

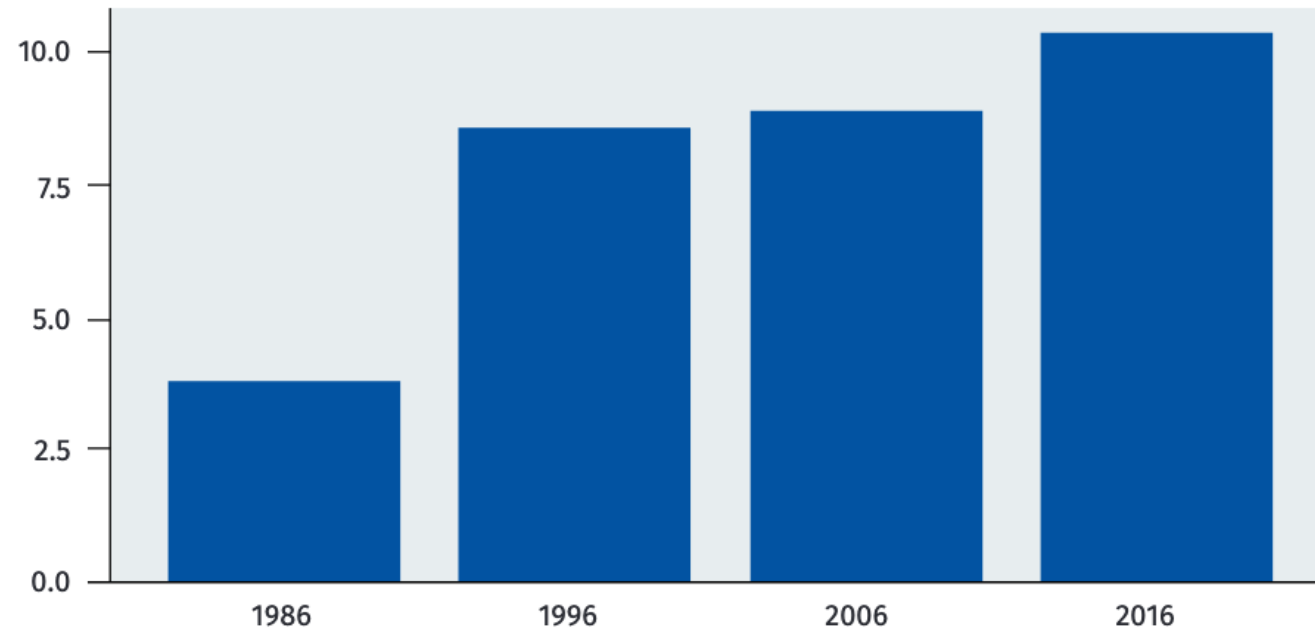


# **New Canadians Working Amidst a New Normal: Recent Immigrant Wage Penalties in Canada during the COVID-19 Pandemic**

Danielle Lamb Rupa Banerjee Talia Emanuel

# Immigrant Disadvantage Before the Pandemic

Immigrants' earnings shortfall has gotten worse over time  
Median earnings gap (as a percentage of Canadian-born earnings)



Source: RBC Economics 2019

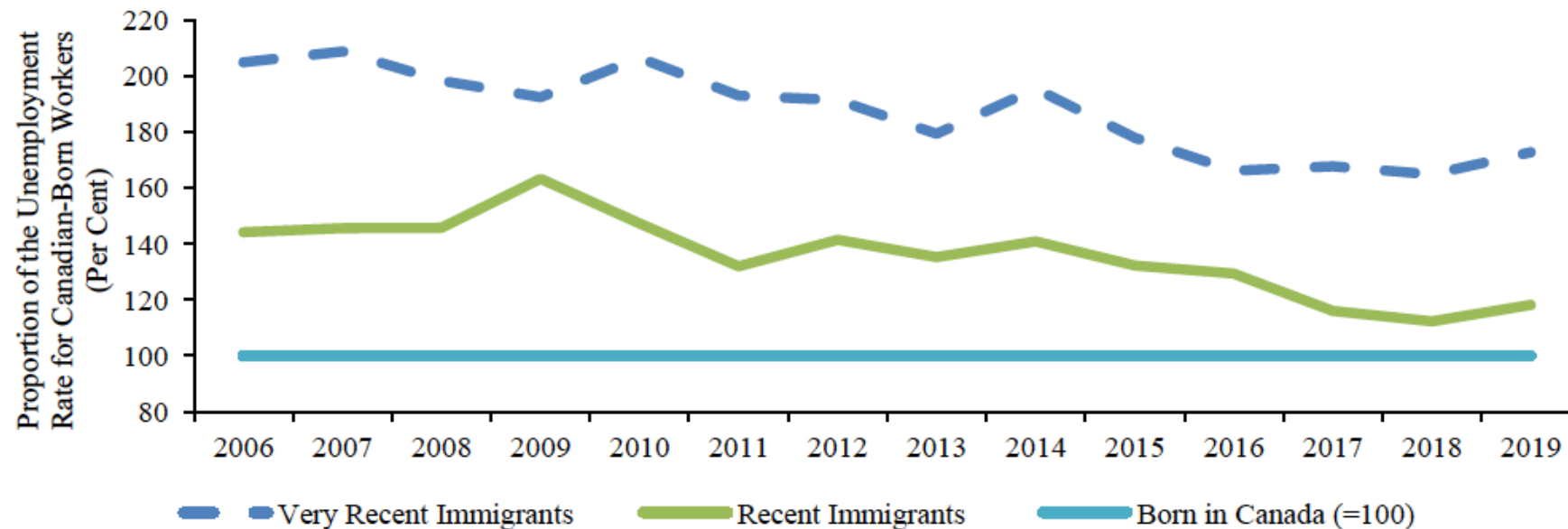
(<https://thoughtleadership.rbc.com/untapped-potential-canada-needs-to-close-its-immigrant-wage-gap/>)



Illustration by Ainsley Ashby-Snyder for [CanadianImmigrant.ca](http://CanadianImmigrant.ca)

# Immigrant Disadvantage Before the Pandemic

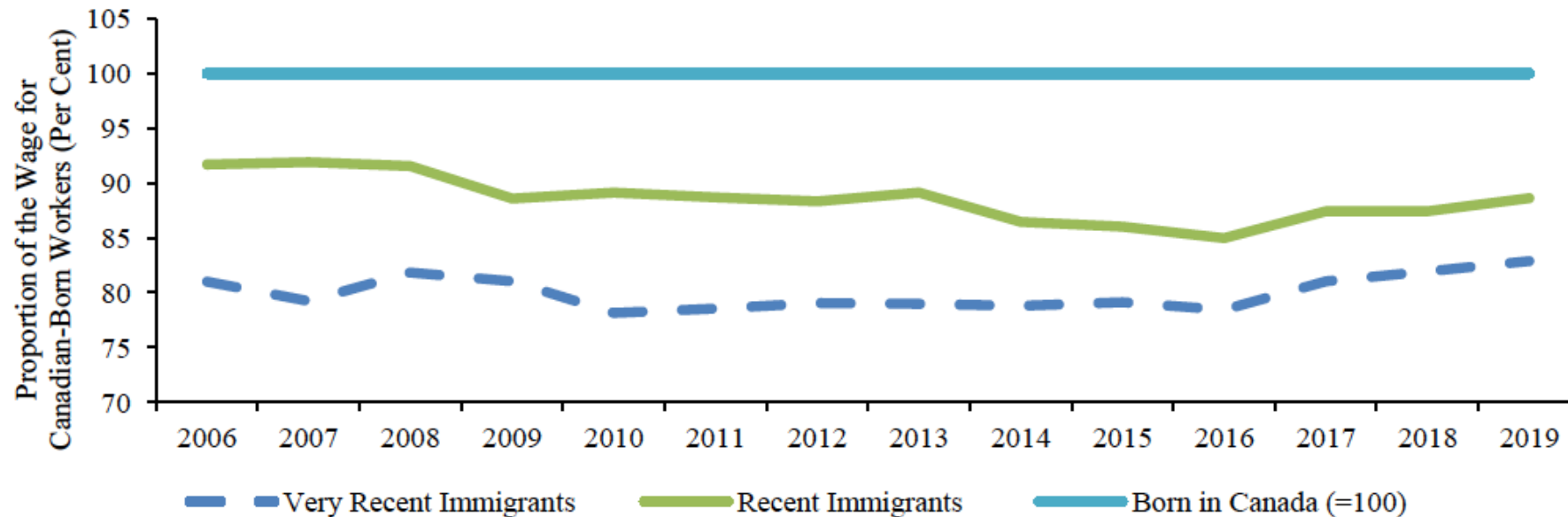
Unemployment Rate of Immigrants Relative to Canadian-born, 2006-2019



Source: Wong, 2020 (<http://www.csls.ca/reports/csls2020-03.pdf>)

# Immigrant Disadvantage Before the Pandemic

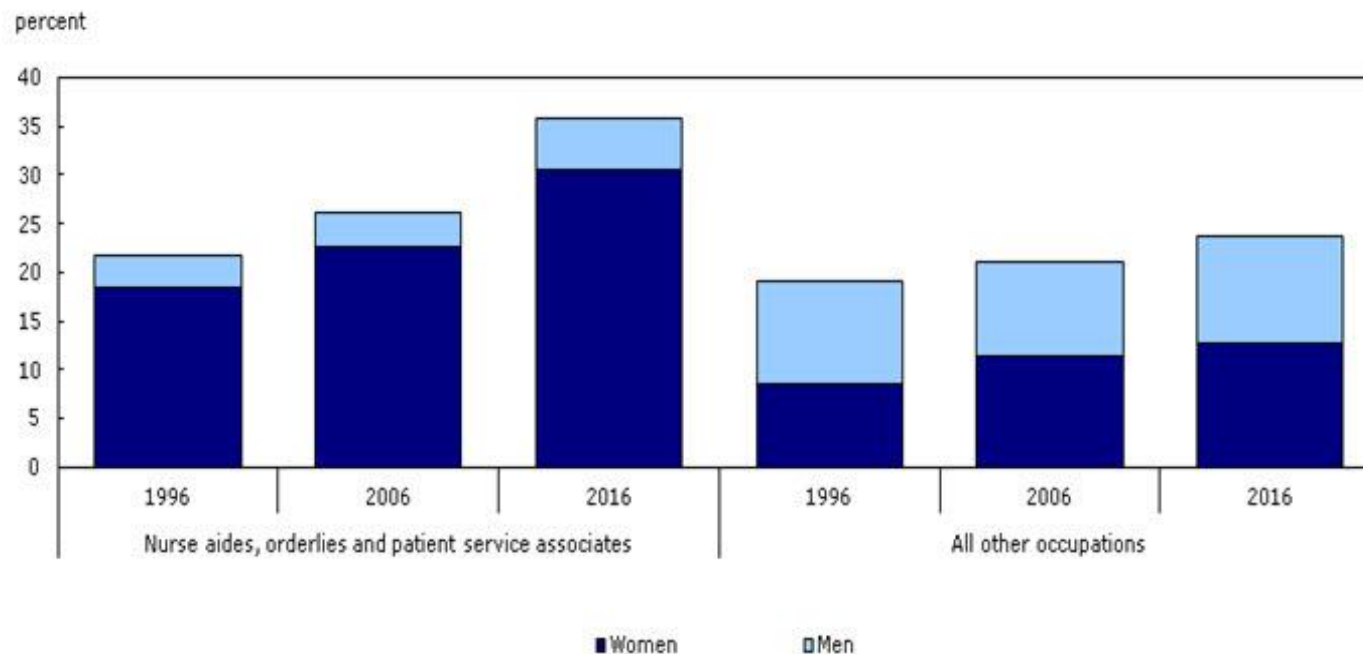
Wages of Immigrants Relative to Canadian-born, 2006-2019



Source: Wong, 2020 (<http://www.csls.ca/reports/csls2020-03.pdf>)

# Immigrants and Risks of Covid

- Immigrants are disproportionately represented in sectors with greater exposure to COVID-19



Source: Statistics Canada, Census of Population, 1996, 2006 and 2016.

# Impact of Covid on Immigrant Inequality

- Uneven impacts: ‘winners’ and ‘losers’
    - In health, social and economic terms
  - Who is rewarded, economically?
    - Those who have good jobs and can work at home
    - Those who own homes
  - Who is penalized?
    - Members of groups who are already marginalized
  - To some degree these patterns are being mitigated by targeted spending...
-

# Our Research Question

- Immigrant workers seen as key to Canada's post-Covid economic recovery BUT...
    - How has the COVID-19 pandemic impacted the labour force status and earnings of recent immigrants?
-



# Data

- Public Use Microdata Files (PUMFs) of the Canadian Labour Force Survey (LFS) for the years 2018-2021 inclusive
  - Data is from April and October, months that are six months apart
  - April and October of 2018-2019 is pre-COVID period
  - April of 2020-2021 and October of 2020 represent the COVID period
  - Sample: respondents aged 20 to 64 years who are not currently attending school with non-missing data on key variables
  - In the portion of the analysis focused on earnings, sample includes only respondents who are employed with positive, non-missing hourly earnings in the reference week.
-

# Methods

- To examine labour force status: multinomial logistic regression with categorical variable capturing three labour force states:
    - employed (base category)
    - unemployed
    - not in the labour force
  - To examine earnings: OLS regression on the natural logarithm of hourly earnings adjusted for inflation
-

# Findings: Logistic Regression Predicting the Relative Probability of Labour Force Status

	Pooled		Males Only		Females Only	
	Unemployed [1]	Not in the Labour Force [2]	Unemployed [3]	Not in the Labour Force [4]	Unemployed [5]	Not in the Labour Force [6]
<b>[Base outcome: Employed]</b>						
<b>[Male]</b>						
<b>Female</b>	-0.06** (3.02)	0.712** (59.66)				
<b>[Pre-COVID Period]</b>						
<b>Covid Period</b>	0.599** (27.68)	0.195** (14.80)	0.565** (20.08)	0.191** (9.38)	0.65** (19.13)	0.202** (11.66)
<b>[Born in Canada]</b>						
<b>Recent Immigrant (RI)</b>	0.604** (12.23)	0.5** (15.84)	0.338** (4.65)	0.016 (0.25)	0.878** (12.96)	0.739** (19.18)
<b>Long-term Immigrant (LTI)</b>	0.207** (5.03)	-0.017 (0.76)	0.164** (2.92)	-0.166** (4.36)	0.26** (4.29)	0.082** (2.82)
<b>RI * COVID Period</b>	-0.052 (0.73)	0.07 (1.42)	-0.006 (0.05)	0.244* (2.57)	-0.089 (0.91)	0.019 (0.3)
<b>LTI * COVID Period</b>	0.045 (0.81)	0.052 (1.51)	0 (0)	0.106 (1.87)	0.085 (1.05)	0.036 (0.81)
<b>Full Controls</b>	YES	YES	YES	YES	YES	YES
<b>Constant</b>	-1.806** (45.51)	-1.023** (38.90)	-1.793** (35.78)	-0.91** (24.00)	-1.901** (29.03)	-0.53** (14.56)
<b>Number of Respondents</b>	435,725		215,825		219,900	

# Findings: OLS Earnings Regressions, Natural Logarithm of Hourly Earnings

	All Respondents		Males Only		Females Only	
	[1]	[2]	[3]	[4]	[5]	[6]
<b>[Male]</b>						
<b>Female</b>	-0.143**	-0.143**				
	(66.53)	(66.51)				
<b>[Pre COVID-19 Period]</b>						
<b>COVID-19 Period</b>	0.087**	0.084**	0.086**	0.08**	0.09**	0.088**
	(43.68)	(39.25)	(29.28)	(25.75)	(33.54)	(30.82)
<b>[Canadian Born]</b>						
<b>Recent Immigrant (RI)</b>	-0.21**	-0.22**	-0.206**	-0.224**	-0.208**	-0.21**
	(49.75)	(42.58)	(33.32)	(29.18)	(36.77)	(30.85)
<b>Long-term Immigrant (LTI)</b>	-0.109**	-0.113**	-0.105**	-0.11**	-0.107**	-0.109**
	(34.70)	(29.35)	(22.24)	(19.49)	(25.76)	(20.99)
<b>RI * COVID-19 Period</b>	--	0.025**	--	0.042**	--	0.006
		(2.94)		(3.46)		(0.51)
<b>LTI * COVID-19 Period</b>	--	0.009	--	0.014	--	0.004
		(1.48)		(1.5)		(0.48)
<b>Full Controls</b>	YES	YES	YES	YES	YES	YES
<b>Constant</b>	2.605**	2.607**	2.609**	2.611**	2.46**	2.461**
	(478.14)	(477.51)	(345.01)	(344.52)	(320.61)	(320.49)
<b>R2</b>	0.39	0.39	0.354	0.35	0.43	0.43
<b>Number of Observations</b>	280,941	280,941	141,109	141,109	139,832	139,832

# Summary of Findings

- Covid period is associated with higher likelihood of unemployment and dropping out of labour market
  - Immigrant men were more likely to be unemployed during Covid period than NB men
  - Covid period is associated with higher earnings for everyone (likely selection effect)
  - Immigrant men benefitted more than NB men from higher earnings
  - No extra benefit for immigrant women
  - **HOWEVER**, the overall immigrant disadvantage is unchanged, large and significant.
-

# Implications

- Covid has highlighted the inequalities long experienced by newcomers
  - These inequalities remain strong
  - Immigrants are expected to be key to Canada's economic recovery, but the long-standing difficulties they face are not going away and must be addressed.
-



Thank you!

[banerjee@ryerson.ca](mailto:banerjee@ryerson.ca)

