## Research Paper

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## Immigrant Economic and Social Outcomes in Canada: Research and Data Development at Statistics Canada

by Garnett Picot

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#### **Abstract**

The past 25 years has seen a more or less continuous deterioration in the economic outcomes for immigrants entering Canada. However, economic outcomes for second-generation Canadians (children of immigrants) are more positive, and in spite of the economic difficulties, after four years in Canada most immigrants entering in 2000 remained positive regarding their immigration decision, citing the freedom, safety, rights, security and prospects for the future as the aspects they appreciate most in Canada. This paper reviews what we know about the economic deterioration, and the possible reasons behind it, in particular based on the research conducted at Statistics Canada. It also outlines the data development undertaken by Statistics Canada and its policy department partners to support increased research of this topic. From 2002 to 2008, Statistics Canada released 64 research articles on the above topics, and others related to immigration. The research suggests that through the 1980s and 1990s three factors were associated with the deterioration in economic outcomes: (1) the changing mix of source regions and related issues such as language and school quality, (2) declining returns to foreign experience, and (3) the deterioration in economic outcomes for all new labour market entrants, of which immigrants are a special case. After 2000, the reasons appear to be different, and are associated more with the dramatic increase in the number of engineers and information technology (IT) workers entering Canada, and the IT economic downturn. Data also suggest that, by and large, Canadians continue to see immigration as an important part of the development of Canada and that they continue to support it. The paper reviews Statistics Canada research that indicates that economic outcomes for most second-generation Canadians remain very positive. Finally, there is a discussion of the interaction between immigration and social cohesion in Canada, and possible reasons as to why we have not seen the discontent with immigration policy in Canada that has been observed in some European countries.

**Keywords**: immigration, immigrant economic integration, immigrant social integration, immigration data sources

## **Executive summary**

Economic and social outcomes of immigrants and their children is a major policy concern in Canada. Immigration to Canada is currently at high levels by historical standards, and it is likely to remain there. Many policy analysts and business people believe that pending labour shortages should result in more, not less, immigration.

These high immigration levels have introduced significant change in Canada's social and economic landscape; and outcomes for immigrants have changed significantly over the past two decades. This paper outlines the significant response by Statistics Canada to the demand for both more empirical research on immigration issues, and the development of new data sources to support such research.

Research as early as the late 1980s suggested that the traditional patterns of economic outcomes had been changing, and not for the better. Research conducted by Statistics Canada researchers and others demonstrated that the earnings gap during the first few years in Canada between immigrants and the Canadian born has been increasing, in spite of rising educational attainment of immigrants. Furthermore, low income among successive groups of entering immigrants has been rising, both in absolute terms and relative to the Canadian born.

Research points to a number of potential reasons for this deterioration, but the three most often highlighted are (1) the change over time in the regions from which immigrants have come, and associated issues such as language skills, school quality, etc.; (2) declining economic returns to foreign work experience, to the point where by the late 1990s most entering immigrants received virtually no economic benefit for work experience acquired prior to entering Canada; and, (3) the deterioration in labour market outcomes for new labour market entrants as a whole, of which immigrants are a subset. However, recent research has argued that these determinants do not apply after 2000. The more recent deterioration is seen to be related to the dramatic rise in the number of information technology (IT) workers and engineers entering Canada, and the difficulty in their locating employment, to some extent associated with the IT downturn from 2001 to 2004. Research reviewed in the paper also asks to what extent changes in immigrant characteristics since 1993 have contributed to an improvement in economic outcomes. It finds that changing immigrant characteristics improved economic outcomes for immigrants at the middle and top of the income distribution, but had little positive effect at the bottom of the income distribution. As a result, the changes in selection patterns, and resulting change to immigrant characteristics mainly rising education levels—had only a very small positive effect on low-income rates among entering immigrants.

The economic deterioration among first-generation immigrants is not the only concern. The outcomes of their children are equally important, if not more so. Here, the research paints a more positive picture. Most second-generation Canadians attain very high levels of education, and as a result, do very well in the labour market. Their educational and economic outcomes are seen, on average, to be equal to or better than those of their Canadian-born counterparts.

Regarding the perception of immigrants of their life in Canada, in spite of difficult economic outcomes experienced by many in recent years, by and large they remain positive regarding their decision to come to Canada. When asked about their views of Canada, after four years

immigrants entering Canada in 2000 indicated that they most appreciated the freedom, rights, safety and security, and prospects for the future that Canada had to offer. Among the challenges they faced, many pointed to economic issues such as locating employment. After being in Canada for four years, about three quarters of the 2000 immigrants said that they would make the decision to come to Canada again.

Although virtually no research has been conducted on the topic at Statistics Canada, the paper includes some speculation regarding why immigration has had relatively little negative effect on social cohesion in Canada, particularly as compared with some European countries. A number of potential reasons are discussed, including the fact that unlike many nations, Canada has never pursued a single national identity. Starting with confederation in 1867, Canada has had to accommodate two groups with very different religious, cultural and language characteristics, the French and the English. A tradition of such 'accommodation' has developed as a result. Furthermore, Canada thinks of itself as a land of immigrants, and most Canadians take pride in the country's ability to welcome newcomers. Other factors that could contribute to the lack of serious negative effects regarding social cohesion may include (1) the very high levels of education among entering immigrants, much higher than among the Canadian born; (2) the fact that all political parties at the federal, provincial and municipal levels argue that more immigration is necessary due to upcoming labour shortages, and this message is largely accepted by the Canadian population; (3) the relatively high level of civic engagement by immigrants in Canada; (4) the very racially diverse nature of immigration to Canada; and, (5) the lack of any significant issue regarding illegal immigration.

Faced with tremendous interest in immigration issues, Statistics Canada responded both by using existing data sources, such as the census, to shed light on important issues and, along with policy department partners, creating a number of new datasets, mainly longitudinal. While the census remains the most important data source for addressing many immigration issues, in part because of its large sample size, there are a number of more recent dataset creations. The first was the Immigrant Longitudinal Database (IMDB), a data source based primarily on administrative data, and created in partnership with Citizenship and Immigration Canada. This was followed by linking the IMDB to an existing administrative data source developed by Statistics Canada and referred to as the LAD (Longitudinal Administrative Databank). The advantage of the latter administrative file is that it contains longitudinal income information on other Canadian as well as immigrants, allowing for comparisons among groups. The IMBD is restricted to data on immigrants only. However, the administrative data sources contain a restricted set of variables. To overcome this issue the Longitudinal Survey of Immigrants to Canada (LSIC) was created, again for Citizenship and Immigration Canada. It tracked a sample of immigrants who entered in 2000 for four years to address issues such as education, housing, employment, health, attitudes, social networks and economic outcomes. In addition to these new data sources, the Ethnic Diversity Survey of 2002, created in partnership with Heritage Canada, and the addition of immigration identifiers to the Labour Force Survey in 2007, provide addition information for researchers and policy analysts concerned with immigration issues.

The significant response by Statistics Canada to the demand for both research and new data related to immigration issues demonstrates some of the priorities in place at the Agency. These include (1) the importance placed on substantive research by Statistics Canada, often for data quality and data development reasons; (2) the importance of meaningful co-operation with its policy department partners in developing data and research; and, (3) the need to maintain strong links with the academic community so as to be aware of their data needs, the most recent research issues and methodologies, and to promote recruitment.

#### 1 Introduction

The economic and social outcomes of immigrants and their children is a major policy concern to Canada. There are many reasons for this: about one in five persons living in Canada is foreign born, a share that is second only to that of Australia. Furthermore, in 2005, Canada, the United States and Australia posted their highest immigration rates in 15 years. It is unlikely that these historically high immigration levels will decline in the near future. Driven by the belief that labour shortages are pending as a result of a slow-down in population growth and the retirements of the very large 'baby-boom' generation, governments in these countries, including Canada, are expressing the desire for more highly skilled immigrants, not fewer.

These high immigration levels have introduced a significant change in Canada's social and economic landscapes. In Toronto, for example, almost half of the population (47.3%) is foreign born, the highest share for any major city in the developed world, including New York, Miami and Sydney. In Canada's three largest cities combined—Toronto, Montréal and Vancouver—there were only six neighbourhoods<sup>1</sup> in 1981 within which a single visible-minority ethnic group accounted for over 30% of the population; by 2001, this had increased to 254 neighbourhoods, driven largely by the increase in immigration from regions such as China, India and Africa.

Research as early as the late 1980s suggested that the traditional pattern of immigrant earnings growth had been changing. During their first few years in Canada, immigrants traditionally earned significantly less than their Canadian-born counterparts, but their earnings had slowly caught up with and, in some cases, surpassed those of their Canadian-born colleagues as their time in Canada increased. Research in the late 1980s and early 1990s indicated that the earnings gap at entry between immigrants and their native-born counterparts was increasing, and that the traditional 'catch-up' was anything but certain. This uncertainty regarding economic outcomes, and the reasons for these changes, combined with increasing concern with social integration of immigrants in many member countries of the Organisation for Economic Co-operation and Development, has raised the interest in economic and social integration issues in Canada.

Statistics Canada has responded to the need for policy-relevant information on this important topic in a number of ways. First, increased resources have been allocated to the analysis of immigrant-integration issues, not only to describe immigrant outcomes but also to try to identify the factors behind the observed trends. Effective dissemination of the results is an important part of this activity. Second, new datasets, largely longitudinal, have been developed to provide better data on issues that the research suggested were important, thereby allowing even more relevant analysis to be conducted. Finally, key variables have been added to existing surveys that enable us to address pressing questions.

From 2002 to 2008, some 64 research articles on immigration issues have been produced and released by Statistics Canada (see chronological bibliography in the Appendix). The vast majority of these articles address integration issues of one sort or another. Roughly speaking, they can be classified into the following topics:

<sup>1.</sup> A neighbourhood is a census tract that has a population of from 3,000 to 5,000 people.

- 32 papers on economic integration
- 11 papers on spatial integration
- 7 papers on social integration
- 7 papers on demographic characteristics
- 7 papers on immigrant health outcomes

This paper discusses the measurement issues, summarizes some of the recent research on immigrant outcomes, reviews related data development activities, asks why 'social cohesion' has been little affected by rising immigration, and then provides concluding comments.

#### 2 Measuring economic outcomes

The economic outcomes of immigrants can be addressed using a host of different metrics and time frames. One can focus on poverty, earnings, employment or unemployment, although any single indicator captures only one aspect of economic well-being. Earnings are the most commonly used measure in Canadian research, but they ignore changes in employment rates. Employment rates capture changes in labour force involvement, but they tell us nothing about trends in earnings. Measures of low-income status are more comprehensive, because they incorporate change in all sources of income, but they focus on the bottom of the income distribution and fail to assess changes at the middle and the top. The process of labour market adaptation of immigrants varies across countries. Research by Antecol, Kuhn and Trejo (2006) shows that in Australia most assimilation occurs through employment adjustment, whereas in the United States it is primarily earnings that adjust. The United States tends to have more flexible wages than Australia. The research suggests that Canada is somewhere between these two countries, with immigrants' economic adjustment occurring through both employment and earnings.

In addition to employing mean earnings as the metric, more recent papers are focusing on the distribution of earnings of entering immigrants. They find that the earnings gap—between the native born and immigrants—is increasing more at the bottom than at the top of the earnings distribution, suggesting that a focus on low-income rates is desirable.

Beyond the metric used, the timeframe or segment of the immigrant earnings trajectory selected also affects the findings. Much of the recent Canadian research has focused on earnings during the first few years in Canada. Other research has focused on the earnings trajectory over the life course to determine if a 'catch-up' to earlier cohorts was likely. Finally, some research foregoes research on the entering immigrants themselves, but instead has focused on their children. This research asks if 'second-generation' immigrants are doing as well, economically, as their earlier counterparts, their parents or their Canadian-born colleagues. All of these time-frames are important in order to assess changes in the economic trajectories of immigrants.

# 3 The declining entry-level earnings from the early 1980s to the early 2000s

Those immigrants arriving in Canada through the 1990s and early 2000s were increasingly highly educated. In 2001, fully 42% of adult 'recent' immigrants (those arriving during the previous five years) possessed a university degree, and a historically high 54% entered under the 'economic' admissions class<sup>2</sup> (with only 31% being in the family class). The situation was very different 20 or more years earlier: in 1981, only 19% of the recent immigrants had degrees, and during the early 1980s, only 37% entered in the 'economic' class, with 43% being in the family class. Immigrants of the late 1990s and early 2000 were increasingly selected because of their potential contribution to the Canadian economy. Therefore, there exists the puzzle regarding the deteriorating earnings of successive entering immigrant cohorts.

To address the puzzle, the majority of the Statistics Canada research has focused on entry-level earnings. There are a number of reasons why this metric is important. First, the significant decline in earnings at entry over the 1980s and early 1990s prompted a response on the part of the immigrant selection system to improve outcomes. Hence, it is reasonable to focus on entry earnings to assess the effects of the resulting change in immigrant characteristics. Second, recent Statistics Canada research on return migration suggests that the rate of out-migration of immigrants is large (up to 35%) and that it occurs primarily during the first two years following entry. Therefore, economic outcomes during the initial years may be an important factor in determining the extent to which Canada retains its immigrants. Third, Canada is increasingly in competition with other countries, notably the United States and Australia, for highly skilled and educated immigrants. If relative economic outcomes at entry are poorer in Canada than elsewhere, such information will be shared through networks with potential immigrants, and this will have a potentially negative impact on their decisions. Fourth, poverty studies indicate that most immigrants who enter poverty do so during their first full year in Canada—from 35% to 45% of immigrants enter poverty during that period—and that this is followed by fairly high rates (around 20%) of longer-term poverty. Poor entry-level earnings have, by and large, been followed by poor outcomes during at least the first decade or so.

In spite of the increasingly economic nature of immigration during the late 1990s, earnings among adult 'recent' immigrants declined, both in absolute terms and relative to their Canadian-born counterparts.

Over the past 15 years, immigrants have become more highly educated than the Canadian born. Hence, most research compares recent immigrants with 'like' Canadian born—those who are similar along dimensions such as age, education, visible-minority status, marital status and region of employment (including major city). This is typically done within a regression format that computes the log of the ratio of the earnings of immigrants to those of the Canadian born.<sup>3</sup> The results of such an analysis are given in Chart 1.

<sup>2.</sup> Immigrants to Canada enter under a particular class. The main classes include (1) the skilled economic class, the only class where the immigrant selection rules are applied; (2) the family class, used for family reunification; (3) refugees; and, (4) a business class, which includes a small number of entrepreneurs.

<sup>3.</sup> The log earnings ratio is an approximation of the earnings of immigrants as a proportion of those of comparable Canadian born when the differences are small (say 10% to 20%), but when they become large (say 40% to 50%) the log (earnings ratio) overestimates the percentage difference.

The earnings gap has been significantly increasing with each successive cohort, both at entry and after many years in Canada. Among males, the log earnings ratio at entry declined from 0.83 among the late 1970s cohort to 0.55 among the early 1990s cohort. There was a minor improvement in the earnings gap at entry between the cohorts of the early and late 1990s (log earnings ratio increased from 0.55 to 0.60).

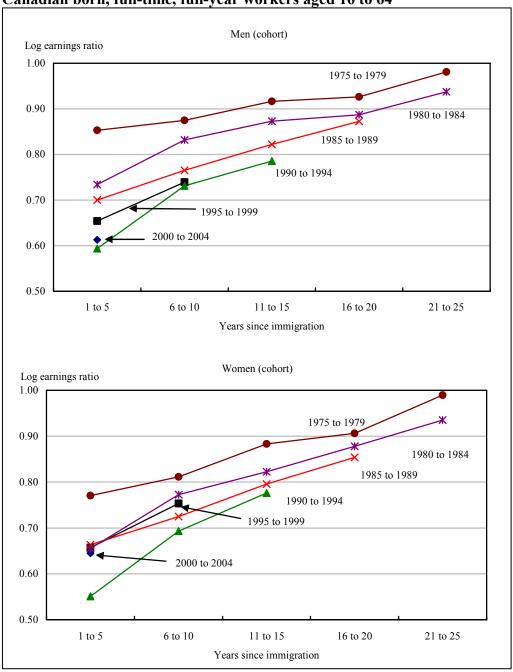
The traditional 'economic trajectory' story among immigrants, where they earn less at entry but catch up after a number of years in Canada, was last observed among cohorts entering in the late 1970s. Among the more recent cohorts, the elimination of this earnings gap will be more difficult. For the early 1990s cohort, they earned roughly 60% of that of the Canadian born after 6 to 10 years in Canada, and it is not clear if they will catch up after 20 years in the country. Granted, the rate of improvement in earnings (i.e., the slope of the line in Chart 1) was much greater among the 1990-to-1994 cohort than among the 1980s cohorts, but they had a much larger gap to overcome. The pattern was similar for women.

The situation has not changed markedly in more recent years. Although there was some improvement for the cohorts entering during the late 1990s, during the early 2000s outcomes deteriorated once again. The census data in Chart 1 indicate that, during the first five years in Canada, immigrants in the late-1990s entering cohort earned about 65% of that of similar Canadian born, but among the early 2000s entering cohort, this fell back to around 60%. Administrative tax data suggest similar results. These data provide very large samples that allow more recent estimates of the entry-earnings gap on a yearly basis. Following some recovery in the late 1990s, entry-level earnings again declined for those cohorts entering up to 2005 (Picot and Hou, forthcoming). Furthermore, this research indicated that the reasons for the decline—to be discussed shortly—differed during the post-2000 period from those of the 1980s and 1990s.<sup>5</sup>

<sup>4.</sup> That is, log earnings ratio of 0.6.

<sup>5.</sup> Very large samples are required for the analysis of the earnings patterns of successive annual cohorts of entering immigrants. Very recently the necessary data source was created by linking selected information from the landing records of immigrants to a longitudinal file of a 20% sample of taxation records of Canadians (an already existing file). This new administrative data file provided both the sample sizes necessary, and the income and characteristics information needed, to assess what was happening to annual cohorts of entering immigrant cohorts after 2000.

Chart 1 Log earnings<sup>1</sup> ratio,<sup>2</sup> earnings of immigrants to those of comparable Canadian born, full-time, full-year workers aged 16 to 64



- 1. Predicted values based on a model controlling for education, estimated work experience, visible-minority status, marital status and regions (including the major cities).
- 2. The ln (immigrant earnings/Canadian-born earnings). For small differences in earnings (10% to 20%), the ln earnings ratio is an approximation of the earnings of immigrants as a proportion of those of the Canadian born. For large differences (e.g., 40% to 50%), the log earnings ratio tends to overestimate the percentage difference.

Sources: Statistics Canada, Census of Population, and Marc Frenette and René Morissette, 2003, Will They Ever Converge? Earnings of Immigrant and Canadian-born Workers over the Last Two Decades.

#### The deteriorating low-income position of recent immigrants 4

The increase in the earnings gap between immigrants and the Canadian born has been larger at the bottom than at the top of the earnings distribution, and hence it is evident in low-income rates. Picot and Hou (2003) observed that the proportion of recent immigrants with family incomes below the low-income cutoff<sup>6</sup> rose from 24.6% in 1980, to 31.3% in 1990, and to 35.8% in 2000. These years are roughly at business cycle peaks, and hence are reasonable indicators of longer-term trends. During this period, the low-income rate among the Canadian born fell. Hence, it was not a general deterioration in economic conditions affecting all Canadians that was responsible for the rising low-income rates among immigrants. Indeed, recent immigrants had low-income rates 1.4 times that of the Canadian born in 1980, 2.7 times in 1995, with some improvement by 2000 falling marginally to 2.5. Results from the administrative longitudinal file suggest that the improvement was short lived, as relative low-income rates among 'recent' immigrants returned to around 2.7 by 2004. This deterioration in low-income rates over the past 20 years was not restricted to recent immigrants, but was observed among all immigrants who had lived in Canada for less than 20 years. Furthermore, this deterioration occurred in spite of rapidly rising educational attainment and increased numbers entering in the skilled economic immigrant class.

But stopping at an analysis of low-income rates alone may be masking the most significant outcomes. Policy analysts are more concerned with persistent or chronic low-income spells than all low-income spells, many of which are quite short. Picot, Hou and Coulombe (2008) used longitudinal administrative taxation data to focus on low-income dynamics: the probability of entering low income, of exiting low income, and the persistence of low-income spells. Furthermore, they asked whether the changes in immigrant characteristics brought about by the changes in immigrant selection rules in the early 1990s had any positive effect on these outcomes. They found that if immigrants are going to enter low income, they are likely to do so during their first year in Canada. The probability of entering low income was quite high during the first year in Canada, ranging from 35% to 45% among cohorts entering through the 1990s and early 2000s. But by the second year in Canada, this probability had fallen to around 10% and remained low thereafter. If immigrants did not enter low income immediately, they had a pretty good chance of escaping it.

Many of these low-income spells were quite short. Approximately one third exited the first lowincome spell after one year, and a slightly higher percentage remained in low income after three years. But there may be repeated spells of low income and a longer-term perspective is useful. Toward this end, a measure of 'chronic low income' was developed, identifying immigrants who were in a low-income state for at least four of their first five years in Canada. Under this definition, about 20% of immigrants entering through the 1990s found themselves in chronic low income; and, when chronic low income was defined over a 10- rather than 5-year time span (in low income at least 7 of the first 10 years in Canada), about 17% of entering immigrants found themselves to be in chronic low income over this longer period.

Statistics Canada's after transfer, before tax LICO (low-income cutoff) is used, since taxes paid are not available in the census data.

#### Why is there a decline in relative entry-level earnings among 5 recent immigrants?

While we do not fully understand the mechanisms by which earnings have fallen, several recent Statistics Canada (and others') studies are in broad agreement that some issues have sizeable impacts, while other issues are less important.

## 5.1 The changing source countries of entering immigrants and related changing characteristics

Immigrants have now been entering Canada from very different countries than was the case in, say the 1970s. From 1981 to 2001, the share of immigrants from Eastern Europe, South Asia (India, Pakistan), East Asia (China, Korea, Japan), West Asia (Iraq, Iran, Afghanistan) and Africa increased from 35% to 72%. The human capital of immigrants from more recent source regions may initially be less transferable because of the potential issues of language, cultural differences, education quality and discrimination.

Fewer entering immigrants have a home language or mother tongue that is either English or French. Language and communication skills are related to productivity, and hence to the wages of workers. Studies such as those of Frenette and Morissette (2003) and Aydemir and Skuterud (2004)<sup>7</sup> suggest that perhaps one third of the decline in entry-level earnings is associated with these changing characteristics, particularly the source regions and home language. This is an important amalgam of factors—one that is difficult to disentangle, given the highly interrelated nature of language ability, visible-minority status, culture and source country.

#### 5.2 The credentialism issue

Researchers studying 'credentialism' ask, after accounting for years of schooling, how much is the fact of having the university credential (i.e., degree) itself worth to an immigrant. This is referred to as the 'sheepskin' effect. Is the earnings advantage of having a university degree (relative to not having it) changing? To contribute significantly to the decline in entry-level earnings, the advantage of having a degree (relative to, say, high school) would have to have fallen.

Ferrer and Riddell's (2003) research finds that at least up to 2000, having a degree increased immigrants' earnings significantly (relative to not having a degree), and that this effect was at least as strong or stronger for immigrants than it was for the native born. They conclude that this credential advantage has changed little since the early 1980s for immigrants, at least up to 2000. There is some evidence to suggest it may have declined since 2000.

The 'credentialism' issue appears not to have worsened over the past two decades, and hence it likely contributes little to the decline in entry earnings. Credentialism is no doubt an important issue at any point in time, but it seems to have contributed little to the decline in immigrant earnings, at least up to 2000, the period covered by this research.

<sup>7.</sup> Note that the first of these is more detailed, but focuses only on males, whereas the subsequent papers address outcomes for both sexes

### 5.3 Declining returns to foreign labour market experience

Human capital consists largely of education, training and the skills developed through work experience. One typically expects some return to this human capital when entering employment, but immigrants from non-traditional source countries receive close to zero economic benefits from pre-Canadian labour market experience.

A number of recent studies indicate that the foreign work experience of entering immigrants is increasingly discounted in the Canadian labour market (Schaafsma and Sweetman 2001, Green and Worswick 2002, Frenette and Morissette 2003, Aydemir and Skuterud 2004). Older immigrants entering Canada, who in the late 1970s or early 1980s earned significantly more than their younger counterparts, now have much less of an advantage. Their foreign work experience appears to be more heavily discounted now than it was 20 years ago. This is particularly true for immigrants from the non-traditional source regions, such as Asia and Africa. Immigrants from Western Europe and the United States do not experience this effect.

Green and Worswick (2002), Aydemir and Skuterud (2004) and Frenette and Morissette (2003) concluded that during the 1980s and 1990s the declining returns to experience was one of the major factors, if not the most important, associated with the decline in earnings among recent immigrants. Aydemir and Skuterud conclude that, among recent immigrants, the decline in the returns to foreign experience accounted for roughly one third of the decline in entry-level earnings reported earlier.

# 5.4 Deteriorating labour market outcomes for new labour market entrants in general, of which immigrants are a part

Labour market outcomes for young labour market entrants, particularly males, have been deteriorating in Canada throughout the 1980s and 1990s (Picot 1998, Beaudry and Green 2000). Entering immigrants are themselves new labour market entrants, and it may be that whatever is causing the decline in earnings of the young in general (not well understood) may also be affecting the earnings of recent immigrants. Green and Worswick (2002), Frenette and Morissette (2003), and Aydemir and Skuterud (2004) find that, for recent-immigrant men, this may have accounted for 40% of the decline in entry-level earnings. They find, however, that this effect was concentrated in the 1980s and that it was less important during the 1990s.

# 5.5 Strong competition from the increasingly highly educated Canadian born

The supply of highly educated workers in Canada has been increasing at a very rapid pace. The number of women with a university degree in the labour force has quadrupled over just 20 years, while the number of men with degrees has more than doubled.

Reitz (2001) argues that in spite of the rising educational levels of immigrants, their **relative** advantage in educational levels has declined as a result of the more rapidly rising levels of education among the Canadian born. He also argues that immigrants did not benefit to the same extent as the Canadian born from increases in education, perhaps for the reason noted above.

## 5.6 A different explanation for the decline in earnings of entering cohorts after 2000

Those immigrant cohorts entering Canada from 2000 to 2005 continued to experience declining earnings at entry. The determinants of this decline are likely very different than those identified in the research focusing on the 1980s and 1990s.8

Picot and Hou (forthcoming) find that much of the decline in entry earnings (perhaps two thirds) was concentrated among entering immigrants intending to practice in information technology (IT) or engineering occupations. This coincides with the IT downturn in Canada, which appears to have significantly affected outcomes for these immigrants, particularly men. Compared with the Canadian born, entering immigrants were disproportionately in IT and engineering occupations. Hence, the effect of the IT downturn was more dramatic among immigrants. Following the very significant response by the immigration selection system to the call for more high-tech workers in the late 1990s, which resulted in a rapidly increasing supply through immigration, the large numbers of entering immigrants were faced with the IT downturn.

In summary, research focusing on the 1980s and 1990s found that virtually all of the decline in entry earnings could be accounted for by the shift in source regions and language, the declining returns to foreign experience and the general deterioration in outcomes for labour market entrants in general. More recent research, focusing on the early 2000s, suggest that the high-tech downturn, combined with the increasing concentration of immigrants in IT and engineering professions, accounted for much of the recent decline.

#### Did changing the immigrant selection rules improve 6 economic outcomes?

Citizenship and Immigration Canada introduced significant changes to the selection rules in 1993. The changes were very successfully implemented, and the educational attainment and economic nature of immigrants rose dramatically. Furthermore, the share of 'economic' immigrants in information technology (IT) and engineering occupations rose significantly. This occurred during the high-tech boom of the late 1990s in Canada.

But did these positive—from a labour market perspective—changes in immigrant characteristics significantly improve economic outcomes during the first few years in Canada? The Statistics Canada research focused on both chronic low income (Picot, Hou and Coulombe 2008) and earnings levels (Picot and Hou, forthcoming). The changing characteristics did little to improve chronic low-income rates or the probability of entering low income among entering immigrants.

<sup>8.</sup> More specifically, declining returns to foreign experience were no longer a compelling explanation, as such returns had already fallen to zero (for immigrants from non-traditional source countries) and would have had to become significantly negative to further affect immigrants' earnings in the years after arrival. Likewise, the shift in the source countries from which immigrants arrived was no longer a convincing explanation, as this shift occurred mainly in the 1970s and 1980s and changed little in more recent years. The overall decline in labour market outcomes for new entrants was no longer a possible explanation, as the experiences of new entrants in the late 1990s and early 2000s were generally positive. Hence, one has to look elsewhere for possible causes on the decline in entry earnings.

The research suggested that this was largely because the highly educated immigrants at the bottom of the earnings distribution were unable to convert their education into higher earnings.

There are a host of possibilities as to why many highly educated entering immigrants experienced almost zero relative returns to their university education—relative to the high-school educated and found themselves at the bottom of the earnings distribution in spite of their education. The possibilities include:

- the inability of the labour market to absorb such a large increase in the supply of highly educated workers, resulting in downward pressure on relative wages; this was certainly the case among those with IT or engineering backgrounds intending to work in the IT sector after 2000;
- potentially poorer quality education—relative to North American higher education—held by many entering immigrants from the non-traditional source regions; and
- possible language issues that prevent the higher education held by many new immigrants from having the expected positive effect on earnings; there is some evidence to support this view, 9 and language issues may play an important role in the poor economic assimilation of the highly educated.

Further research suggested that the improved economic characteristics of immigrants did have a significant positive effect on the earnings of entering immigrants at the middle and top of the earnings distribution.

## Educational and economic outcomes for second-generation **Canadians: The children of immigrants**

One can assess economic outcomes by focusing on those of second-generation immigrants, rather than those of the entering immigrants themselves. Many immigrants indicate that they come to Canada to provide opportunities for their children and subsequent generations. Using such a timeframe results in much more positive outcomes than those reported in the previous section.

Second-generation Canadians are a significant proportion of the adult population, with about 15% of Canadians having at least one parent born in another country. Analysis based on new information from the 2001 Census suggested that the education attainments and labour market outcomes of second-generation Canadians are no worse, and in many ways better, than those of similar young people whose parents were born in Canada (Aydemir, Chen and Corak 2005). Second-generation Canadians (children of immigrants) are much more likely to have a university

<sup>9.</sup> Green and Riddell, along with co-authors Ferrer (2003) and Bonikowska (2008), observed that immigrants have lower levels of literacy in English or French (the most common languages of work in Canada) than do the Canadian born. Furthermore, they found that the returns to any given level of literacy were no lower among immigrants than among the Canadian born. That is, given the levels of literacy skills observed among immigrants, they were not earning less than one would expect. These results were observed for all levels of education. These results suggested that half or more of the gap in earnings between immigrants and the Canadian born could be accounted for by differences in literacy skills in English or French. Another recent paper by Chiswick and Miller (2002) found that in the United States immigrants earned 7% more for each additional year of education if they were fluent in English, but only 1% if they were not. In other words, in the absence of English-language fluency, additional education provided little in the way of additional earnings over a less educated immigrant.

degree; their incidence of reliance on government transfer payments and rates of employment and unemployment are no different, and their average earnings are higher than those young adults of Canadian-born parents.

The analysis also focused on a group of young adults whose parents were immigrants and examined the strength of the tie between their earnings from the 2001 Census and the earnings of those immigrants in the 1981 Census who were potentially their fathers. On average, second-generation children of immigrants earn more than their parents did at a similar point in the life cycle. However, there is some correlation between father and son outcomes, suggesting that the son's earnings will likely tend to be lower than those of someone whose father earned more. This correlation is lower than that observed in the United States. That is, there is more intergenerational earnings mobility among immigrants in Canada than in the United States. This is consistent with the findings for the populations as a whole in the two countries. In general, intergenerational earnings mobility is higher in Canada than in the United States. The degree of such mobility among immigrants to Canada is high by international standards. The study found no statistically significant relationship at all between (immigrant) fathers and their daughters. A daughter's earnings (as an adult) are independent of whether the immigrant father had high or low earnings.

Overall, relative earnings advantages and disadvantages among the first generation of immigrants to Canada are only weakly passed on to the second generation, suggesting that in the past there had been a rapid integration of the children of immigrants into the mainstream of the Canadian labour market. Overall, the children of immigrants, when they are young adults, have outcomes that are comparable to or better than those of the children of the Canadian born at similar ages. This is to a considerable extent because of the very high level of educational attainment achieved by children of immigrants to Canada.

But it should be stressed that, by the very nature of the analysis, these results refer to a group of young Canadians whose parents came to Canada before 1980, and who came of age in the context of the education system of the 1980s and the labour market of the 1990s. Hence, the research, by necessity, focused on the children of immigrants who entered Canada prior to the significant economic deterioration discussed in the previous section. The extent to which these patterns will continue to hold into the future is unknown.<sup>10</sup>

<sup>10.</sup> However, more recent immigrant cohorts are very highly educated, and we know that education levels of children are determined to a considerable extent by the education of the parents. It is likely, therefore, that the educational attainment of second-generation Canadians will remain high in the future. We can hope that such educational qualifications, if achieved, will be converted into continued successful economic outcomes for second-generation Canadians.

#### Entering immigrants' perspectives on life in Canada, 8 and social outcomes

Given the, at times, difficult economic outcomes described above, it is important to understand immigrants' perceptions of life in Canada. Have their expectations been met in social and economic areas? What do they like and dislike about living in Canada?

Such questions were answered by using the Longitudinal Survey of Immigrants to Canada (LSIC), which followed the entering immigrant cohort of 2000 for four years. There was some attrition in this survey, with a loss of about 4,300 of the original 12,000 respondents after four years. Some of this attrition is no doubt related to emigration of immigrants, since up to one third of immigrants leave Canada in the year following entry (Aydemir and Robinson 2006). Part of the attrition will also be related to non-response and training problems.

### 8.1 What new immigrants like and dislike about Canada

Four years after arriving in Canada, LSIC respondents indicated that freedom, rights, safety and security, and prospects for the future were among the things they liked most, while lack of employment opportunities was one of the things that they disliked most (Maheux and Schellenberg 2007). Many immigrants identified the social and political environment in Canada as what they liked most about this country.

Those individuals who said that they planned to settle permanently in Canada were asked about their reasons for staying. Over half of these respondents (55%) said they planned to stay because of the 'quality of life' in Canada, while 39% planned to stay because of the positive future for their family here. Educational opportunities were important for many.

Fewer new immigrants pointed to the importance of economic factors as a reason for staying. While some new immigrants expressed dissatisfaction with their economic experiences in Canada, most provided positive assessments about the quality of life here.

LSIC respondents were asked if their level of material well-being—such as home, car and disposable income—was better, about the same or worse than it had been prior to coming to Canada. Family-class immigrants had more favourable assessments of these relative outcomes than their economic-class colleagues. This is consistent with other studies that showed that outcomes deteriorated more for the economic than family class following 2000. Among skilled economic immigrants, 35% said their level of material well-being was better than it had been prior to arrival, 31% said it was about the same and 34% said that it was worse. In contrast, among family-class immigrants, 58% said their material well-being was better than it had been before coming here.

LSIC respondents were also asked about the quality of life in Canada—such as safety, freedom and pollution—compared with their situation before coming here. Responses to this question were more positive than those regarding material well-being. Indeed, 84% to 92% of immigrants in each admission class said that their quality of life was better in Canada than it had been prior to coming here.

When asked a general question about the challenges they faced in Canada, the largest share of new immigrants said that finding a job had been the most difficult. The immigrants believed there were a number of factors at play here that included a lack of Canadian work experience, language barriers, credential recognition and lack of social networks.

#### 8.2 Assessment of life in Canada

Among immigrants remaining in the survey after four years, about two thirds reported a fairly positive congruence between their expectations of life in Canada and their experiences here. 11 There is a low or declining degree of congruence between the expectations and experiences of about one third of the remaining new immigrants.

Once again, economic immigrants were more likely than others (mainly the family class) to feel that their expectations had not been met. The economic immigrants may have had higher expectations than others regarding their employment prospects in Canada, and opportunities elsewhere.

During each of the three LSIC interviews, respondents were asked "If you had to make the decision again, would you come to Canada?" About three quarters of new immigrants said 'yes' to this question each of the three times they were asked it. Another 12% said 'no,' but by the third interview felt that they had made the right decision in coming here. Altogether, 84% were positive about their decision to have come to Canada.

The generally positive views that new immigrants have regarding their decision to come to Canada are also reflected in their plans to become Canadian citizens. In order to become a Canadian citizen, landed immigrants must reside in Canada for at least three years. By the time they were interviewed four years after landing, over 70% of the new immigrants had already completed or had initiated the citizenship process. Another 22% said that they intended to become Canadian citizens but had not yet started the process.

## 8.3 Canadians' perception of immigration

The results above provide a picture of immigrants' perception of life in Canada, but what of the views of Canadians regarding immigration? Levels have been high, economic assimilation issues are well known, and the face of the three largest cities has changed significantly as a result of immigration.

Overall, the opinions of Canadians toward immigration remain positive. Citizenship and Immigration tracks Canadians' views on an annual basis. In 2007, it found that about two thirds of Canadians agree that "immigration has a very positive or somewhat positive effect on Canada" (Citizenship and Immigration 2007). When asked if the fabric of Canadian society was being

<sup>11.</sup> More specifically, 21% of them said that their expectations of life in Canada have consistently been exceeded, and another 16% said that their expectations have consistently been met. In addition, another 29% reported that life in Canada was initially worse than or about what they had expected, but that their situation improved over the first four years. In this respect, their assessment was positive. Combining these groups, the expectations of 37% of new immigrants who remained in Canada had been met or exceeded, and an additional 29% found expectations had been improved upon when they remained in Canada.

threatened by the influx of visible-minority immigrants, about two thirds disagreed. They were also asked whether Canada should focus on the social assimilation of immigrants (encourage minority groups to be more like most Canadians), or the more multicultural policy of welcoming and accepting diversity (encourage Canadians to accept minority groups and their culture and language): overall, 58% felt the former policy should have the highest priority, while 38% felt the latter

In general, Canadians' opinions in 2007 have been somewhat more positive toward immigration than they had been in 2004, the first year of the tracking survey.

Canadians' views of immigration remain positive, with about two thirds of the population reporting such a positive outlook. Immigrants' views of their decision to come to Canada are also positive. While immigrants entering in 2000 were not happy about their economic outcomes, most of the two thirds who remained in the sample after four years were fairly positive about their decision to come to Canada and to have remained here.

### 9 Other Statistics Canada research

The summaries provided above draw on only a few of the 64 immigrant-related papers produced at Statistics Canada over the past six years. Other research papers have addressed such topics as are listed below.

- Immigrant health, including the 'healthy immigrant effect:' the observation that immigrants coming to Canada are often healthier than their Canadian-born counterparts; however, as they remain in Canada, they converge to health levels of the Canadian born.
- Outcomes for young children of immigrants—including their school performance, which may lag when the children are very young—tend to catch up and at times exceed those of the Canadian born by the time that they reach late elementary or early secondary school.
- Issues surrounding adequate housing for immigrants.
- The spatial distribution of immigrants in Canada, particularly the tendency to concentrate in the three largest cities.
- Fertility patterns among immigrant groups, and projections of the visible-minority population in Canada.
- The effect of immigration on the wages of Canadian-born workers, and comparisons with the United States and Mexico.
- Re-accreditation and outcomes for immigrants in particular occupations, such as engineering and medicine.
- Changing ethnic diversity in the neighbourhoods of the three large cities, and the effect of this on the general sense of 'trust' in the neighbourhoods. This research is suggesting that the effect of rising ethnic diversity in Canada on the population's sense of 'trust' is different than in other immigrant-receiving countries, notably the United States, the United Kingdom and Australia. In those countries, empirical studies suggest that trust is negatively associated with racial diversity. The preliminary results suggest that this relationship is not negative in Canada and, if anything, is positive. Rising neighbourhood ethnic diversity—larger numbers of ethnic groups represented in a neighbourhood—is not associated with a decline in the sense of trust. However, a rising neighbourhood concentration of one particular ethnic group is negatively correlated with trust, mainly among the white community.

## 10 Data sources and data development

The early research on immigration issues helped guide data development. Statistics Canada, in co-operation with the relevant policy agencies, has developed a suite of datasets used in the types of analysis described above.

## 10.1 Census of Population, the mainstay of immigration research in Canada

The requirement for large samples when focusing on successive cohorts of entering immigrants drives analysts to large sample data sources, most notably the Census of Population. It remains the most important data source for immigration research in Canada. Like all datasets, it has both advantages and disadvantages.

#### 10.1.1 Advantages of the census for immigration research

- Sample size is obviously the reason many people use the census. The 20% sample of Canadians, with detailed information on education, occupation, earnings and family income, geographic mobility and neighbourhood of residence, has been the mainstay for immigration research in Canada over the past few decades. It allows the researcher to focus on successive entering immigrant cohorts, an essential part of such research.
- Recent changes to the census allow the country where the highest level of education was received to be identified. Since economic returns to education for immigrants differ significantly depending upon the country where it is received, this is important.
- Parental place of birth—added to the census in 2001—allows for the analysis of the outcomes of the children of immigrants for the first time.
- Research on the impact of immigration on neighbourhoods is facilitated by the fact that the most commonly used 'neighbourhood' definition—the census tract—is longitudinally consistent from one census to the next. This is a tremendous advantage. One can study changes in the ethnic and immigrant composition of neighbourhoods over decades, and also look at the correlation with other neighbourhood outcomes.
- One of the most important events to encourage and facilitate immigration analysis in Statistics Canada has been the creation of easy-to-use, 'flat,' SAS or STATA files from the census. In earlier periods, census data were only available to analysts through a relatively difficult to use hierarchical software that only produced tables. Following the 2001 Census, easy-to-use flat files formatted for use with popular statistical analysis packages have allowed researchers to themselves exploit the census data. This change has been very important in facilitating the immigration research reported here.

#### 10.1.2 Some issues with the census data

• Language ability (in French or English) may be one of the most important determinants of economic and social integration. However, measures on almost all surveys do not capture it well. Variables such as mother tongue and language spoken at work are available, but they do not provide a good measure of ability. The variables are self reported, and they are not designed to be measures of language ability. The lack of a reliable measure of language ability is one of the major data shortcomings in immigration research.

- The use of 'synthetic cohorts' from the census has allowed researchers to develop a picture of the earnings trajectory with years since immigration. For example, immigrants aged from 30 to 34 in one census are assumed to be the same population as those aged from 35 to 39 in the next census, five years later. Based on such an assumption, earnings, employment, poverty and other trajectories are developed (see Chart 1). However, recent research has shown that, in fact, a significant proportion (perhaps one quarter) of immigrants leave Canada within the first few years of their arrival. Little is known yet of the characteristics of these leavers and how they compare with the stayers. However, some 'selection' effects almost certainly exist in the synthetic cohort trajectories produced from the census. Whether this is a positive or negative selection, or its extent, is as yet unknown.
- Immigrant class (skilled economic, family, refugee, etc.) is an important determinant of various outcomes, but it cannot be identified on the census. It is unlikely that self reporting would provide reliable data.

### 10.2 Other on-going surveys used in immigration research

There are a host of other on-going surveys to which researchers turn when conducting immigration research in Canada. They include:

• The Survey of Labour and Income Dynamics (SLID)
SLID is a longitudinal survey that focuses primarily on income and labour market outcomes of the adult population, but it has an immigrant identifier, which allows some immigrant research. At the heart of the survey's objectives is the understanding of the economic well-being of Canadians (and immigrants), and how the population reacts and adjusts to economic 'shocks'

This longitudinal survey of 30,000 households was first conducted 1993, and it is in many ways similar to the German and British household panel surveys. However, it has a narrower content focus, a larger sample size and a shorter panel length (six years) than these European panel surveys. Also, the survey is cross-sectionally representative, allowing for the production of the official annual income statistics. Statistics Canada is currently exploring the possibility of replacing SLID with a household panel survey that more closely resembles, in design and content, those in existence in some European countries, the United States and Australia. Such a move would enhance the opportunity for internationally comparative research. It is as yet unknown whether a new Canadian household panel survey will be implemented. It depends, as always, upon funding and the degree of support from policy agencies.

SLID supports some analysis of immigrant economic assimilation issues, but it does not have the sample or statistical reliability to concentrate on particular entering cohorts, such as was done in the research described earlier.

• The International Adult Literacy and Skills Survey (IALSS)
The 2003 IALSS is the Canadian component of the Adult Literacy and Life Skills Survey.
The main purpose of IALSS was to assess how well adults used printed information to better function in society. IALSS data include background information and psychometric results of respondents' proficiency along four skill domains: prose and document literacy, numeracy

and problem-solving. The survey is capable of supporting important research on the effect of literacy and numeracy skills on earnings outcomes of both the Canadian born and immigrants (as well as the gap between the two). Citizenship and Immigration Canada funded an oversampling of immigrants to allow more recent immigrants to be differentiated from earlier immigrants. It has supported some very important immigrant research. Some of the results were reported earlier in this paper.

- The National Population Health Survey (NPHS)
  - The NPHS is a longitudinal survey of 17,276 persons of all ages, and it was initiated in 1994. These same persons are interviewed every two years over a period of 18 years. The objectives of the NPHS are to aid in the development of public policy by providing information on the health status of the population, understanding the determinants of health, and increasing the understanding of the relationship between health status and health care utilization. An immigrant identifier supports both research on the health dimensions of the immigrant population and comparisons with the Canadian born.
- The National Longitudinal Survey of Children and Youth (NLSCY) The NLSCY is a long-term study of Canadian children that follows their development and well-being from birth to early adulthood. The NLSCY is designed to collect information about factors influencing a child's social, emotional and behavioural development and to monitor the impact of these factors on the child's development over time. With a very small immigrant sample, it does allow some basic comparisons of childhood outcomes of immigrants and the Canadian born, and the trajectory of childhood outcome 'gaps' as children age. As with some of the other surveys, sample size is of concern when addressing issues surrounding the assimilation of immigrant children.

## 10.3 The development of new data sources to support immigration research

In spite of the existence of surveys such as those mentioned above, the early research suggested that there were a number of data gaps. As a result, the following data sources, largely longitudinal, were developed.

#### 10.3.1 The development of the Longitudinal Immigration Database

As noted, the census remains the primary source of data for immigration research. But it is conducted only once every five years, and outcomes for entering cohorts can change over such a period. Furthermore, the availability of true longitudinal data (not synthetic cohorts) would enhance the power of the analysis. Hence, another source of longitudinal data with very large samples of immigrants was required. This requirement was met through the creation of two data sources that are based mainly on taxation data. The first was the Longitudinal Immigration Database (IMDB).

The IMDB was created jointly by Statistics Canada and Citizenship and Immigration Canada; it was funded in part by a consortium of users, including provincial governments. This file merges immigrant landing records with taxation records. The former provide detailed information on immigrant characteristics, the latter give detailed longitudinal information on employment earnings in particular. Given the universal coverage of tax files (almost complete coverage of the

population in many age groups), this data source allows detailed tracking of earnings trajectories of entering cohorts of immigrants since the early 1980s up to 2005. The IMDB was created in large part to provide the data necessary to evaluate outcomes for immigrants in different immigrant classes and program changes implemented by Citizenship and Immigration Canada.

But the IMDB also has its shortcomings. Most notably, there is no comparison group (no data on the Canadian born); therefore, the earnings gaps between immigrants and the Canadian born cannot be assessed. Furthermore, the data are for individuals only; families are not formed on this file. Hence, economic welfare issues such as low-income levels cannot be measured. To overcome this, yet another administrative data source was created.

#### 10.3.2 Linking of the Longitudinal Immigration Database to the Longitudinal **Administrative Databank**

The Longitudinal Administrative Databank (LAD) was an already existing longitudinal data source, covering 20% of the Canadian population, and based on taxation data. It does allow families to be formed, and it covers the period from 1982 to the present. LAD supports numerous kinds of analyses, such as the effect of divorce on economic outcomes for men and women, the intergenerational income mobility of Canadians, poverty dynamics, entry and exit from social assistance and other government programs, and the 'brain drain.' However, until recently it was not possible to identify immigrants on this file, and hence precluded potentially important immigrant research. The linking of LAD with the IMDB file, with its detailed information on immigrants and immigrant identifier, overcame this problem. Due to the very large sample, this data source supported more recent work (since the 2001 Census) on the economic assimilation patterns of immigrants entering Canada. It also has supported research on low-income dynamics among immigrants, the use of government transfers (social assistance, employment insurance, etc.) by immigrants, the onward migration of immigrants and other topics.

#### 10.3.3 The development of the Longitudinal Survey of Immigrants to Canada

As useful as the previously described administrative longitudinal sources are, they suffer from a drawback common to almost all administrative databases: they contain a limited number of covariates. The administrative data have substantial detail on immigrants, but they lack key information on the Canadian born, such as education and occupation. Furthermore, being based on taxation data, they cannot support research on the social integration of immigrants. To overcome these and other data gaps, Citizenship and Immigration Canada, along with Statistics Canada, created a true longitudinal sample survey. The Longitudinal Survey of Immigrants to Canada (LSIC) followed a single entering cohort of immigrants (those entering in 2000) for four years, with interviews at six months, two years and four years after entry.

Topics covered in the LSIC include housing, education, foreign credential recognition, employment, health, values and attitudes, the development and use of social networks, income, and perceptions of settlement in Canada. This survey, with an initial sample of 12,000 immigrants, continues to be exploited by analysts inside and outside of Statistics Canada, particularly those concerned with social integration issues.

#### 10.3.4 The development of the Ethnic Diversity Survey

In 2002 Canadian Heritage and Statistics Canada initiated the Ethnic Diversity Survey (EDS), which focused on issues relating to the rapidly changing cultural diversity in Canada. While not strictly an immigrant survey, the EDS has provided many opportunities for immigration research. It used the 2001 Census as the survey frame. It was designed to better understand how people's backgrounds affect their participation in the social, economic and cultural life of Canada.

Topics covered include ethnic ancestry, ethnic identity, place of birth, visible-minority status, religion, religious participation, knowledge of languages, family background, family interaction, social networks, civic participation, interaction with society, attitudes, satisfaction with life, trust and socioeconomic activities. The sample of approximately 57,000 individuals was stratified so as to provide large samples for the ethnic groups whose mother tongue tends to be a language other than English.

#### 10.3.5 Recent changes to existing surveys

Other steps have been taken to improve the data availability for immigration research. Most notably, last year an immigrant identifier was added to the monthly Labour Force Survey. This move will allow data on immigrant outcomes to be more current.

Faced with the demand for improved and expanded longitudinal and cross-sectional data on immigrant outcomes, Statistics Canada along with its partners in the three most relevant policy agencies—Citizenship and Immigration Canada, Heritage Canada and Human Resources and Skills Development Canada—responded in a significant manner.

## 11 The effect of immigration on social cohesion in Canada

With rising immigration and the resulting ethnic diversity, many Western nations are concerned with the effect on social cohesion. There are two policy agendas that governments can pursue regarding this issue (Soroka, Johnston and Banting 2007). One approach is to celebrate diversity, respect cultural differences and allow minorities to express their distinctive culture. The second agenda is to focus on social integration and assimilation, and to try to build a common national identity. These agendas can be pursued simultaneously, but often the balance shifts between the two. In the very recent past, events in many European nations have led them to consider what agenda might be most effective in maintaining social cohesion in the face of rising ethnic diversity. Demonstrations and violent confrontations have prompted concerns regarding social cohesion in some European nations.

But Canada, at least to date, has escaped such demonstrations and clashes between minority groups and the state. There is little evidence of a breakdown in social cohesion, in spite of the very rapid increase in ethnic diversity and the share of the population in visible-minority groups. There are some signs of concern, such as a recent debate in Quebec regarding 'reasonable accommodation' of immigrant groups entering Canada with very different cultural and religious backgrounds. Overall, however, Canada has largely escaped both the outward signs of disharmony between immigrant groups and the Canadian born, as well as prolonged debates about such an issue. There are a number of possible reasons for this outcome. Statistics Canada has conducted virtually no research on this topic, but some speculation may be worthwhile.

- Canada, unlike many nations, has never pursued or developed a single national identity. At Canada's inception in 1867, there were two founding peoples with very different cultures, religions, histories and languages: the English in Ontario and the French in Quebec. From the very beginning. Canada has needed to try to accommodate very different groups as equals and, in the process, built up a tradition. Furthermore, concerns with the protection of minority rights, such as those of the English in Quebec and the French outside of Quebec at the time of the creation of Canada, also have a long history in Canada. The latest manifestation of this was the creation of the Canadian Charter of Rights and Freedoms. This history has no doubt influenced the way in which people from different cultural backgrounds integrate within Canadian society.
- Following its creation—and even before that—Canada became a nation of immigrants, and immigration has long been seen as a natural part of the growth of the country. Most Canadians take pride in the ability of the country to welcome people from many different cultural backgrounds, and they expect immigration to contribute positively to the growth of the nation, as it has done in the past. Many European nations, on the other hand, have only recently begun to think of themselves as immigrant-receiving nations. Hence, the Canadian population has a very different perspective on immigration and its effects.
- The very high level of education among Canadian immigrants—much higher than that of the Canadian born—promotes adaptation to a modern 'knowledge-based' society. Furthermore, the typical immigrant in Canada is not perceived as a less educated person lacking the skills to succeed: rather, the image is often one of a highly educated, ambitious and capable individual with the potential to contribute positively to Canadian society. The education level of immigrants to Canada is higher than that of (legal) immigrants going to the United States and most European nations.
- In Canada, politicians at all levels—federal, provincial and municipal—have clearly stated that higher immigration levels are essential to the economic health of the nation (or city). Leaders in cities not receiving their 'share' of immigrants often devise incentives to attract more. This message has been largely accepted by the population, and it affects their views of the value of immigration. Immigration is seen by most as necessary to maintaining population growth and prosperity. There is no political party that has adopted an antiimmigrant stance, and hence there is no vehicle for the expression of what dissatisfaction may exist among some of the population.
- Political and civic engagement among visible minorities, while not at the level of that of some other groups, is substantial in Canada. This activity sends a message to the newly arrived immigrant that participation in the political system is possible and to the country that visible-minority group members play an important and active role within the state. The naturalization of newcomers to Canada, a necessary step for participation in a democracy, is among the highest in the world (Banting, Courchene and Seidle 2007). While voter turnout rates are lower among recent immigrants than in the Canadian-born population, they are at significant levels. Furthermore, there are somewhere from 15 to 20 members of the federal parliament from visible-minority groups, and they have been premiers of provinces and members of provincial parliaments.

- The fact that immigration is extremely racially diverse may contribute to its relatively small negative effect on social cohesion. In nations where immigrants from one particular ethnic group dominate, the native born may react to the cultural values and norms of that group. However, immigrants to Canada come from such a wide range of source countries, and they also have such widely varying cultural and religious backgrounds, that accommodation of the differences becomes the norm.
- The absence of any significant number of illegal immigrants in Canada may also contribute to the relatively positive attitude that most Canadians have toward immigration. Illegal immigration is a significant issue within the United States and some European nations. One result is an increased sense among some citizens that some immigrants are not following the rules and that they are receiving benefits to which they are not entitled. The situation in Canada is quite different, given the relative absence of illegal immigrants.

#### 12 Conclusion

The response by Statistics Canada to concerns regarding immigrant outcomes, documented in this paper, was guided by some of the priorities in place within the Agency. The important role played by substantive research in Statistics Canada is among these. Substantive research allows the statistical agency to hold a mirror to important social and economic trends in an objective manner, thereby contributing to public discussion and policy development. In so doing, the Agency fulfills its mandate to not only collect statistics but also to analyse them.

Substantive research also provides important data quality feedback. For example, information on immigrant undercoverage issues in the Survey of Labour and Income Dynamics stemmed from such substantive analysis. Significant feedback from research has allowed statisticians to learn what worked and what did not in the new Longitudinal Survey of Immigrants to Canada, a survey that contained a number of new content blocks. The significant data development outlined earlier in the paper was guided to a considerable degree by the research results and by the resulting questions for which the policy departments and Statistics Canada had no answer.

Significant and meaningful co-operation with the policy departments is another important Agency priority. In this particular case, regular formal meetings are held with Citizenship and Immigration Canada to discuss both research projects and data requirements in the immigration area. Research priorities are influenced by the needs of the appropriate policy agencies, although they are not the sole influence. 12 Virtually all of the significant data development described earlier was a joint effort of Statistics Canada and the relevant policy agency.

The successful conduct of both substantive research and data development is enhanced by strong links with the academic research community as well, another important priority for Statistics Canada. Agency researchers interact with their academic counterparts through publications in academic journals, presentations at academic conferences and the co-authoring of studies. This activity tends to keep the quality of the research high, the methods up to date, and it lends

<sup>12.</sup> Other criteria include Statistics Canada's comparative analytical advantage (often related to access to data and research skills), the need to exploit new datasets, and quality testing through analysis, and the public interest in particular issues.

credibility to the studies produced by Statistics Canada. It is also very useful in recruitment drives, allowing Statistics Canada to bid for some of the better graduates. Their view of the Agency is altered by such interaction. Needless to say, when new databases that are designed primarily to meet analytical and research objectives are developed—as is the case with most of the longitudinal surveys—then strong links with the academic research community, as well as the policy community, are essential.

Finally, much of the research described in this paper might not have been conducted at all had it not been done in Statistics Canada. The Agency has a considerable comparative advantage in the conduct of some substantive research. This is particularly true for research employing complex administrative data files, such as taxation data described earlier. Access to the taxation data for research purposes is ultimately controlled by the department that collects taxes. The protection of these data is paramount in the public's mind. Having the appropriate legislation—such as the *Statistics Act*—in place to protect the confidentiality of these data is an important part of acquiring access. Few other research organizations have similar legislation. But beyond access, the detailed knowledge of the complex and idiosyncratic administrative data, as well as the skills developed in the analysis of such data, provide an advantage to Statistics Canada researchers. Some types of research are more efficiently carried out in Statistics Canada than elsewhere.

<sup>13.</sup> The Canada Revenue Agency.

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