

# Selecting Economic Immigrants: An Actuarial Approach<sup>1</sup>

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## **Abstract**

There is growing international interest in a Canadian-style points system for selecting economic immigrants. Although existing points systems have been influenced by the human capital literature, the findings have traditionally been incorporated in an ad hoc way. This paper explores a formal method for designing a points system based on a human capital earnings regression for predicting immigrant economic success. The method is implemented for Canada using the IMDB, a remarkable longitudinal database that combines information on immigrants' characteristics at landing with their subsequent income performance as reported on tax returns. We demonstrate the feasibility of the method by developing an illustrative points system. We also explore how the selection system can be improved by incorporating additional information such as country-of origin characteristics and intended occupations. We discuss what our findings imply for the debate about the relative merits of points- and employment-based systems for selecting economic immigrants.

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