

# **Temporary Foreign Workers and Former International Students as a Source of Permanent Immigration\***

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## **Abstract**

We compare the economic outcomes of former Temporary Foreign Workers (TFWs) and former international students to immigrants who have no Canadian human capital at the time of landing. First, controlling for all possible variables that are adjustable under the current Canadian points system, we find that TFWs and students have better earning and employment outcomes, although by four years after landing, there is no difference between the employment outcomes of students or earnings of TFWs and workers with no pre-immigration Canadian human capital. Predicting the points that immigrants would obtain based on their observable human capital under the points system, each point increases earnings by around 2 percent and the probability of being employed by around half a percent. We also find that the predicted points of the respondent helps predict the earning and employment outcomes of the spouse. Next we examine the outcomes of immigrants based on entry class separately by gender. We find that both male and female Principal Applicants entering through the Skilled Worker program perform much better than immigrants entering through most of the other classes, although, for males, Principal Applicants entering under the Family Class are more likely to be employed at six months and two years after landing. Finally, restricting the sample to immigrants who were directly assessed based on economic criteria (Skilled Worker Principal Applicants), we discover that for males, immigrants who had previously worked in Canada as TFWs have much better outcomes in terms of entry earnings than immigrants who have no pre-Canadian experience at landing. Former international students experience an advantage in terms of hourly earnings, but much smaller than that experienced by TFWs, and students experience no earnings advantage in terms of weekly earnings. Overall, the evidence suggests that temporary foreign worker or student status does provide some signal of how well an immigrant will integrate economically.

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