



The Daily

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- **Earnings of immigrant workers and Canadian-born workers, 1980-2000** 2
 Despite a massive increase in their educational attainment, recent immigrant men employed on a full-year, full-time basis saw their real earnings fall 7% on average from 1980 to 2000. During the same period, however, real earnings of Canadian-born men rose 7%. Earnings of recent immigrant women rose over the period, but not as quickly as among Canadian-born women.
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MAJOR RELEASES

Earnings of immigrant workers and Canadian-born workers

1980-2000

Despite a massive increase in their educational attainment, recent immigrant men employed on a full-year, full-time basis saw their real earnings fall 7% on average from 1980 to 2000, according to a new study based on census data. During the same period, however, real earnings of Canadian-born men went up 7%. Earnings of recent immigrant women rose over the period, but not as quickly as among Canadian-born women.

The study found that in 1980, immigrant male workers who had arrived in Canada from 1975 to 1979 and who were working full-time for at least 40 weeks earned \$40,600.

Twenty years later, their counterparts, that is, male immigrants who arrived from 1995 to 1999, earned only \$37,900.

This substantial decline cannot be attributed to changes in the educational attainment of recent immigrant men, as it occurred during a time when their level of education rose substantially. In 1980, of all recent immigrant male workers employed on a full-year, full-time basis, 22% had a university degree. By 2000, this proportion had doubled to 44%.

While earnings of recent male immigrants have fallen over the last two decades, those of Canadian-born workers have risen. As a result, the gap between the pay rates of recent immigrant men and those of their Canadian-born counterparts has widened substantially.

This growing gap suggests that unless they experience a marked improvement in their earnings in the near future, male immigrants who arrived during the late 1990s will need more time than their predecessors to achieve earnings parity with Canadian-born workers.

Men who immigrated during the late 1990s were not the only group to experience significant decreases in earnings over the last two decades. Canadian-born men aged 25 to 29 also saw their earnings fall markedly. In 1980, they received \$39,800. Two decades later, however, their counterparts earned only \$35,700, a 10% decline.

The study also found that earnings of recent immigrant women increased during the 20-year period. However, Canadian-born women saw their earnings increase considerably more. As a result, a growing earnings gap also emerged between recent immigrant

Note to readers

This release is based on a research paper titled Will they ever converge? Earnings of immigrant and Canadian-born workers over the last two decades, available today.

The study examines the evolution of annual earnings of immigrant and Canadian-born workers from 1980 to 2000. It uses data from five censuses: 1981, 1986, 1991, 1996 and 2001.

Annual earnings include wages and salaries and net income from self-employment. They are measured in 2000 constant dollars using the all-items Consumer Price Index.

Unless otherwise noted, the sample consists of individuals aged 16 to 64, who worked at least 40 weeks during the reference year and worked mainly full-time during those weeks, that is, at least 30 hours per week on average. The term full-year full-time workers is used in this release to refer to these individuals.

For the reference year 1980, the study defines recent immigrants as those who arrived in Canada between 1975 and 1979. Similarly, for the reference year 2000, recent immigrants are defined as those who arrived in Canada between 1995 and 1999.

women and their Canadian-born counterparts over the last two decades.

For both sexes, the poorer performance of recent immigrants was observed mainly among workers in prime age groups. In general, young Canadian-born workers had no stronger earnings growth than their recent immigrant counterparts.

Earnings decline varied among groups of recent male immigrants

The average 7% decline in real annual earnings of recent male immigrants that occurred from 1980 to 2000 masks widely differing trends across sub-groups of different ages and education levels.

For instance, recent male immigrants aged 25 to 29 with no university degree saw their real earnings fall at least 14%. In contrast, their counterparts with a university degree did much better, recording a 3% increase in earnings.

This markedly better performance of university graduates was not observed among recent male immigrants who were somewhat older.

Earnings of recent male immigrants aged 30 to 54 with no university degree fell at least 19%, while those of their counterparts with a university degree were down 15%. This suggests that the returns to foreign work experience may have declined in the Canadian labour market over the last two decades.

Canadian-born men in prime working age fared better

The average 7% increase among Canadian-born workers from 1980 to 2000 also was not observed among all groups of workers.

For instance, Canadian-born male university graduates aged 25 to 29 did no better than their foreign-born counterparts since they experienced a drop in earnings of 3%. Only young Canadian-born men with college education had smaller earnings losses than their foreign-born counterparts.

In contrast, Canadian-born men aged 30 to 54 did much better than recent male immigrants of similar ages. From 1980 to 2000, real earnings of Canadian-born men in this age group with no university degree fell at most 5%, while those of university graduates rose 6%.

The consequence was that a growing gap between the pay rates of recent male immigrants and Canadian-born workers emerged from 1980 to 2000. After accounting for differences in education, age and many other factors, recent male immigrants received, on average, earnings 17% lower than their Canadian-born counterparts in 1980. By 2000, this gap had more than doubled to 40%.

Gap also growing between female immigrants and Canadian-born women

A growing earnings gap has also emerged between recent female immigrants and their Canadian-born counterparts.

From 1980 to 2000, real earnings of Canadian-born women rose 19% while those of recent female immigrants rose only 13%. This growing gap emerged even though the educational attainment of recent immigrant women employed on a full-year, full-time basis increased faster than that of their Canadian-born counterparts.

For instance, of all recent immigrant women employed on a full-year, full-time basis in 1980, 15% had a university degree. The corresponding number was 38% in 2000. Meanwhile, the share of Canadian-born women with a degree more than doubled from 10% to 22%.

The poorer performance of recent female immigrants was seen only among women aged 30 to 54. This had clear consequences. In 1980, recent female immigrants were paid 23% less than Canadian-born women of similar ages and educational attainment. By 1980, this gap had almost doubled to 45%.

Factors underlying growing gap

While the factors underlying the growing earnings gap between recent immigrants and their Canadian-born

counterparts are still largely unknown and thus deserve further investigation, some explanations can be ruled out.

First, the poorer performance of recent immigrants cannot be due to diverging changes in educational attainment since the education level of recent immigrant men and women employed on a full-year, full-time basis rose faster than that of their Canadian-born counterparts over the last two decades.

The performance of the Canadian labour market in 1980 and 2000 cannot explain this growing earnings gap either. The reason is that the unemployment rate of workers aged 25 to 54 was exactly the same in both years: 5.7%.

Furthermore, changes in the age structure of recent immigrants must be ruled out as an explanation, since these changes were controlled for in the study.

Real earnings of young Canadian-born men have also dropped substantially during this period. This suggests that the problems faced by recent immigrant men may not be unique to them. Rather, they may have an impact on all new entrants to the Canadian labour market, whether or not they are born in Canada.

Since the poorer performance of recent immigrants was observed mainly among prime-aged workers, problems faced by recent immigrants appear to affect mainly individuals with substantial foreign work experience.

Even though it has been documented in several studies over the last decade, the drop in wages of new male entrants to the Canadian labour market is still not well understood.

Potential factors include increases in competition within industries or from abroad. As a result of globalization and/or technological changes, these increases might lead firms to cut labour costs by decreasing wages, mainly in entry level jobs. This would affect pay rates of new entrants to the labour market. The decrease in union density observed among young workers may also have played a role.

Definitions, data sources and methods: survey number 3901.

The research paper *Will they ever converge? Earnings of immigrant and Canadian-born workers over the last two decades* (11F0019MIE2003215, free) is now available on Statistics Canada's website. To access the Analytical Studies Research Paper Series, select *Studies* from the home page, then, under *Browse periodical and series*, choose *Free and for sale*. Under *Series* select *Analytical studies*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marc Frenette (613-951-4228) or René

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Market Analysis Division.

Mean earnings of recent immigrant and Canadian-born workers by sex, age, and education^{1,2}

	All education levels			High school or less			College			University		
	1980	2000	1980 to 2000	1980	2000	1980 to 2000	1980	2000	1980 to 2000	1980	2000	1980 to 2000
	\$		growth in %	\$		growth in %	\$		growth in %	\$		growth in %
Men												
Canadian-born												
age 16 to 64	45,600	48,600	7	40,300	38,900	-4	45,400	46,700	3	69,100	76,000	10
age 25 to 29	39,800	35,700	-10	37,200	31,400	-16	40,600	36,100	-11	45,800	44,300	-3
age 30 to 54	51,300	52,600	3	45,000	42,500	-5	50,100	49,500	-1	74,800	79,300	6
Recent immigrants ³												
age 16 to 64	40,600	37,900	-7	31,800	26,400	-17	40,900	34,400	-16	55,300	48,300	-13
age 25 to 29	36,100	33,400	-7	31,300	26,800	-14	37,800	30,000	-21	42,300	43,400	3
age 30 to 54	45,400	40,300	-11	35,400	28,000	-21	44,400	36,000	-19	57,700	49,000	-15
Women												
Canadian-born												
age 16 to 64	28,800	34,400	19	24,800	27,600	11	30,100	32,800	9	45,200	50,000	11
age 25 to 29	29,600	29,200	-1	25,900	23,700	-9	30,000	27,000	-10	38,000	36,400	-4
age 30 to 54	31,700	37,000	17	26,500	29,600	12	33,000	34,900	6	51,400	54,200	6
Recent immigrants ³												
age 16 to 64	23,800	26,800	13	20,300	20,000	-2	24,600	25,000	1	32,700	34,700	6
age 25 to 29	24,300	25,200	3	21,400	19,600	-8	24,400	23,700	-3	30,800	32,000	4
age 30 to 54	25,300	28,400	13	21,000	21,100	1	26,100	25,900	-1	34,400	35,500	3

¹ Measured in 2000 constant dollars.

² In any given year, the sample consists of individuals who worked at least 40 weeks (mainly full-time, or 30 hours or more per week), and with positive earnings.

³ Recent immigrants are those who arrived in the last five years.



OTHER RELEASES

Production of eggs and poultry

August 2003 (preliminary)

Egg production, was estimated at 48.6 million dozen in August, up 0.2% from August 2002.

Poultry meat production reached 90.2 million kilograms in August, down 1.2% from August 2002.

Available on CANSIM: tables 003-0022, 003-0038 and 003-0039.

Definitions, data sources and methods: survey numbers, including related surveys, 3424, 3425 and 5039.

The August 2003 issue of *Production of eggs* (23-003-XIB, free) will be available soon on Statistics Canada's website. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

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Civil aviation operating statistics

May to July 2003

Monthly operational data on civil aviation are now available for May to July 2003.

Available on CANSIM: table 401-0001.

Definitions, data sources and methods: survey number 5026.

May to July 2003 operational data on civil aviation for Air Canada will appear in the next issue of *Aviation: Service bulletin*, Vol. 35, no. 5 (51-004-XIB, \$8). See *How to order products*. A print-on-demand service is also available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Robert Lund (613-951-0125; robert.lund@statcan.ca) or Lisa Di Piétro (613-951-0146; lisa.dipietro@statcan.ca), Transportation Division.



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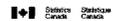
- **Urban transit, 1990** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 20 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1990** 4
Growth in productivity among Canadian businesses was historically weak since 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

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