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Who you are or who you know?
A study of ethno-racial differences in earnings

Is Canada a land of equal opportunities, or one in which "some are more equal than others"? Both, according to sociologist Reza Nakhaie, whose study of earnings in Canada was published recently in the *Journal of International Migration and Integration.* The English / French earnings gap has closed, and French Canadians are no longer "the junior members of the charter group" Porter's 1965 study found them to be; the gap between Whites and non-Whites remains.

With data from Statistics Canada's 2002 Ethnic Diversity Survey (EDS), Nakhaie compared full-time employment income for men and women aged 25-65 years among five ethnic ancestry groups: British, French, European, multiple origin and visible minority (single or multiple origin).

Compared with those reporting British ancestry, only visible minority men earned significantly less (31% less on average), once age, marital status and geographic variables were taken into account. For women, visible minority *and* European groups had lower earnings.

Immigration and "Who you are" factors *(human capital)*, such as education, Canadian credentials and language skills were largely responsible for these differences. Post-1970 immigrants were at a particular disadvantage, with men earning 35% less, and women 24% less, than their Canadian-born counterparts.

More years in education raised earnings significantly across the board: for men and women, for Canadian-born and immigrant, and for all ethnic ancestry groups. Among immigrant men and women, a Canadian credential and speaking both official languages were especially advantageous. Conversely, visible minority men who spoke neither French nor English earned 54% less than visible minority men who spoke English only.

Table 3. Antilogs of bootstrap coefficients for ethnoracial groups and predictors (EDS)

Males	British	French	European	Multiple Ancestry	Visible Minority	Sig. Inter-act-ions
Early Immigrants	-0.092	0.164	-0.182 **	0.114	-0.145	
Late Immigrants	0.037	-0.565	-0.259 ***	0.178	-0.311 **	
French Language Only	0.548	-0.367 **	0.186	0.278	0.215	
Official Bilingual	0.044	-0.168	-0.016	0.016	0.467 **	
Other Languages			-0.006		-0.537 **	
Years of Education	0.061 *	0.037 ***	0.048 *	0.064 *	0.051 *	
Canadian Credential	0.090	0.120	0.123	0.744 **	0.156	
Ethnic Networks	0.009	0.065	-0.006	-0.031	-0.003	
Trust	0.002	0.010	0.067	0.174 ***	-0.038	
Associational Participation	0.045	0.011	0.004	0.045	-0.063	
Religious Participation	0.040	0.016	0.024	-0.003	-0.012	a
Family Contact	0.012	-0.021	-0.004	-0.019	-0.062 ***	a
Constant	8.712 *	9.076 *	8.719 *	7.936 *	8.976 *	
N	1,353	639	2,204	2,205	1,512	
R^2	0.159	0.146	0.125	0.174	0.180	

Control variables are region, age, marital status, CMAs.
Notes: * P < .001, ** P < .01, *** P < .05.
[a] differ from the British at .05

Nakhaie's particular preoccupation is whether "who you know" factors – or *social capital* – can compensate for "human capital" disadvantages, in terms of language or qualifications. Do social, ethnic, family and religious networks provide individuals with contacts and information to improve their job and earning prospects? Or do they rather limit opportunities for full economic integration in the long run?

The study shows that, overall, who you are is more important than who you know. Social capital factors had only a weak effect on earnings, and far from reducing the gap that still remained between visible minority members and other groups, they actually increased it slightly. Who you know seems to work more to the advantage of the British group and those born in Canada, than for visible minority groups and immigrants. For these individuals, the drawback of this form of social involvement appears to outweigh the benefits.

A final analysis reveals that the main significant income gap is between visible-minority and British immigrant males. Does this indicate, as Nakhaie concludes given the number of other variables controlled for, that the "main source of discrimination is skin colour"? Or are there other explanations for these findings linked, for example, to recent immigration pattern?

Come and discuss this fascinating study (which contains other intriguing findings including strong earning advantage of unilingual French-speaking women) with us on Wednesday, 12 March, at the UWO RDC Brown Bag Series.