

# **Entry Earnings of Canada's Immigrants over the Past Quarter Century: the Roles of Changing Characteristics and Returns to Skills**

Feng Hou  
Statistics Canada

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## **Abstract**

We examine whether the factors associated with the rise in the Canadian born - immigrant entry earnings gap played different roles in the 1980s, the 1990s, and the early 2000s. We find that for recent immigrant men, shifts in population characteristics had the most important effect in the 1980s when their earnings gap expanded the most, but this “compositional” effect diminished in the 1990s and early 2000s. The effect of changes in returns to Canadian experience and education was small for men, but stronger for women in all three periods. During the early 2000s the IT bust, combined with a heavy concentration of immigrants in IT-related occupations, was the primary explanation of the increase in their earnings gap. Furthermore, returns to foreign experience declined in the 1980s and 1990s, but recovered moderately in the early 2000s. In contrast, the relative return to immigrant education declined in the early 2000s.

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