

Why do Immigrant Workers in Australia Perform Better than in Canada? Is it the Immigrants or their Labour Markets?

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Abstract

Research comparing the labour market performance of recent cohorts of immigrants to Australia and Canada points to superior employment and earnings outcomes in Australia. Examining Australian and Canadian Census data between 1986 and 2006, we find that this performance advantage is not driven by differences in broader structural and macroeconomic labour market conditions affecting all new labour market entrants. Rather, the results from comparing immigrants from a common source country – either the UK, India, or China – suggest that the advantage, particularly in earnings, primarily reflects a difference in the source country distribution of Australian immigrants. Moreover, the recent tightening of Australian selection policy, most notably its use of mandatory pre-migration English-language testing, appears to be having an effect primarily by further shifting the source country distribution of immigrants away from non-English-speaking source countries, rather than in identifying higher-quality migrants within source countries.

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

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