



PCERII Funded Research

Progress Report

Earning Opportunities of Immigrants: An Analysis of Urban Scale, Industrial Structure, and Enclave Economy on Income Disparity

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1. Research Problem

Past research on immigrants' labour market performance mainly studies the effects of human capital and characteristics of work on earnings. The present project examines earning disparity between immigrants and native-born Canadians, taking into account the scale of the urban market, gender and race, and controlling for human capital, language ability and other labour market characteristics. Simply put, the question is whether immigrants in larger CMAs have a better earning opportunity as compared to native-born Canadians than immigrants in small CMAs?

2. Research Methodology

The research method involves using the microdata file on individuals from the 1991 Census to develop estimation models of earnings. The 1991 Census data file has 809,654 individual records, of which 412,157 individuals were 15 years old and over and worked in 1990. Immigrants, or those born outside of Canada, accounted for 79,738 records.

3. Research Progress

To date, the analysis of the 1991 Census data has been completed. Since the microdata of the 1996 Census are scheduled to be released in the first quarter of 1999, I am hoping to wait for the release and replicate the analysis using the 1996 Census.

4. Preliminary Findings

The analysis shows that besides human capital and work related variables, immigrants' earnings also depend on the urban size and local market features. When comparisons are made between 16 immigrant groups of different gender, racial origin, and urban location, and their 16 native-born counterpart groups, the data indicate that immigrants earned about the same or more than native-born Canadians of the same gender and racial origin at all CMA levels, but immigrants and native-born Canadians in general tend to earn more in larger CMAs than those in smaller ones. However, when differences in individual characteristics and labour market features are taken into account, only immigrants men not of visible minority origin were able to maintain earning parity or a slight advantage over native-born men of the same origin. Immigrant women not of visible minority origin, and immigrant women of visible minority origin tend to earn less than their native-born counterparts at all CMA levels. Immigrant men of visible origin earned more than their counterparts in non-CMAs, and progressively less in larger CMAs. Thus, it appears that the level of CMA not only affects the absolute earnings of immigrants, but also the relative earning disadvantage of immigrant men and women, especially those of visible minority origin, in that their net earning differentials with their counterparts tend to be wider in larger CMAs.

5. Policy Implications

The research findings suggest that in addition to the individual characteristics such as human capital and language ability which affect the labour market outcomes of immigrants, their earning opportunities as compared to native-born Canadians also depend on the urban scale and features of the local market. In short, successful economic integration of immigrants not only involves improving the language ability and credential recognition of immigrants, but also removing labour market barriers. Since income disparity is wider in larger CMAs, the findings

also suggest that policies to promote racial and gender equality are urgently needed, especially in large CMAs.

6. Student Support

One senior student majoring in sociology was hired under the project for one year, and a Ph.D. student will be hired on this project in the summer of 1999.

7. Dissemination

To date, two papers have been published based on analysis of self-employment and income inequality using the 1991 Census, and another paper based on the study of immigrants' opportunities has been presented at a conference.

Li, Peter S.

- 1997 "Self-employment among visible minority immigrants, White immigrants, and native-born persons in secondary and tertiary industries of Canada." *Canadian Journal of Regional Science* 20 (1,2): 103-118.
- 1998 "The market value and social value of race." Pp. 113-130 in Vic Satzewich, ed., *Racism and Social Inequality in Canada*. Toronto: Thompson.
- 1999 "Effects of individual and market characteristics on the relative earning disadvantage of immigrants." Paper presented at the Third National Metropolis Conference, Vancouver, January 13-16.

8. Projected Date of Completion

This project is expected to be completed in June of 2000.