

2004RP-07

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Performance and Skilled Immigrant
Selection: The International
Experience**

Daniel Parent, Christopher Worswick

Rapport de projet
Project report

Montréal
Juin 2004

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Immigrant Labour Market Performance and Skilled Immigrant Selection: The International Experience

Daniel Parent^{}, Christopher Worswick[†]*

Résumé / Abstract

Dans cet article, nous brossons un tableau de l'expérience du Canada, des États-Unis et de l'Australie en termes d'immigration depuis la fin de la Seconde Guerre mondiale. Nous comparons d'abord les politiques d'immigration de chaque pays pour ensuite porter notre attention sur la littérature consacrée à la performance économique des immigrants dans chaque pays d'accueil. Nous nous concentrons sur l'interprétation de cette littérature dans le contexte des politiques d'immigration mises en place qui visaient à encadrer la sélection des immigrants. De plus, nous effectuons une recension des articles traitant de l'efficacité relative de ces différentes politiques. Finalement, nous décrivons brièvement le système de sélection propre au Québec et ses impacts possibles sur les flux d'immigration.

Mots clés : immigration, comparaisons internationales.

The immigration experience over the post-World War II period is reviewed for Canada, the United States and Australia. The immigration policies of each country are compared. The existing literature on the labour market performance of immigrant in each country is discussed and interpreted within the context of the immigration policies in place that determined the selection of immigrants of different arrival periods. In addition, studies that have compared the effectiveness of different immigrant selection systems are reviewed. Finally, a description of the history of the Quebec immigrant selection system is presented and a discussion of its possible impact on the inflow of immigrants to Quebec is discussed.

Keywords: immigration, international comparisons.

^{*} Department of Economics, McGill University, CIRANO, Groupe ressources humaines, courriel: dparent@arts22911.arts.mcgill.ca.

[†] Department of Economics, Carleton University.

1. Introduction

The issue of the labour market experiences of immigrants has been the focus of considerable economic research in the major immigrant-receiving countries such as Canada, the United States and Australia. Determining the extent to which recent immigrants have been successful in adjusting to their new labour market is crucial for the design of future immigration policy. The primary measures of labour market success are based on employment earnings - specifically, how immigrants' earnings compare with the earnings of the native born, and the extent to which immigrants' earnings increase as the time spent in the new country increases. It is often hypothesised that while recent immigrants may initially earn significantly less than their native-born counterparts or immigrants from earlier cohorts, they should also enjoy higher earnings growth as country-specific skills and experience are obtained, language difficulties are overcome, and knowledge of the local labour market is accumulated.

While many aspects of the immigrant settlement process have been studied, this paper will focus on the research on the labour market performance of immigrants. Studies for Canada, the United States and Australia are reviewed and interpreted within the context of these countries' immigration policies and immigration experiences.

2. Immigration Policy and Immigrant Labour Market Performance

Below, the policy experience and labour market performance of immigrants in Canada, the United States and Australia are discussed. The primary goal is to describe different immigration policy options. Also of interest is the insights that can be gained from the labour market performance of immigrants admitted under different immigration policies.

2.1. US Immigration Policy and Immigrant Labour Market Performance

Before considering the empirical findings on the labour market performance of immigrants to the United States, it is important to first have an understanding of the different immigration policy regimes that have existed in the post-War period. The US system remained unchanged up until 1965 (and dating back to the 1920s) in the sense that immigration was driven by the National Origins Quota Acts of 1921 and 1924 (see Green, 1995). The acts placed ceilings on total immigration as well as determining the proportions of visas available based on national origins. The proportions were determined according to the proportions of the US population based on the US Census of 1890 and then later 1920. In this way, the goal of the quotas was to have an inflow of immigrants to the United States with proportions from different source countries that more or less matched the proportions of the US population whose ancestors came from each source country.

Political pressure against discrimination coming from the civil rights movement led to a new act in 1965 that eliminated the quota system and established a universal admission policy. Family reunification was the primary determinant of the new policy as opposed to admission based on preferred countries. This was intended to allow the admission of immigrants from any part of the world while maintaining a natural bias towards traditional source countries since the sponsors of the family-based applicants would need to already be in the United States. The new act came into effect in July 1, 1968 and allocated 120,000 visas for applicants from the Western Hemisphere and 170,000 for applicants from the Eastern hemisphere (Green, 1995). In 1978, this policy was changed to allow for a worldwide ceiling of 290,000 immigrants.

The main challenge facing American immigration policy over this period was dealing with the inflows of both illegal immigrants from Mexico and elsewhere as well as the flow of refugees from Cuba and Asia. By the late 1980s, the refugee flow grew to over 100,000 per year (Green, 1995). Green points out that this flow of new immigrants raised concerns relating to the skill level of the new immigrants. In 1990, the new immigration act increased the number of places available to immigrants with skills and introduced a scheme designed to assess immigrants admissibility based on their skills.

With this simple description of the broad changes in U.S. immigration policy over the post-War period in mind, we next discuss the Economics literature on the labour market performance of immigrants to the United States. Chiswick (1978) was one of the first economists to explore differences in earnings between immigrants and the native-born using data taken from the 1970 United States Census. He employed the standard Becker-Mincer human capital earnings model that allows for earnings to grow due to increased human capital or skills generated from either schooling (typically proxied by years of education) and "on-the-job" training typically proxied by years of work experience.¹ Chiswick extended this framework by allowing for the possibility that immigrants may: 1) have difficulty transferring their human capital to the new labour market through lack of recognition of foreign credentials or foreign work experience and 2) experience higher returns to post-migration work experience. The former leads immigrants to have lower expected wage rates at the time of entry into the new country than are received by the native-born workers with the same education levels and years of work experience. The latter relationship means that this initial earnings shortfall at the immigrant's time of arrival to

¹ This information is often not available and so the Mincer identity for potential experience is typically employed: $EXP = AGE - EDUCATION - 5$; where Education is years of schooling and it is assumed that children enter school at age 5.

shrink with more time in Canada. Based on estimates using the 1970 U.S. Census, Chiswick argued that immigrants experience an earnings shortfall of 10 to 15 percent at the time of arrival in the United States relative to their American-born counterparts with the same number of years of education and work experience. However, Chiswick also found that immigrant earnings grew more quickly with more time working in the United States leading to a "cross-over point" of 14 years. At this number of years-since-migration (YSM), immigrant earnings were equal to those of the American-born, after controlling for education and other characteristics. At YSM of more than 14, immigrant earnings, on average were higher than those of the American-born.

A shortcoming of this approach is that analyses that use data from a single time period give only a snapshot of the earnings performance of immigrants and do not allow one to track a particular group of immigrants through time. This point was recognised by Chiswick and later formalised by Borjas (1985) in a similar study that employed both the 1970 and 1980 U.S. Census files. The availability of data from two different time periods meant that Borjas could track the average earnings of immigrants from different arrival periods (i.e. 1965-69, 1960-64 and 1955-59) through both the 1970 and 1980 Census files. It also meant that one could compare the performance of more than one arrival cohort of immigrants at the same number of YSM. For example, it is possible to compare the earnings over the first five years of residence in the United States of the 1975-79 arrival cohort in the 1980 Census with the 1965-69 cohort in the 1970 Census. Borjas concluded that Chiswick's findings did not reflect the experience of any immigrant arrival cohort since the evidence indicated that more recent arrival cohorts had experienced lower earnings in the U.S. labour market, after controlling for observable characteristics. He also found that they had only experienced modest earnings growth from years of work experience in the United States.

For more recent cohorts of immigrants, Borjas argued that their earnings growth was not sufficiently higher than that of the American-born to allow them to catch up to the American-born over the course of their working careers.

A problem with this interpretation is that one necessarily must extrapolate from two years of data (1970 and 1980) an age/earnings profile over the entire career of a person. Given that recent immigrants in each survey are typically young relative to the rest of the population, predicting a lifetime earning profile involves predicting far out of the sample range.

A number of subsequent researchers raised other methodological issues related to using cross-sectional data in order to compare immigrants and the native-born in terms of labour market earnings. LaLonde and Topel (1991) explore the sensitivity of differences in immigrant and non-immigrant earnings to the choice of comparison group. In the American case, more recent immigrant arrival cohorts have been composed of an increasing proportion of immigrants from non-traditional source countries. The result is that more recent cohorts are more likely to have: 1) a mother tongue other than English, 2) cultural norms that are different from those in the United States and 3) perhaps most importantly, are more likely to be from visible minority groups than is the case for immigrants from earlier cohorts. LaLonde and Topel argue that an appropriate comparison group would be individuals living in the United States from the same ethnic group but who either were born in the United States or are from an earlier arrival cohort. This approach has not been embraced by all researchers in the field. However, it had the advantage that the analysis compares immigrants and non-immigrants in the same ethnic group so that the effects of discrimination are less likely to appear in the estimate of the immigrant/non-immigrant earnings differentials. If our goal is to measure differences in human capital across

immigrants and non-immigrants, then we may end up with an overly negative estimate of the immigrant/non-immigrants earnings differences that is due to human capital differences if the native-born comparison group has a lower fraction of members of visible minority groups than does the immigrant group.

Duleep and Regets (1999) argue that more recent immigrant cohorts to the United States have experienced larger earnings disadvantages relative to the American-born at time of arrival. However, the recent immigrant cohorts have also experienced higher rates of growth in earnings with more years in the United States than was the case for the earlier arrival cohorts. They argue that the shifting source country composition has led to greater difficulty in terms of transferring human capital (gained from both years of education and years of work experience outside the United States) to the new labour market in the sense of finding jobs suitable to their skills. They present a theoretical model of human capital investment and show that for these same immigrants, the returns to post-migration investments in human capital, either through schooling or US work experience are likely to be higher than those received by the earlier cohorts. They cite the example of a Vietnamese carpenter who is unable to work as a carpenter in the United States after migrating. However, this same worker is likely to be able to work as a carpenter once s/he attains a minimum level of fluency in English. This relatively small investment in language training allows for the successful transfer of his/her carpentry human capital to the new labour market. In a number of papers, they find evidence that immigrant cohorts with relatively large initial earnings disadvantages (relative to the American-born) experience higher returns to U.S. labour market experience relative to arrival cohorts that experienced smaller initial earnings disadvantages (relative to the American- born).

Butcher and DiNardo (2002) explore the performance of different arrival cohorts of immigrants in light of the changes that have occurred in the United States labour market over the past thirty years. The well-documented increase in the returns of education that has occurred in the US labour market over the period has meant that the relatively less educated recent immigrants have been at an increasing disadvantage in the labour market relative to the American-born. They carry out a distributional analysis of the earnings of immigrants that allows one to study the counterfactual distribution of immigrant and American-born earnings that would have occurred in the absence of the increasing returns to education.

This brief review of the American literature on the labour market performance of immigrants can be summarized as follows. Immigrants to the United States often are at an earnings disadvantage relative to their American-born counterparts in the first years after migration. Considerable evidence exists to indicate that the initial earnings disadvantage was larger for immigrants arriving after 1970 than for those arriving before 1970. It is an open question as to whether this growing initial disadvantage for recent immigrant arrival cohorts will translate into a permanent difference in earnings. It may be the case that faster rates of earnings growth will allow for an eventual catch-up at which point the immigrants' earnings will be comparable with those of the American-born on average.

2.2. Canadian Immigration Policy and Immigrant Labour Market Performance

Green (1995) notes that the immigration rate (number of immigrants admitted per capita) has been higher in every year of the 20th century than for the United States. While starting from a much smaller population base than the United States, Canada has embraced large

scale immigration in a way similar to the United States in terms of selection systems with key differences. Like the United States, Canada had a system of preferential countries that lasted into the post war period. This changed in 1962, when this discriminatory policy was abandoned and a system was put in place where admission was based on characteristics of the immigrant. This new system led to an opening up of opportunities to immigrate to Canada for citizens of many new countries. This system was further refined in 1967 with introduction of the points system.

Green (1995) argues that this new system provided immigration officers with an objective measure to be used in judging the admissibility of prospective immigrants. The points system allocates points to an applicant based on their observable characteristics and admission is based on whether the applicant's total number of points exceeds the threshold for admission. The weights placed on different characteristics have changed over the years; however, the system is basically the same today as in 1967. Broadly speaking, applicants who are not claiming to be refugees fall into three broad classes: 1) the family class where immigration is based on family reunification grounds, 2) the independent class, where admission is based on perceived labour market skills, and 3) the assisted relatives class where the admission is based on a combination of labour market skills and family ties. In the latter two classes of admission, the points system plays at least a partial role in terms of determining admission.

The Canadian literature on the labour market assimilation of immigrants has mirrored that of the U.S. literature in many respects. As was the case in the United States, the removal of preferential treatment of immigrants from traditional source countries led to an expansion of the pool of immigrants and a significant change in the source country composition of more recent cohorts of immigrants than had been the case in earlier arrival

cohorts. This led to a number of authors embracing the cohort approach that became popular in the United States. Recent examples include Baker and Benjamin (1994) and Bloom, Grenier and Gunderson (1995). Both papers employed Canadian data from the 1971, 1981 and 1991 Canadian Census files. In general, they found only modest evidence of assimilation for recent immigrant cohorts, but significant evidence of 'permanent' cohort effects that suggest the relatively lower earnings of recent immigrants will persist over time. The changes in the relative performance of recent immigrants are taken as evidence of declining immigrant productivity and in the Canadian case are attributed to: 1) changes in the distribution of immigrants across source countries over arrival periods² and 2) changes in the composition of immigrants by immigration class over arrival periods.³

As is the case in the US literature, measurement issues also receive attention in terms of the correct approach to measuring immigrant labour market performance. McDonald and Worswick (1998) employed 12 cross-sections of the Survey of Consumer Finances covering the period 1981 to 1993. They found that the earnings growth of recent cohorts of immigrants appears to be sensitive to the business cycle. Recent immigrants had low earnings growth during the recessions of the early 1980s and early 1990s. However, these cohorts of immigrants experienced very high rates of earnings growth during the relatively strong labour market conditions of the mid to late 1980s. This raises the possibility that the usual identifying assumption in previous studies that period effects or more specifically macroeconomic effects have the same impact on the earnings of immigrants as on the native-born may not be valid. Without that assumption, it is

² Over the past forty years, the share of immigrants to Canada whose country of origin is the U.S. or in Europe has fallen while the share of immigrants whose country of origin is in Asia, Africa and the Caribbean has risen. See Baker and Benjamin (1994).

³ Since the 1960s, the share of immigrants entering Canada based on their labour market skills has fallen and the share of immigrants entering Canada based primarily on them having relatives who are citizens of Canada has increased. See Abbott and Beach (1993) for further discussion.

impossible to extrapolate out to lifetime earnings profiles based on a small number of years of observation of immigrant earnings performance.⁴

An important recent paper on the labour market performance of immigrants in Canada was carried out by Reitz (2001). Using Data from the 1981, 1986, 1991 and 1996 Canadian Census files, labour market outcomes of immigrants are compared to those of the Canadian-born by years-since-migration, gender and education level as well as country of origin. Reitz (2001) has documented an 11% fall in entry earnings for immigrant men arriving in the five years before the 1991 Census as compared to those arriving in a similar span before the 1981 Census. As bad as this is, the 1990s are even worse: entry earnings for those arriving in the five years before the 1996 Census are 10% worse than for those arriving just before the 1991 Census.

More research is needed in order to gain a better understanding of the causes of the decline in labour market performance of recent immigrants. One of the challenges that researchers face in understanding this phenomenon is the fact that Canada's immigration policy had undergone many changes over the period.

2.3. Australian Immigration Policy and Immigrant Labour Market Performance

In the early post-war period, Australian immigration policy involved a target of a one percent growth per year in the population due to immigration with natural increase contributing another one percent population growth as well (see Wooden et al., 1994). At the beginning of this period, the population was overwhelmingly of British origin. The new immigrants were predominantly of non-British stock. In order to achieve this high level of population growth, immigrants from other European countries were admitted

⁴ See also Grant (1999).

leading to new challenges in terms of immigrant adjustment to the new labour market since most of the new arrivals had mother tongues other than English. The changes had an effect on the ethnic composition of the new arrivals. By 1971, one eighth of the Australian population had been born outside of Australia and was not of British origins.

A second significant change in the composition of the immigrant inflow to Australia began in 1973 with the elimination of the White Australia Policy and the elimination of preferred countries in terms of immigrant selection. This led to a large increase in demand for admission to Australia. In response, Australian immigration policy was transformed from encouraging European immigration to selecting preferred immigrants from the growing pool of applicants.

Australian immigration policy since 1973 has been based on the following broad selection categories: 1) family reunion, 2) refugees, 3) general eligibility (with a points system applying in some cases) and 4) special eligibility applying for immigrants from New Zealand (who have unlimited access to migration to Australia).⁵

A number of Australian studies exist in which the labour market performance of immigrants is compared with the labour market performance of the Australian-born. Chiswick and Miller (1985) use the 1981 Census of Australia micro data files to compare the incomes of immigrants and the native-born. They find that immigrants have seven per cent lower incomes than otherwise comparable native-born, Beggs and Chapman (1988) extend this work using both the 1981 Australian Census and the 1973 ANU Social Mobility Survey to compare the earnings outcomes and earning growth of immigrants from different arrival periods or cohorts. Immigrants from Non-English Speaking Background (NESB) countries who arrived prior to 1965 had higher incomes, after

⁵ See Holton and Sloan (1994).

controlling for observable characteristics, than the NESB migrants who arrived after 1965. Will (1997) further extends this work by carrying out a similar analysis using the 1981 and 1991 Census of Australia micro data files. NESB immigrants are found to have lower incomes than the Australian-born with a positive but low rate of assimilation (or growth in income above that of the Australian-born). Will's results indicate that NESB immigrants are unlikely to have mean earnings that are equal to those of the Australian-born at any time over their working careers.

3. A Comparison of Different Immigrant Selection Systems

Canada, the United States and Australia have each made substantive changes to their immigration policy over the post-war period. There have been some common elements to these changes. For example, all three countries have moved away from focusing immigrant selection on a handful of "traditional" countries to allowing for applicants to come in principle from any country. However, there also have been important differences in the evolution of immigration policy in each country. For example, the Canadian and Australian policies have placed a greater emphasis on immigration based solely on the applicant's labour market skills than has been the case in the United States. In the US case, the focus has been more on admission based on family reunification arguments.

Antecol, Cobb-Clark and Trejo (1999) carry out a comparative analysis of the role of selection of immigrants in terms of skills on the immigrants' subsequent labour market performance. They take data from the 1991 Australian Census, the 1991 Canadian Census and the 1990 U.S. Census. They begin by characterizing the three countries' immigration schemes as of the early 1990s. Both Australia and Canada separate non-humanitarian immigration into: 1) admission based on close family ties and 2) admission

based on the applicant's labour market skills. Both countries also had schemes that allowed applicants with more distant family relatives in Canada to be admitted if they had sufficiently high labour market skills - Concessional Family Migration for the case of Australia and Assisted Relative program in Canada.

Both the Australian and the Canadian system work in a similar fashion in the sense that targets are set for intakes of immigrants under each scheme. Independent (skill-based) immigrants are treated as the residual with preference given to immigrant applying under family reunification grounds or refugee claimants.

Antecol, Cobb-Clark and Trejo (1999) describe that in 1990, the US system established a system of six hierarchical preference category with preferences three and six reserved for individuals with "exceptional ability" or with skills in short supply. They state that 20 percent of the overall intake of visas per year was reserved for employment-based immigrants.

They provide a breakdown of the admission by country based on numbers for 1990 (see Table 2 of their paper).⁶ They report that the recent immigrants have the following distribution across the different broad admission groups: for Australia, 25% family, 52% skilled, 10% refugee and 14% where no visa was required;⁷ for Canada, 37% family, 39% skilled and 23% refugees; for the U.S., 33% family, 8% skilled, 15% refugees and 44% other.

Several authors have compared the Canadian and US immigrant selection systems in order to identify whether skills-based admission leads to a more highly skilled inflow of immigrants. Duleep and Regets (1992) find that Canada receives younger immigrants

⁶ For Australia, the numbers are for 1989/90, 1991 for Canada and 1990 for the United States.

⁷ Mainly New Zealand citizens who do not require visas and Australian children born overseas.

whose language ability is better suited to the labour market than is the case for immigrants to the United States. Borjas (1993) finds that the Canadian system leads to more highly educated immigrants since it altered the source country mix towards immigrants from countries with higher average education levels relative to the US immigrant selection system.

A related study by Cobb-Clark (1999) employs a new longitudinal data set based on immigrants who arrived in Australia in the 1990s. The data contain information from interviews of the immigrants carried out over the first three and a half years of residence in Australia. She concludes that male immigrants admitted for humanitarian reasons or on the basis of family relationships do not have lower labour force participation rates than men selected based on their labour market skills. However, important differences along the lines of employment were found. Not surprisingly, immigrants admitted under the business skills and employer nomination schemes were significantly more likely to be employed shortly after arriving in Australia than were immigrants admitted under other criteria. English language ability was found to be an important determinant of labour market success.

Green and Green (1995) investigate the impact on the occupational composition of immigrants to Canada of changes in Canadian immigration policy in 1967 related to the introduction of a points system. They use quarterly data on the distribution of immigrants across intended occupations along with data on immigration flows broken down by entry class and intended occupation as well as data on the number of points assigned to occupations based on demand. Their goal is to investigate how effective the point system has been in terms of targeting the composition of the inflow. They find that the point system allows for partial control over occupational composition. The 1967

changes shifted the inflow away from less skilled occupational categories such as labourers and towards higher skilled occupational categories such as professionals. However, its effectiveness is found to be limited due to the large number of other characteristics of the inflow of immigrant that it seeks to control. They also find that the large changes in the composition of the inflow of immigrants across the three broad classes of admission along with the changes in the composition in terms of source country swamped the effects of the point system over the period 1975-1995. They note that the points system may have an impact on independent class immigrants. However, the processing strategy that means that independent class immigrants are treated as residual means that the impact of the selection system on the characteristics of the inflow is likely to be swamped by any variation in the part of the inflow of new immigrants to Canada that is not assessed under the points system. They also note that policy changes in 1978 and 1982 that reduced the proportion of immigrants who were assessed under the points system lead to a decline in the average skill level of the inflow of new immigrants.

Green and Green (1995) also conclude that changes in the proportion of immigrants by source country over time had a greater impact than other policy changes over the previous decade pushing the inflow of immigrants away from professionals and towards manufacturing workers. They conclude that the introduction of the new system in 1967 has a large impact on the skill level of immigrants entering Canada; however, the changes after 1967 in terms of proportion of immigrants in each entry class and the composition of immigrants across source countries had much larger effects on the skill level of the inflow of immigrants.

4. The History of the Quebec Immigrant Selection System

Since the Cullen-Couture Agreement signed in 1978, Québec has acquired the capacity to influence at least in part the size and the composition of its immigrant population. That capacity was re-enforced following the 1991 Canada-Quebec Agreement which granted the province the exclusive responsibility of the selection of immigrants belonging to the categories of so-called “independent workers” (workers, investors and entrepreneurs) as well as those who are seeking refugee status and other people in distress located abroad.⁸ The federal government has authority over the process involving the reunification of families and also over persons granted refugee status in Canada. Overall, Quebec has selected a little over 50% of all the immigrants admitted on its territory between 1995 and 1999.⁹ One of its priorities is to increase that percentage over the next few years.

Although the point system employed by the Quebec government is very similar to the one used by the federal government, it diverged somewhat from the latter in 1996 following the introduction of a program targeted at independent applicants, the so-called «employabilité et mobilité professionnelle» program. In short, the objective of that program is to attribute points to persons having a certain set of skills making them more flexible in terms of potential jobs, thus facilitating the job finding process even if their main occupation at entry does not correspond to one of the “occupations in demand”, a special set of professions identified by the authorities as being in short supply locally. Highly educated applicants who are young and who have some labour market experience

⁸This “exclusive” power is subject to a constraint imposed by the federal government who always has the authority to refuse entry into Canada to a person deemed to be a risk for national security.

⁹Source: «La capacité d'intervention du Québec en matière d'immigration». Ministère québécois des Relations avec les citoyens et de l'immigration.

receive extra points which help them reach the minimum threshold necessary for admission. They also receive points for having a working knowledge of French and for having previously sojourned in Quebec. Those last two elements are viewed in the same light as other skills as they are thought as facilitating a smoother integration in the labour market.¹⁰ Moreover, since August 17, 2001 those same characteristics as they apply to the spouse of the main applicant are also taken into account in the evaluation of the application.

For the purpose of our forthcoming analysis, this special program introduced by the Quebec government is particularly interesting because it was implemented at a time when the immigration policy elsewhere in Canada stayed the same, thus making it possible to perform a “before and after” type of analysis of the labour market performance of immigrants in Quebec relative to those in the rest of Canada for those admitted under the “independents” category. This relative change in policy is non-negligible because a candidate meeting the criteria just for the «employabilité et mobilité professionnelle» sub-grid gets 8 additional points in her or his global evaluation. Given that the minimum point’s threshold required for admission is 60 for single applicants and 68 for those with a spouse, the marginal impact of being deemed “employable” for a single applicant is as high as 13%.¹¹

In fact, since we have access to the landing records of all immigrants that have arrived in Canada since the early 80's, it is possible to identify with a certain degree of

¹⁰As we pointed out in a previous section, knowledge of the receiving country's language seems to be an important determinant of a successful integration in the labour market. In the case of Quebec, however, given that most immigrants settle in the Montreal area, knowledge of at least one of the official languages may be what matters most.

¹¹This number is obtained by dividing 8 by 60. In fact, this is a bit of an overstatement of the marginal impact because the same characteristics that helped meet the «employabilité et mobilité professionnelle» selection criteria, such as education, naturally help in getting points in the overall grid.

accuracy those who were admitted under that program (because we have the data file contains applicant's individual characteristics). It would then be possible to measure the impact of that program if we could have access to other data sets that would contain measures of labour market performance.¹²

5. 1981-1996 Change in Immigrants' Characteristics

The next set of figures sketches how the composition of the immigrant population has changed since 1981. As we can see from Figures 1a to 1e, it seems fairly clear that Quebec's immigrants have tended to come increasingly from Africa and Latin America, whereas the Rest of Canada has tended to draw relatively more people from Asia. These shifts in the source-country composition of the immigrant population, not too surprisingly, are likely to be correlated with shifts over time in the ability of the newly arrived to speak French. Africa has a large number of countries that were once colonies of France while it is probably not unreasonable to think that learning French for native Spanish speakers would not represent an insurmountable obstacle. Indeed, when we look at Table 1, this is exactly what happened: over the 1981-1996 time period, newcomers' ability to speak French has increased in Quebec across all source countries. As mentioned earlier, the evidence established by researchers suggest that language skills are a major determinant of future success in the labour market.

Finally, from looking at Figures 2a-2c, it appears that the type of occupations held by immigrants has not changed all that much over the 1981-1996 period, although it worth pointing out that the fraction of immigrants, particularly the ones who have arrived

¹²Note that we could still evaluate the impact of the 1996 policy change in Quebec using Census data since those data contain most of the demographics used to calculate the number of points under the «employabilité et mobilité professionnelle» sub-grid. Unfortunately, the 2001 Census will be available to reseachers in July 2004.

more recently, are found in manual jobs. The reason this could be something to be worried about is that the educational attainment of those more recent cohorts of immigrants has increased quite substantially. We may then have expected immigrants to move away from those low-skill jobs. However, it is important to keep in mind that native born Canadians' educational attainment has increased by at least as much as that of the immigrants (Baker and Benjamin, 1994), so that in relative terms, immigrants are not as well educated as they were in earlier cohorts. This last caveat is important to keep in mind as the figures should not be construed so as to mean that the education of immigrants has been overemphasized in terms of being an important selection criterion.

6. Concluding Remarks

The international experience of immigration policy has been diverse even when the focus is restricted to the relatively similar immigrant-receiving countries of Canada, the United States and Australia. In all three countries, immigration policy changes have involved sweeping changes such as the change from having a set of preferred source countries to a universal policy. However, there also have been minor, but still important, policy changes such as changes in the distribution of points allocated for each personal characteristic under the Canadian and Australian points system. The conclusion that many authors come to in the literature is that it is inherently difficult to disentangle the effects of all of these different policy changes.

However, a number of conclusions appear to be consistent with the international evidence. First, the immigrant's ability in the main language of the receiving region of the new country is an important determinant of the labour market success of the new immigrants. This is particularly true at the time of arrival of the immigrants. It may be

that immigrants who have weak language skills at the time of arrival will develop those skills so that in the medium term they have comparable labour market success. However, given the initial earnings disadvantage of the immigrants, it appears that selection of immigrants based on facility in the language of the receiving region is an important part of a successful immigration policy.

Second, education has a large positive impact on labour market success of immigrants. However, language skills and education credentials recognition are important determinants of the magnitude of the impact of education. Immigrants who lack language skills in the language of the receiving region may find it difficult to find jobs that are appropriate for their skill level. In addition, education received in other countries may not be perfectly transferable to the new country. This may be due to the fact that the education is inferior to domestic education equivalents. In this case, immigration policy would ideally place a lower weight on this type of education credential when selected immigrants based on their labour market skills. Another possibility is that the foreign education credential may be comparable with the domestic equivalents and employers may not know this fact. In this case, determining the appropriate policy is more complicated. One possibility would be for the government to work to inform employers on the comparability of foreign credentials versus domestic credentials.

In general, the international evidence suggests that selection of immigrants based on their labour market skills can be effective ways of improving the skills of immigrants who are admitted into a country. Key characteristics that should determine the admission of immigrants based on skill should include language skills and education, with a premium being placed on education obtained from domestic institutions and/or foreign

education credentials that can be easily transferred to the new labour market. Because of the large benefits that come from admitting immigrants who have education that can be easily transferred to the new labour market, granting foreign students permanent residency may be a very effective way of increasing the labour market performance of skilled immigrants.

More research is needed to provide greater evidence on a number of these issues. In particular, a detailed analysis of the effectiveness of the change in the criteria for admission of skilled immigrants to Quebec since 1991 should be carried out. This important shift in immigration policy provides researchers with a great opportunity to evaluate formally the effectiveness of skill-based selection criteria for immigrants.

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Tableau 1. Pourcentage des immigrants ayant une connaissance du français par pays d'origine et par groupe d'âge.

A: 1981

	Groupe d'âge			
	Moins de 25 ans	25-34 ans	35-44 ans	45 ans et +
<u>Résident dans le ROC</u>				
États-Unis	0.13	0.09	0.11	0.06
Europe	0.13	0.10	0.08	0.04
Asie	0.08	0.04	0.04	0.04
Afrique	0.21	0.22	0.19	0.24
Amérique latine	0.07	0.06	0.05	0.05
<u>Résident au Québec</u>				
États-Unis	0.75	0.66	0.56	0.80
Europe	0.84	0.77	0.72	0.50
Asie	0.66	0.56	0.53	0.43
Afrique	0.91	0.90	0.93	0.92
Amérique latine	0.73	0.76	0.64	0.56

B: 1996

	Groupe d'âge			
	Moins de 25 ans	25-34 ans	35-44 ans	45 ans et +
<u>Résident dans le ROC</u>				
États-Unis	0.14	0.14	0.10	0.07
Europe	0.14	0.09	0.08	0.06
Asie	0.08	0.03	0.03	0.02
Afrique	0.16	0.16	0.17	0.19
Amérique latine	0.07	0.06	0.05	0.04
<u>Résident au Québec</u>				
États-Unis	0.81	0.87	0.77	0.78
Europe	0.92	0.89	0.86	0.66
Asie	0.82	0.59	0.52	0.42
Afrique	0.91	0.92	0.91	0.91
Amérique latine	0.94	0.85	0.83	0.67

SOURCE: Recensements de 1981 et 1996. Les pourcentages indiquent la fraction des répondants qui déclarent pouvoir soutenir une conversation en français seulement ou dans l'une ou l'autre des deux langues officielles.