



Labour Market Matters

Special points of interest:

- Study finds significant wage penalties or individuals who work in non-English/non-French linguistic enclaves.
- Income disparity found to have grown between the richest neighborhoods in Canada and the poorest Canadian neighborhoods over the last 20 years.

“Compared to those who work in English only settings, foreign born women and men who are employed only where non-official languages are in use, received weekly earnings that are between 56 to 73 percent lower.”



Linguistic enclaves can provide a source of employment for allophone immigrants when their language abilities prevent them from taking more mainstream employment; but such enclaves can be a barrier to successful economic integration, causing individuals to be trapped in low-paying jobs
Image: [Frederico Stevanin](#)

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Linguistic Enclaves: Help or Hindrance for Immigrants who speak neither English nor French?

Linguistic enclaves are defined as groups of people who are similar with respect to languages used on their jobs. Linguistic enclaves can offer some economic benefits for allophone (individuals who do not speak English nor French) immigrants who otherwise would not be able to find employment. However, these workers who are employed in work settings where languages other than English and/or French are used may receive lower wages because of crowding and competition, and they may be more vulnerable to unemployment and blocked mobility into the mainstream economy. A study by CLSRN affiliate Monica Boyd (University of Toronto) entitled “**Language at Work: The Impact of Linguistic Enclaves on Immigrant Economic Integration**” ([CLSRN Working Paper no. 41](#)) examines the role played by linguistic enclaves on the economic integration of immigrants to Canada. Boyd’s investigation into the wage rates paid to workers in different linguistic enclaves confirms the existences of lower pay in those work settings where English and/or French are not used on the job.

While fewer than two percent of Canadian born individuals use non-English/non-French languages at work, for foreign individuals with paid employment and between the ages of 25-64 in 2006, nearly one in five (16.5%)

of all foreign born and nearly one in four of allophone immigrants (22.2%) use languages other than English and/or French at work. One in ten (11.7%) foreign born allophones use English and/or French most often, but also use other languages regularly; an additional one in ten (10.5%) work at jobs where neither English or French are used most often or at all.

Analyzing data from the Canadian Census, Boyd found that compared to allophones who work in places where only English is used, those who work in French only sites earn less; however those who are employed where both English and French are used most often and regularly, tend to earn more. Interestingly, the study also found that in sites where English and/or French is used most often but where other languages are used regularly causes a wage penalty for allophones, with weekly wages 21 to 29% lower for women and 28 to 37% lower for men than those received by their counterparts who are employed in English only settings. This weekly earnings gap increases when other languages are used most often. Compared to those who work in English only settings, foreign born women and men who are employed only where non-official languages are in use, received weekly earnings that are between 56 to 73% lower.

In Montreal and in Toronto, the earnings of allophones who use English and French most often and regularly at work are higher than



Monica Boyd
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those who speak only English, but for allophones working in Vancouver, there is no significant wage advantage for using both English and French together. Interestingly, Boyd finds that penalties for working in non-English, non-French linguistic enclaves are less likely in Montreal.

Research findings from this study can inform immigration policy with respect to the language skills of immigrants who are admitted to Canada and migrant policy with respect to integration initiatives after entry. If low levels of English/French language proficiency means greater participation in non-English/non-French employment sites, and if participation in such enclaves means reduced earnings, then refinements to existing immigration and migrant policy, toward improving language skills may be useful.

There goes the neighbourhood: Why income in the richest Canadian neighborhoods grew in the past 20 years while income in the poorest Canadian neighborhoods stagnated

Rising neighbourhood inequality can change the face of cities. It can result in some neighbourhoods foregoing the economic benefits of a general improvement in economic conditions. The economic growth of the last quarter century has not lifted all neighbourhoods equally. A paper by CLSRN affiliates W.H. Chen (OECD and Statistics Canada), John Myles (University of Toronto) and Garnett Picot (Statistics Canada and Queen's University) entitled "**Why have poorer neighbourhoods stagnated economically, while the richer have flourished? Neighbourhood income inequality in Canadian cities**" ([CLSRN Working Paper no. 82](#)) finds that in Canada's eight largest cities average family incomes among the poorest 10% of neighbourhoods at the bottom of the distribution were fairly stagnant, changing between -4% and +5%, while incomes in the richest 10% of neighbourhoods rose by 25% to 75% over the same period, depending upon the city. Thus, the average family in the poorest neighbourhood had virtually no more purchasing power in 2005 than in 1980, in spite of considerable economic growth over the period.

Using Canadian Census data, the researchers found that in 2005 the richest 5% of neighbourhoods had average after tax family incomes that were roughly 2 to 3 times that of the income in the poorest 5% of neighbourhoods. Between 1980 and 2005, this "95/5" ratio increased in the majority of

cities. Calgary and Toronto had both the greatest increase in neighbourhood inequality and the largest neighbourhood income gaps in 2005 – where the richest 5% had average family incomes 2.9 times that of the poorest neighbourhoods, up from around 2.0 in 1980. Quebec City and Ottawa-Gatineau were the two cities that showed relatively little change in neighbourhood income inequality. Quebec City had the lowest gap in 2005, with a ratio of 1.9.

“[T]he average family in the poorest neighbourhood had virtually no more purchasing power in 2005 than in 1980, in spite of considerable economic growth over the period”

With the exception of Ottawa-Gatineau, during the period examined, the earnings of job holders aged 25 to 54 fell in the poorer neighbourhoods while rising in the richer neighbourhoods. Earnings among job holders fell by between 5% and 15% in the poorest 10% of neighbourhoods, while rising between 7% and 80% in the richest neighbourhoods. Toronto and Calgary saw earnings fall 6% to 8% among the poorest neighbourhoods, while earnings rose 62% to 82% in the



Neighbourhoods that lack a mix of socio-economic classes can be vulnerable to development patterns that can result in poorer education, crime and health outcomes for families clustered in poorer neighbourhoods.

Image: [Renjith Krishnan](#)

richer neighbourhoods. Hence, it is not so much the ability to locate jobs that accounts for the rise in the earnings gap between richer and poorer neighbourhoods, but rather the type of job found, and more specifically, the annual earnings in the jobs held.

While unemployment was found to be higher in poorer neighbourhoods; the researchers did not find an increased concentration of unemployment in these communities. Rather, it was the type of job found that mattered. The jobs in which members of poorer communities increasingly found themselves in were, in most cities, generating lower annual earnings, unlike those found by the residents of the richer communities. The study found that most, but not all the documented increases in neighbourhood inequality were driven by the rise in family income inequality. Hence, in most Canadian larger cities, the rising neighbourhood income gap was mainly a by-product of the rising family income gap. The overall rise in neighbourhood inequality

would have been fairly modest in the absence of the changes in total family income inequality that occurred over the period.

Beyond rising family income inequality, the other factor that can contribute to rising neighbourhood inequality is increasing neighbourhood economic segregation, the increased tendency of “like to live with like”. Planners often strive for reduced levels of neighbourhood economic segregation, neighbourhoods with a mix of low and high income families. Homogenous neighbourhoods can be vulnerable to what the researchers refer to as “neighbourhood effects”, or economic development patterns driven by peer group behaviour or local financing possibilities, which can result in poorer education, crime and health outcomes for poorer families clustered in poor neighbourhoods. Socio-economically mixed neighbourhoods can help dampen these effects, particularly for poorer families. If economic segregation is increasing and neighbourhoods are becoming more homogeneous with respect to income, then such neighbourhood effects could be increasing. The research found that while neighbourhood economic segregation did increase in most cities, it was not the main driving force behind the rise in neighbourhood inequality. Rising family income inequality played that role.

Endnotes

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