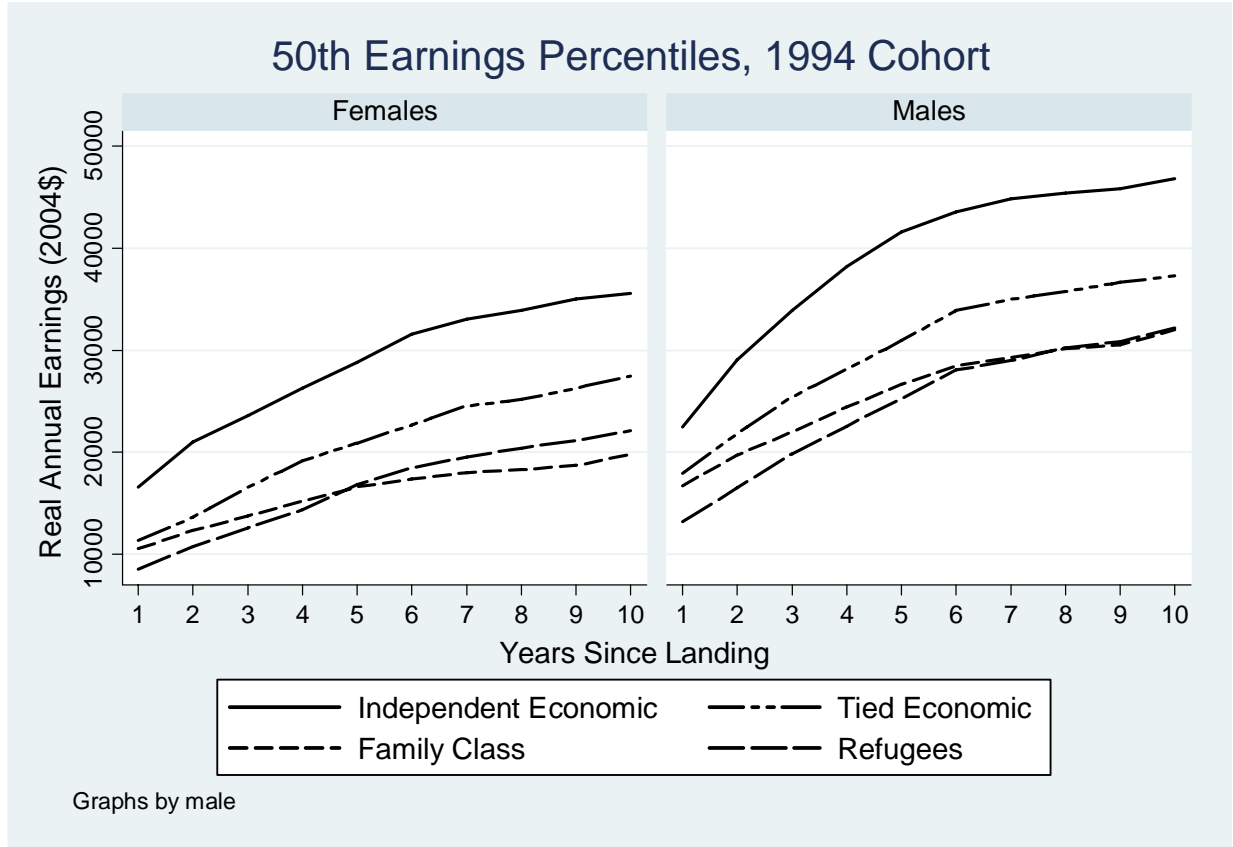


## **Reasons for Worsening Outcomes of Immigrants**

- Contributing factors differ across decades
- In 1980s: substantial decline in earnings of all new entrants to the labour market and beginning of source-country compositional shift
- In 1990s: macroeconomic effects and adjustment in trade patterns, some declines in returns to foreign education, and the virtual eradication of returns to foreign work experience
  - on-going source-country compositional shift
  - weaker language skill
- In early 2000s: effects of IT bust

Figure 8

YSL Profiles for Median Real Annual Earnings of Immigrants in the 1994 Landing Cohort, by Gender and Admission Category



Source: Authors' calculations from the IMDB.

## **Economic Effects of Immigration – How Immigration Affects Host Countries' Economies?**

- Demographic Effects
- Output Effects
- Government Fiscal Effects
- Labour Market Effects
  - effects on wages and employment of incumbents
  - net economic benefits of immigration (Borjas)
  - effects on earnings inequality (Card)

## **What Lies Ahead for Canadian Immigration?**

- Growing focus on demographic need
- Continuing emphasis on economic goals of immigration
- Continuing focus on short-run gap-filling perspective and reliance on TFWs
- Continuing interest in more regional dispersion of immigrants and growing role of PNPs rather than FSWP
- Reduced importance of FSWP in order to accommodate PNPs and TFWs
- Likely rethinking of weights in the Point System