

**Immigrant Skill Selection and Utilization:
A Comparative Analysis of Australia, Canada, and the United States**

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Abstract:

We compare literacy test scores and relative wage and employment outcomes of Australian, Canadian and U.S. immigrants using the 2003/2006 Adult Literacy and Life Skills Survey (ALLS). We find substantially higher immigrant skill levels at the lower end of the distribution in Australia, especially among recent arrivals, but little difference across countries at the top. In addition, we identify substantially larger wage returns to immigrant skill in the U.S., which we argue reflects language-skill complementarities, as opposed to more efficient skill utilization or unobserved productivity characteristics. Our results suggest that the benefit of a point system for the U.S. lies in its potential to limit unskilled immigration flows, rather than in raising skills at the top end of the distribution where the economic growth potential of immigration is likely greatest.

Keywords: *Immigrant workers; labour market integration; immigrant selection policy*

JEL Classification: *J61, J31, J23.*