



Labour Market Matters

Special points of interest:

- Independent Economic immigrants found to have lowest probability of moving down earnings categories and highest probability (78%) of moving up categories, despite immigrants in general experiencing greater earnings volatility than non-immigrants,
- College-educated immigrant women found to have 73% less children than Canadian counterparts at arrival; and may delay having children longer than their non-college educated immigrant counterparts.

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Volume 6, Issue 3

March 2014

Immigrants found to experience more earnings mobility than non-immigrant population

The mobility of immigrants' earnings and their experience in getting ahead in the Canadian labour market are reflection of the general state of economic opportunity in Canada. High or increasing degrees of upward mobility of earnings may indicate increasing opportunities for economic advancement, whereas low degrees of upward mobility or high degrees of downward mobility may reflect limited or deteriorating opportunities for economic advancement. A study entitled ***“Earnings Mobility of Canadian Immigrants: A Transition Matrix Approach”*** ([CLSRN Working Paper no. 127](#)) by CLSRN affiliates Michael Abbott and Charles Beach (both of Queen's University) examines earnings mobility patterns of immigrants arriving in Canada over ten years after landing in Canada for three landing cohorts – 1982, 1988 and 1994 – under four separate admission classes: independent economic, other economic, family class, and refugees, in order to determine whether, and how, immigrants in one admission class fare relative to those arriving in other classes.

The researchers make several key findings in their analysis using the Immigration Data Base (IMDB) microdata file of immigrants to Canada. Overall earnings mobility was found to be higher for immigrant earners than for non-immigrant workers as a whole in the Canadian labour market. However, immigrants

are much more likely to experience downward earnings mobility compared to other earners in Canada over their first 10 years in Canada. Immigrant earnings adjustment is also found to be most rapid in the early years after landing in Canada and thereafter attenuates on average.

Measures of overall earnings mobility were found to be higher for female than for male immigrants; which is, interestingly, the opposite case for male and female workers as a whole in the Canadian labour market. The researchers suggest that this may be due to female immigrants tending to have a larger average probability of moving down one or more earnings categories.

While overall earnings mobility across landing cohorts has shown only minor changes between the 1982 and 1994 cohorts of immigrants, the speed of their upward earnings mobility after landing has actually increased. The researchers found the early 1990s economic recession to have had a substantial negative or dampening effect on all classes of immigrant earnings mobility.

Significantly, the study finds that independent economic immigrants exhibited the lowest average probability of moving down to a lower earnings category, and the highest net (78 percent) probability of moving up to a higher earnings category. The finding that independent economic immigrants show a significantly



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greater degree of upward earnings mobility than do the other admission classes suggest that Canadian immigration policy should continue to assign a substantial weight to skill-assessed immigration, and the Federal Skilled Worker Program should not be reduced or replaced by programs that do not depend on attracting skilled workers to Canada.

Recent immigrants tend to demonstrate greater occupational mobility and flexibility than do non-immigrants, which can help provide the economy with a labour market “buffer” given that these individuals respond to economic shocks and incentives with more flexibly than the non-immigrant workforce. Reducing overall immigration levels would thus not be an advisable direction for immigration policy as it could reduce this short-run aspect of flexibility and adjustment in the Canadian labour market.

College-educated immigrant women found to delay having children more so than their non-college educated counterparts

Starting in the 1990s, the primary focus of Canadian immigration policy shifted toward selecting highly educated immigrants. As a result, the education level of new immigrants rose dramatically. Between 2000 and 2007, 78% of principal applicants admitted to Canada had a university degree, as did about one half of their spouses, compared to only 10% of those entering in 1980s. The composition of new immigrants also changed with increasing numbers coming from Asian countries. While the emphasis on attracting highly skilled and educated immigrants may have led to the selection of women with preference for low fertility; factors such as poor labour market opportunities for women immigrants from non-traditional source countries may have implied lower opportunity cost of fertility among these newcomers and consequently higher fertility rates than among those arriving in previous cohorts.

A paper entitled **“The Fertility of Recent Immigrants to Canada”** (CLSRN Working Paper no. 121) by CLSRN



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affiliates Alicia Adserà (Princeton University) and Ana Ferrer (University of Waterloo) focuses on the fertility outcomes of migrants around the years immediately before and after migration. Using data from the confidential files of the Canadian Census for the years 1991 through 2006, the researchers examine native born-immigrant differentials in new births and find evidence of a relatively rapid growth in births during immigrant’s initial years in Canada. They estimate that the probability a married immigrant woman has an infant upon arrival to the country is almost half that of a Canadian-born woman with similar characteristics (4% versus 8%). The prevalence of infants in immigrant households, however, increases thereafter, coming close to that of Canadian born around two years after women migrate. There are some differences in fertility across origins that suggest that cultural differences matters. European, American and Asian immigrants show the lowest levels of fertility during the first years after migration. In fact, these groups do not reach parity with native-born women during the first five years after arrival. African and Middle Eastern immigrants, on the other hand, show the highest levels of fertility among all migrant groups, relative to the native born, earlier in the migration process.

Educated immigrant women might experience higher opportunity costs of children than less educated ones, particularly during the initial years in Canada, and defer fertility for longer than less educated immigrants in order to offset the costs of immigration.

They may also foresee larger returns to any initial local human capital investment they undertake during that initial period. This would imply an even higher immigrant-native fertility differential for educated women during those first years after arrival. The analysis shows, somewhat surprisingly, that there seem to be relatively little differences between educated and non-educated women in the prevalence of infants in immigrant households.

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There are however differences in the number of young children in the household (children under five years of age). At arrival, college educated immigrant women were found to have 73% fewer young children than similarly-educated native-born women. By the third year since migration these women have “caught up” to the fertility levels of the native-born



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individuals, and by five years after migration, they were found to have 23% more young children than similarly educated natives. College educated women were found to have 55% fewer young children than similarly educated native-born women when they move to Canada and they only reach parity with them five years after migration. The researcher note that in the long run however, settled immigrants with more than five years of residence – both educated and uneducated immigrants – have approximately 20% higher prevalence of young children than their native-born reference groups. Hence, the initial reduction in fertility is larger for educated women and the catching up takes longer.

The result does suggest that college educated immigrants have a higher opportunity cost for children upon arrival - or are more forward looking about the potential of early human capital investment in Canada - and seem to delay Canadian fertility to a greater extent than less-educated immigrants.

Endnotes

Labour Market Matters is a publication of the Canadian Labour Market and Skills Researcher Network (CLSRN). The CLSRN is supported by the Social Science and Humanities Research Council of Canada (SSHRC) under its Strategic Research Clusters program. Opinions expressed in this publication do not necessarily reflect the views of the SSHRC. Articles in *Labour Market Matters* are written by Vivian Tran - Knowledge Transfer Officer, CLSRN, in collaboration with the researchers whose works are represented. For further inquiries about *Labour Market Matters* or the CLSRN, please visit the CLSRN Website at: <http://www.clsrn.econ.ubc.ca> or contact Vivian Tran at: Vivian.Tran@ubc.ca