

Immigration, Low Income and Income Inequality in Canada: What's New in the 2000s?

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Abstract:

This paper documents changes in low-income and high-income rates and in family-income inequality among immigrants and Canadian-born persons over the 1995-to-2010 period. In addition, it estimates the extent to which declining low-income rates among immigrants were attributable to changing compositional characteristics over this period, and the direct role that immigration played in low-income and income-inequality trends in Canada. Both national and regional results are presented. There are four major findings. First, in contrast to the 1980s and 1990s, immigrant low-income rates declined in the 2000s. The decline was particularly evident in the western regions, but was not observed in Toronto. However, because low-income rates also declined among the Canadian-born through the 2000s, immigrants' low-income rates relative to the Canadian-born remained high in most regions. Manitoba and Saskatchewan were exceptions in this regard. Second, changes in immigrant characteristics and selection programs accounted for about one-third of the decline in low-income rates among recent immigrants. Again, this varied by region. Third, while rising immigrant low-income rates accounted for virtually all of the increase in the national low-income rate over the 1980s and 1990s, immigrants accounted for little of the decline in the national low-income rate during the 2000s. Immigrants also accounted for little of the rise in the high-income rate observed between 1995 and 2010. Fourth, immigration contributed very little to national trends in either family-income inequality or family-earnings inequality since the mid-1990s.

Keywords: immigrants, low income, high income, income inequality

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