
Does a Rising Tide Lift All Boats?

*The Labour Market Experiences and Incomes of Recent Immigrants,
1995 to 1998*

By

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Introduction

This research examines the labour market experiences and incomes of recent immigrants to Canada over the economic recovery period from 1995 to 1998. Using data from Statistics Canada's Survey of Labour and Income Dynamics, the research focuses on levels of employment, earnings, family incomes and poverty rates of recent immigrants compared to those of the rest of the Canadian population.

One major finding is that a large gap in employment and income opportunities exists between recent immigrants and other Canadians, but it narrowed between 1995 and 1998. While welcome, this narrowing of the gap must be seen in the context of the very large distances that still remained between recent immigrants and other Canadians as of 1998. In that year, poverty among recent immigrants was double the Canadian rate, and their annual wages and salaries were one-third less than those of other Canadians. Nonetheless, it seems that the rising tide of economic recovery over the second half of the 1990s has had a positive impact on the employment opportunities and incomes of recent Canadian immigrants.

A significant policy conclusion to be drawn from these data is that "tight" labour markets can provide a major impetus towards equality and the inclusion of recent immigrants into the economic and social mainstream. However, other measures to promote employment equity are still needed.

Far from Equality: Recent Immigrants in the Canadian Labour Market

Canada welcomes many new immigrants and refugees each year. Immigration accounted for more than 50% of the net population growth and 70% of the growth in the labour force over the first half of the 1990s (1991-96), and it is expected to account for virtually all of the net growth in the Canadian labour force by the year 2011 (HRDC, 2002). In 1996, almost one in five (17.4 %) people in Canada was foreign-born – a figure that does not take into account the Canadian-born children of recent immigrants.

While Canada has always been a nation of immigrants, policy changes in the early 1960s widened the source countries to include developing nations, which helped to make Canada a much more racially diverse society. Largely because of immigration in the 1980s and 1990s, members of visible minority groups now make up about 11% of the total population, compared to 9% in 1991, and just 6% as recently as 1986 (Canadian Centre for Justice Statistics, 2001). About three in four recent immigrants to Canada now belong to visible minority groups. And this is likely an underestimate due to under-reporting of visible minority status.

Visible minority persons are defined as being neither Caucasian nor Aboriginal. The Canadian Centre for Justice Statistics reports that in 1996, 27% of all visible minorities were of Chinese origin, 21% were South Asians, 18% were Blacks, 8% were of Arab or West Asian background, 7% were Filipino, 6% were Latin American, 5% were South East Asian, and 8% were drawn from other ethnic groups. (The term “racialized minority group” is preferable to “visible minority” in that it makes clear that race is not an objective biological fact, but rather is a social and cultural construct which potentially exposes minorities to racial discrimination. However, the term “visible minority” is the rubric under which data were gathered, and it is the relevant category for purposes of employment equity legislation.)

Canada prides itself on being the first country in the world to adopt multiculturalism as an official policy. According to Canadian Heritage, multiculturalism recognizes the potential of all Canadians and encourages all citizens to take an active part in Canada’s social, cultural, economic and political affairs. To promote inclusion, recognition and equality, a broad framework of laws and policies have been implemented, including the Canadian Charter of Rights and Freedoms, the Canadian Human Rights Act, the Employment Equity Act, and the Multiculturalism Act. This framework is intended to promote equal opportunities for all and to forbid discrimination based on ethnic, racial, religious or national background. However, despite these Canadian laws and policies and the formal equality which they prescribe, large and growing gaps exist in the actual social and economic outcomes among people from different racial and ethnic groups.

One of the most important elements for the successful inclusion of immigrants into Canadian society is participation in the labour market. Paid work is by far the most important determinant of household income among the working-age population, and it is a critical source of personal well-being for new immigrants who have come to Canada in search of new opportunities. The experience gained through paid work is important to their future mobility in the job market and thus, to inclusion in the wider society. Yet recent immigrants – particularly visible minority immigrants – have experienced high rates of unemployment and high levels of under-employment in low-wage jobs which often do not match their skills and formal credentials.

Recent CCSD studies using data from the 1996 Census of Canada (which provides 1995 income data) have painted a disturbing picture of poverty among visible minority groups and recent immigrants. Our report, *Urban Poverty in Canada*, found that poverty – defined as falling below the pre-tax LICO – was at an extraordinarily high rate of 52.1% among immigrants who had arrived in Canadian cities after 1991, and the rate was still very high (35.1%) among immigrants who had arrived after 1986 (CCSD, 2000, Table 2.4). The study also showed that 37.6% of visible minority persons in Canadian cities in 1995 lived in poverty, compared to 20.9% of non-visible minorities (CCSD, 2000, Table 2.6). In a CCSD study done for the Canadian Race Relations Foundation, very large gaps in earnings and annual incomes were found between foreign-born visible minority persons and other Canadians (Kunz, Milan and Schetagne, 2000). These gaps existed despite high levels of formal education among many recent immigrants. Fortunately, the gaps in annual income and earnings between visible minority persons who were born in Canada and those of other Canadians were much smaller, or non-existent (Kunz, Milan and Schetagne, 2000).

These broad findings have also been confirmed elsewhere. In a Statistics Canada study of low income in the 1990s, Morissette and Zhang found that 28% of immigrants who arrived after 1986 experienced four or more years of low income (defined using the post-tax LICO) between 1993 and 1998. Almost half (46 %) experienced one or more years of low income. The authors noted that foreign-born visible minorities and recent immigrants were much more likely than other Canadians to experience persistent low income.

Unfortunately, the situation of recent immigrants compared to other Canadians has worsened considerably. Reitz analyzed Census data for 1981 to 1996 on recent immigrants and showed a progressive trend towards lower rates of labour force participation and lower levels of earnings among immigrants compared to the Canadian-born population. He argues that the skills of immigrants were discounted over this period, and that the extent of this discounting has increased over time. Research by Citizenship and Immigration Canada and Human Resources Development Canada shows that the relative earnings of recent immigrants fell sharply between the mid-1980s and the mid-1990s, even among immigrants who had a university education. A presentation by Mary Grant and Eden Thompson in a workshop at the 2001 Canadian Social Welfare Policy Conference indicated that immigrants traditionally “caught up” to average Canadian earnings within 10 to 14 years of their arrival in Canada, but this has changed since the mid-1980s, particularly for immigrants from Asia and Africa. Ornstein reports that, even when education levels are the same, racialized groups are under-represented in managerial, professional and high-income occupations, and they are over-represented in low-end occupations and low-paying jobs. Again, this is particularly the case for specific racial groups, notably Blacks and South Asians.

Some authors have attributed discrepancies in income and employment among racial groups to racism (Galabuzzi, 2001; Kunz, Milan and Schetagne, 2000). Unequal outcomes between groups with similar levels of education do, indeed, strongly suggest racial discrimination in hiring and promotions, and recent immigrants themselves certainly identify racial discrimination as one key barrier to getting ahead in the Canadian job market (Kunz, Milan and Schetagne, 2000).

The large gaps in earnings between recent visible minority immigrants and other Canadians cannot be explained by inferior levels of formal education. Brouwer notes that the point system used for selecting immigrants brings many highly educated people to Canada. In 1998, 72% of immigrants in the “skilled workers” category had a university degree. The overall proportion of university graduates among all categories of immigrants – including refugees, family-class immigrants and independents – was substantially higher than that for Canadians in the same core working-age group: for immigrant men, it was 36% versus 18% for Canadian men; among immigrant women, 31% were university graduates compared to 20% of Canadian women. To some degree, higher levels of education among recent immigrants may reflect their relative youth, but they are striking nonetheless.

It is extraordinarily difficult to sort out why recent immigrants have not done as well in the job market as previous cohorts of immigrants. Many factors are at play. Part of the reason is that racial discrimination has, indeed, become more of an issue as new immigrants are increasingly

drawn from visible minority groups who are more vulnerable to racism. Another factor is the non-recognition or undervaluing of foreign education, skills and credentials in a rapidly changing job market, although it is unclear to what extent this is the case. Part of the reason may be that differences in skills are not captured in differences in formal credentials, such as the ability to use the skills in the workplace in tandem with good language skills.

The composition of the recent immigrant population has also changed over time in terms of the mix between refugees, family-class immigrants, and those selected for skills that are relevant to the Canadian job market. Currently, only about four of 10 immigrants entering the job market have been selected for their skills. Not surprisingly, they tend to have the highest rates of education and relevant job experience.

Yet another factor crucial to successful inclusion is the overall economic context within which immigrants arrive. For new immigrants to Canada in the early and mid-1990s, blocked opportunities undoubtedly reflected the dismal state of the Canadian economy over that period. With very high unemployment rates from 1990 to 1993, and with only slow economic growth until the last half of the decade, it is hardly surprising that new arrivals had trouble finding steady, well-paying work. (Similar difficulties were also experienced by young Canadians entering the job market for the first time, and by other vulnerable groups such as low-skilled older workers and persons with disabilities.)

It was not until 1998 that the absolute number of full-time paid jobs that had existed in Canada in 1989 was finally regained. All net new jobs created over this long period came in the form of self-employment and part-time jobs. There was almost no new hiring in larger private and public sector workplaces – which tend to offer more stable and progressive career ladders. New entrants into the job market – including new immigrants to Canada – had to compete for the more-precarious and lower-paying jobs in smaller firms (Jackson and Robinson, 2000).

Recent evidence from the United States shows that it was not until very late in their recovery period – about 1996 – that the gains from strong job growth began to flow to include racial minorities. However, gaps in employment and earnings between racial minorities and other Americans started to fall in the late 1990s as employers recruited and trained workers who had previously been unemployed or had worked in very marginal jobs (Mishel, 2001), and the gap between low- and middle-waged American workers narrowed over the second half of the 1990s.

It seems that a rising tide of economic recovery may not lift all boats to the same degree, nor at the same time, but the tide of recovery does seem to counter some sources of racial disadvantage. Employers are less likely to discriminate in a tight job market and more likely to discern “hidden skills.” Employers in a tight job market are also more likely to train an applicant who does not quite fit the needs of the job, and less likely to simply “show them the door.” Full employment is probably the single most powerful force for raising the fortunes of those at the bottom of the economic ladder. While Canada’s economy grew strongly between 1993 and 1998, large gaps still remained at the end of this period. This suggests that economic recovery alone is not sufficient to achieve equality.

Methodology

Statistics Canada's Survey of Labour and Income Dynamics (SLID) provides annual data on individual and family earnings, income, sources of income, levels of employment and unemployment, and other key dimensions of economic well-being. Labour market data are available by age, gender, family type, visible minority and disability status, immigrant status and year of immigration, as well as other key demographic variables. Data from SLID allow us to update some of the key findings from research based on the 1996 Census, although sample size limits preclude the same kind of detailed analysis.

For this current study, we compared cross-sectional samples from SLID for the years 1995 and 1998, divided between two groups: recent immigrants who came to Canada between 1985 and 1998 (noted as IM in the tables which follow); and, other Canadians, including immigrants who arrived before 1985 (noted as NI in the tables). Thus, we compared the fortunes of recent immigrants and all others over the period of economic recovery. The population for this study included only individuals aged 25 to 59 years, that is, the core working-age population. That is why the earnings figures and rates of employment listed below are higher than averages for the labour force as a whole.

Recent immigrants made up 4% of the total sample used for this study in 1995 and 6% of the sample in 1998. A majority of the recent immigrants (70%) identified in the sample belonged to visible minority groups.

The outcome variables used in the study included labour force status, weeks of employment, weeks of unemployment, hourly wages, annual earnings, receipt of social assistance in the year, total family income, and the rate of poverty. All income and earnings for 1995 have been adjusted for inflation, making the levels comparable to those of 1998.

Findings

Demographic Characteristics of Recent Immigrants

Recent immigrants are, not surprisingly, younger than the Canadian population as a whole. In 1998, 42.1% of recent immigrants in the core age group were aged 34 or less, compared to 27.9% among the rest of the population.

Recent immigrants tend to be either more highly educated or somewhat less highly educated than the rest of the population. Twenty-two per cent of recent immigrants had at least one university degree in 1998, compared to 17% of the rest of the population. But 18% of recent immigrants had not completed high school, compared to 16% among other Canadians.

Recent immigrants have larger families: 55% of recent immigrants reported a family of four or more people, whereas only 37% of the rest of the Canadian population are in families of that size. This means that recent immigrant families require higher incomes in order to avoid falling into poverty.

Labour Market Experiences

In 1998, 58% of recent immigrants were employed all year – well below the rate of 70% among the rest of the Canadian population. However, the gap between the two groups narrowed considerably over the study period. In 1995, just 49% of recent immigrants had been employed all year, 9 percentage points below their 1998 level.

In 1998, 6% of recent immigrants were unemployed for all of the year. This was well above the 2% level of other Canadians, but well down from the 10% rate who were unemployed all year in 1995. In 1998, 11% of recent immigrants were unemployed at some time during the year, down from a rate of 17% in 1995. However, just 6% of other Canadians were unemployed at some time during 1998. (For the purposes of this calculation, the percentage unemployed was calculated as a percentage of the age group, rather than as a percentage of the workforce.)

Corresponding with this rise in steady employment among recent immigrants, the share of their individual incomes coming from wages and salaries rose from 53% to 66% between 1995 and 1998, and the proportion who received social assistance at some time in the year fell sharply from 19% to 11%.

Table 1: Labour Force Status, Income Sources and Level of Education of Recent Immigrants and Non-immigrants, 1995 and 1998

| | 1995 | | 1998 | |
|--|------|------|------|------|
| | IM | NI | IM | NI |
| Labour Force Status (%) | | | | |
| Employed all year | 49 | 69 | 58 | 70 |
| Unemployed all year | 10 | 2 | 6 | 2 |
| Not in labour force all year | 19 | 12 | 17 | 12 |
| Employed part year, unemployed part year | 13 | 8 | 9 | 8 |
| Employed, unemployed and not in labour force part year | 10 | 8 | 11 | 8 |
| Total | 100% | 100% | 100% | 100% |
| Major Source of Income (%) | | | | |
| No income | 6 | 2 | 2 | 2 |
| Wages and salaries | 53 | 71 | 66 | 72 |
| Self-employment income | 5 | 6 | 5 | 7 |
| Government transfers | 31 | 14 | 22 | 14 |
| Investment income / Retirement pensions | – | 4 | 3 | 4 |
| Other income | 3 | 2 | 2 | 2 |
| Total | 100% | 100% | 100% | 100% |
| Received Social Assistance? | | | | |
| Yes | 19 | 8 | 11 | 7 |
| No | 81 | 92 | 89 | 93 |
| Level of Education | | | | |
| Never attended school | – | – | – | – |
| 1-8 yrs elementary school | 9 | 7 | 9 | 5 |
| 9-13 yrs elementary & secondary school | 9 | 12 | 9 | 11 |
| Graduated high school | 21 | 15 | 17 | 16 |
| Some non-university post-secondary | 10 | 8 | 7 | 8 |
| Some university (no certificate) | 4 | 4 | 4 | 4 |
| Non-university post-secondary certificate | 23 | 34 | 30 | 32 |
| University certificate below Bachelors / BA degree | 14 | 13 | 17 | 14 |
| University certificate above Bachelors | 11 | 6 | 7 | 5 |
| Looking for work at end of year? | | | | |
| Yes | 18 | 7 | 10 | 6 |
| No | 82 | 93 | 90 | 94 |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Table 2 presents the average number of weeks employed and weeks unemployed for 1995 and 1998. On average, recent immigrants were employed for 36 weeks in 1998, up 4 weeks from their 1995 average. For the rest of the Canadian population, the average number of weeks employed increased only marginally. As a result, the gap between the two groups fell from 9.4 weeks in 1995, to 5.7 weeks in 1998.

The flip side of the story is that the average number of weeks that recent immigrants were unemployed fell from 9.0 in 1995 to 5.2 by 1998, and the gap in weeks unemployed between recent immigrants and others fell sharply from 5.6 weeks in 1995 to 2.3 weeks in 1998. (Note that weeks employed and weeks unemployed do not add to 52 because in this calculation, some weeks are spent not in the labour force.)

Table 2: Average Number of Weeks Employed and Weeks Unemployed for Recent Immigrants and Non-immigrants, 1995 and 1998

| | 1995 | 1998 | Increase/Decrease |
|--|------------|------------|-------------------|
| Weeks Employed | | | |
| Recent Immigrant (Immigrated 1985-1998) | 32.0 weeks | 36.0 weeks | + 4 weeks |
| Others (Immigrants before 1985 and Non-immigrants) | 41.4 weeks | 41.7 weeks | |
| Weeks Unemployed | | | |
| Recent Immigrant (Immigrated 1985-1998) | 9.0 weeks | 5.2 weeks | - 3.8 weeks |
| Others (Immigrants before 1985 and Non-immigrants) | 3.4 weeks | 2.9 weeks | - 0.5 weeks |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Table 3 presents the same data by gender. The increase in weeks worked between 1995 and 1998 by recent immigrants benefited both men and women, but women benefited more. Their average weeks of work jumped from 24.8 in 1995 to 30.8 in 1998. Note, however, that recent immigrant women worked an average of 7.4 weeks less than other Canadian women in 1998, and considerably less than male recent immigrants. Among men, recent immigrants also worked fewer weeks in 1998 than their non-immigrant counterparts: 41.7 weeks, compared to 45.2 weeks.

Correspondingly, the average number of weeks unemployed fell sharply for both male and female immigrants between 1995 and 1998, but more so for recent immigrant women. Their average length of unemployment fell by 5 weeks.

In terms of weeks worked, the recovery period between 1995 and 1998 clearly benefited recent immigrants, particularly women. That being said, however, there remained substantial gaps between recent immigrants and other Canadians in 1998. As shown in Table 3, recent immigrant men were unemployed for more than twice as long as non-immigrant men in 1998, and recent immigrant women were unemployed 1.4 times longer than other women.

Table 3: Average Number of Weeks Employed and Weeks Unemployed for Recent Immigrants and Non-immigrants, by Gender, 1995 and 1998

| | 1995 | 1998 | Increase/Decrease |
|--|------------|------------|-------------------|
| Weeks Employed | | | |
| Men | | | |
| Recent Immigrant (Immigrated 1985-1998) | 39.6 weeks | 41.7 weeks | + 2 weeks |
| Others (Immigrants before 1985 and Non-immigrants) | 45.3 weeks | 45.2 weeks | |
| Women | | | |
| Recent Immigrant (Immigrated 1985-1998) | 24.8 weeks | 30.8 weeks | + 6 weeks |
| Others (Immigrants before 1985 and Non-immigrants) | 37.6 weeks | 38.2 weeks | + 0.6 weeks |
| Weeks Unemployed | | | |
| Men | | | |
| Recent Immigrant (Immigrated 1985-1998) | 9.0 weeks | 6.5 weeks | - 2.5 weeks |
| Others (Immigrants before 1985 and Non-immigrants) | 3.4 weeks | 3.0 weeks | - 0.4 weeks |
| Women | | | |
| Recent Immigrant (Immigrated 1985-1998) | 9.0 weeks | 4.0 weeks | - 5 weeks |
| Others (Immigrants before 1985 and Non-immigrants) | 3.4 weeks | 2.9 weeks | - 0.5 weeks |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Earnings

Between 1995 and 1998, recent immigrants received an average, inflation-adjusted wage increase of 5% or 70 cents per hour, while real hourly wages of other Canadians fell by 4% (also about 70 cents per hour). As a result, the hourly wage gap between the two groups fell from \$4.40 per hour to \$3.00 per hour. Despite the change, however, there was still a significant wage gap, with recent immigrants earning an hourly wage that was 18% less than that of others in 1998.

Table 4: Average Hourly Wages of Recent Immigrants and Non-immigrants, 1995 and 1998

| | 1995 | 1998 | Increase/Decrease |
|--|---------|---------|-------------------|
| Hourly Wages (inflation adjusted) | | | |
| Recent Immigrant (Immigrated 1985-1998) | \$13.30 | \$14.00 | + \$0.70 (5%) |
| Others (Immigrants before 1985 and Non-immigrants) | \$17.70 | \$17.00 | - \$0.70 (4%) |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Table 5 provides a further breakdown of wages by gender. Again, the improvement in labour market conditions was of particular benefit to recent immigrant women. Their average hourly wage rose by \$1.20 or 10.6% between 1995 and 1998. The ratio of the average hourly wages of recent immigrant women compared to those of other Canadian women rose from 0.72 to 0.80, thus indicating a decrease in the gap, and among men, the ratio increased from 0.75 to 0.81. Note, however, that hourly wages of recent immigrant women in 1998 were – at \$12.50 per hour – still \$3.20 less per hour than the wages of other Canadian women, and \$7.20 less per hour than those of non-immigrant men.

Table 5: Average Hourly Wages of Immigrants and Non-immigrants, by Gender, 1995 and 1998

| | 1995 | 1998 | Increase / Decrease |
|--|---------|---------|---------------------|
| Hourly Wages (inflation adjusted) | | | |
| Men | | | |
| Recent Immigrant (Immigrated 1985-1998) | \$15.00 | \$16.00 | + \$1.00 (6.6%) |
| Others (Immigrants before 1985 and non-immigrants) | \$19.80 | \$19.70 | + \$.10 |
| Recent Immigrants as % of Others | 75% | 81% | |
| Women | | | |
| Recent Immigrant (Immigrated 1985-1998) | \$11.30 | \$12.50 | + \$1.20 (10.6%) |
| Others (Immigrants before 1985 and Non-immigrants) | \$15.60 | \$15.70 | + \$.10 |
| Recent Immigrants as % of Others | 72% | 80% | |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Table 6 provides data on average annual wages and salaries. As a result of the increase in both weeks worked and hourly wages, average annual earnings of recent immigrants jumped by 23.4%, or \$3,416 between 1995 and 1998, well above the 6.5% increase recorded for non-immigrants. As a result, the ratio of annual earnings for recent immigrants compared to the earnings of other Canadians rose from 0.57 to 0.66.

Table 6: Average Annual Wages and Salaries of Recent Immigrants and Non-immigrants, 1995 and 1998

| | 1995 | 1998 | Increase/Decrease |
|--|-------------|-------------|-------------------|
| Wages and Salaries | | | |
| Recent Immigrant (Immigrated 1985-1998) | \$14,595.10 | \$18,011.29 | +\$3,416 (23.4%) |
| Others (Immigrants before 1985 and Non-immigrants) | \$25,628.33 | \$27,305.28 | +\$1,677 (6.5%) |
| Recent Immigrants as % of Others | 57% | 66% | |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Again, as shown in Table 7, the closing of the gap in annual wages and salaries between 1995 and 1998 was most pronounced for recent immigrant women. Note, however, that their average annual wages and salaries in 1998 were still just \$12,067, or 61% of the wages and salaries of other women, and little more than one-third the average annual earnings of non-immigrant men.

Table 7: Average Annual Wages and Salaries of Recent Immigrants and Non-immigrants, by Gender, 1995 and 1998

| | 1995 | 1998 | Increase/Decrease |
|--|----------|----------|-------------------|
| Annual Wages and Salaries (inflation adjusted) | | | |
| Men | | | |
| Recent Immigrant (Immigrated 1985-1998) | \$20,834 | \$24,644 | + \$3,810 |
| Others (Immigrants before 1985 and Non-immigrants) | \$33,055 | \$35,027 | + \$1,972 |
| Recent Immigrants as % of Others | 63% | 70% | |
| Women | | | |
| Recent Immigrant (Immigrated 1985-1998) | \$8,633 | \$12,067 | + \$3,434 |
| Others (Immigrants before 1985 and Non-immigrants) | \$18,276 | \$19,626 | + \$1,350 |
| Recent Immigrants as % of Others | 47% | 61% | |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Family Incomes

Family incomes – made up of earnings from all earners in an economic family, plus transfers from governments – are the “bottom-line” of well-being. The improvement in employment rates and wages between 1995 and 1998 among recent immigrants had the expected effect of raising family incomes and narrowing income gaps between recent immigrants and other Canadian families.

As shown in Table 8, total before-tax real income of recent immigrant families rose by more than \$9,000, or 20.8% between 1995 and 1998, compared to an increase of 6.1% among other Canadian families. As a result, the ratio of family incomes among recent immigrants in relation to the incomes of other families rose from 0.72 to 0.82, however a large income gap of almost \$12,000 still existed in 1998. In addition, the smaller incomes of recent immigrants have to be shared among more people because of larger families sizes among many recent immigrants.

Table 8: Average Family Incomes, Before Taxes, for Recent Immigrants and Non-immigrants, 1995 and 1998

| | 1995 | 1998 | Increase/Decrease |
|--|----------|----------|-------------------|
| Total Income | | | |
| Recent Immigrant (Immigrated 1985-1998) | \$43,964 | \$53,098 | + \$9,134 (20.8%) |
| Others (Immigrants before 1985 and Non-immigrants) | \$61,228 | \$64,955 | + \$3,727 (6.1%) |
| Recent Immigrants as % of Others | 72% | 82% | |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Poverty

Table 9 provides data on poverty among recent immigrants and other families for 1995 and 1998. Data are shown for three measures: the Low Income Measure (income less than half that of the median for an equivalent family, after taxes) which is widely used in international comparisons; and low income as defined by falling below the before-tax and after-tax Low Income Cut-offs (LICOs). Families falling below the LICOs spend much more than the average on food, clothing and shelter.

Regardless of the measure used, poverty fell sharply among recent immigrant families over the 1995 to 1998 period. However, poverty rates were still high in 1998 – ranging from 18% to 27%, depending on the measure used – and the rates were well above the equivalent rates for non-immigrant families. For example, the pre-tax LICO poverty rate for recent immigrants fell from 37% to 27% between 1995 and 1998. But at 27%, the poverty rate for recent immigrants was still more than double the 13% rate among the rest of the Canadian population.

The larger family size of recent immigrants helps explain why rates of poverty have remained very high despite an increase in earnings and family incomes.

Table 9: Incidence of Poverty for Recent Immigrants and Non-immigrants, 1995 and 1998

| | 1995 | | 1998 | |
|---------------------------------|------|-----|------|-----|
| | IM | NI | IM | NI |
| Below Low Income Measure | | | | |
| After-tax income | 23% | 10% | 18% | 10% |
| Below Low Income Cut-off | | | | |
| Before-tax income | 37% | 12% | 27% | 13% |
| After-tax income | 29% | 10% | 21% | 10% |

Source: Calculations by the Canadian Council on Social Development based on data from Statistics Canada's Survey of Labour and Income Dynamics (SLID).

Summary and Conclusion

The economic recovery in the latter half of the 1990s has narrowed the large gaps that existed between recent immigrants and other Canadians. In 1998, recent immigrants – and particularly immigrant women – secured more weeks of work and at higher hourly wages than they had in 1995, and these gains outpaced those of the rest of the Canadian population. As a result, these higher earnings translated into higher family incomes and reduced rates of poverty. While this is clearly good news, it must be recognized that very large employment and income gaps between the two groups still existed in 1998. Using the pre-tax LICO, the poverty rate among recent immigrants was still 27% in 1998 – double the rate of other Canadian families.

Strong economic and job growth seems to be a potent force for greater equality. However, it remains to be seen if the situation of recent immigrants at the end of the 1990s will return to the norm of the early 1980s, when new immigrants to Canada quickly “caught up” economically to the rest of the population.

It is important to remember that recent immigrants are a widely varied group. Some immigrants belong to racialized minority groups; others do not. Some are selected for their highly advanced education and skills, while other newcomers lack formal education and language skills. The successful inclusion of recent immigrants into the Canadian labour market and Canadian society will not be achieved by simply leaving matters to market forces. Rather, a wide range of policies is needed to speed up the process of integration and to address sources of disadvantage. These include policies on employment equity, recognition and promotion of the “hidden skills” of new immigrants to prospective employers, provision of language and skills training to new immigrants, and expedited recognition of foreign credentials.

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