

Earnings Mobility of Canadian Immigrants: A Transition Matrix Approach

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Abstract

This Study examines the earnings mobility of Canadian immigrants using the large IMDB microdata file. We examine earnings transition matrices of immigrants over ten years after landing in Canada for three landing cohorts – 1982, 1988, and 1994. Immigrants also arrive under four separate admission classes: independent economic, other economic, family class, and refugees.

The study reports five major empirical findings. First, overall earnings mobility was slightly greater for male immigrant earners than for male workers as a whole in the Canadian labour market, but was considerably greater for female immigrant earners than for all female earners in Canada. But both male and female immigrants over their first decade in Canada were much more likely to experience downward earnings mobility than were all earners of the same gender in Canada. Second, across the four immigrant admission classes, independent economic immigrants have markedly the highest average probability of moving up and the lowest probability of moving down the earnings distribution. Third, overall earnings mobility is slightly higher for female than male immigrants – opposite to the situation for workers as whole in Canada. Fourth, the degree of immigrant earnings mobility declines over immigrants' first ten post-landing years in Canada as they integrate into the Canadian labour market. Fifth, overall earnings mobility across landing cohorts has shown only minor changes between the 1982 and 1994 cohorts, where the average probability of moving up has significantly increased and the average probability of moving down has significantly decreased. The early 1990s economic recession is seen to have had substantial negative or dampening effects on immigrant earnings mobility for the 1988 landing cohort.

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