

# **Has the Canadian Labour Market Polarized?**

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## **Abstract:**

We use Census and Labour Force Survey (LFS) data for the period from 1971 to 2012 to investigate whether the Canadian wage and employment structures have polarized, that is, whether wages and employment have grown more in high and low than in middle paying occupations. We find that there has been faster growth in employment in both high and low paying occupations than those in the middle since 1981. However, up to 2005, the wage pattern reflects a simple increase in inequality with greater growth in high paid than middle paid occupations and greater growth in middle than low paid occupations. Since 2005, there has been some polarization but this is present only in some parts of the country and seems to be related more to the resource boom than technological change. We present results for the US to provide a benchmark. The Canadian patterns fit with those in the US and other countries apart from the 1990s when the US undergoes wage polarization not seen elsewhere. We argue that the Canadian data do not fit with the standard technological change model of polarization developed for the U.S.

JEL codes: J31, J20

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