FACTORS AFFECTING THE SOCIAL ECONOMIC STATUS

of Canadian immigrants in the new millennium

ABSTRACT

Canadian society is undergoing some profound changes at the turn of this new millennium. The impact of globalization on Canadian society and global restructuring on the Canadian economy is such that the Canadian economy is much more open to a global process of production and a global division of labour. Yet key social indicators such as rates of poverty, labour market participation, unemployment rates, sectoral and occupational segregation and health status increasingly suggest that the social economic status of recent immigrants is in decline. The author contends that these trends will not be reversed if it is left to the magic of the market. It will require political action to confront the social economic crisis associated with the decline in the socio-economic status of recent immigrants.

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The changing condition of the immigrant experience in Canada's new millennium

Canadian society is undergoing some profound changes at the turn of this new millennium. The impact of globalization on Canadian society and global restructuring on the Canadian economy is such that the Canadian economy is much more open to a global process of production and a global division of labour. The Canadian labour market is being 'globalized' by the influx of new immigrants, especially from the global South, many of whom are fleeing political and economic conditions unleashed by global restructuring in their places of origin, as globalization destabilizes societies, leading to collapsed economies and forcing many talented people on the move, seeking new opportunities and stability elsewhere.

Yet what many have found in Canada is a society and a labour market also dealing with the similar forces of restructuring, forces which have combined with historical structures of gender and racial discrimination to make many of those immigrants, most those from racialized groups, as vulnerable and increasingly reduced to a lower social economic status than was the case with their predecessors in the last century. Key social indicators such as rates of poverty, labour market participation, unemployment rates, sectoral and occupational segregation and health status increasingly suggest that the social economic status of recent immigrants is in decline. The progress of recent immigrants is often measured by their ability to achieve income parity with other Canadians over a reasonable amount of time. This form of socioeconomic assimilation is used to determine the success of immigrant integration in Canadian society. Historically, the majority of immigrants have achieved some degree of economic success in the Canadian labour market: over a ten-year span, many immigrants starting with wages and salaries lower than the earnings of comparable Canadian-born workers were able to 'catch up' to those with limited skills and as quickly as two years, for university graduates. Often, as the length of residence in Canada increased, the earnings exceeded those of Canadian-born workers and their occupational status began to correspond with that of Canadian-born workers (Harvey and Siu, 2001; Reitz, 2001).

For immigrants, labour market attachment is critical to integration, identity formation, ability to claim a sense of belonging and ultimately, full citizenship. Perhaps more specifically, it is central to their pursuit of livelihood. In the late 20th century and in the new millennium, however, as the flow of immigration has shifted from European sources to Asian, African, Middle Eastern, Latin American and Caribbean sources, the normal processes of integration have began to falter for too many immigrants (DeVoretz 1995; Pendukar, 2000; Worswick, 2004). National data show that immigrants arriving since 1980, are disproportionately stuck at the bottom of the economic ladder, in terms of income, employment, access to high-paying sectors and jobs and employment status (Frenette and Morissette, 2003; Picot and Hou, 2003). For too many recent immigrants, their hold on steady and regular employment has become particularly tenuous and their experience in the labour market is increasingly marked with high levels of precariousness, leaving them disproportionately consigned to low paying, part-time, temporary, insecure employment, under poor working conditions. The implications for their social economic status are not hard to imagine, increasingly

defined by a disproportionate exposure to low income, poverty and declining health status. These conditions amount to increased social exclusion for entire segments of recent immigrants, disrupting the aspirations of successful integration for both the newcomers and the host society.

Mainstream analyses attempting to explain the emergence of these differential labour market experiences opt for a neo-classical explanation of how labour markets operate autonomously to optimally utilize available human capital, insisting on the assumption that employers are rational agents seeking optimal productivity from available labour. They suggest that to understand what is going on with recent immigrants' economic performance, we need to focus on a number of key factors, including changes in labour demand due to restructuring, immigration lag or period of stay, and low human capital (De Voretz, 1995; Stoffman, 2002). From that point of view, the source country and ethnic or racial character of present day immigration does not matter.

There is little doubt that some of the factors they cite contribute to the differences in earnings and occupational status responsible for the declining social economic status of recent immigrants, but what careful analysis also shows is that even when you control for the above factors, there are residual differences that can best be accounted for by considering employment discrimination as a major factor (Akbari, 1999; Christofides and Swinsisky, 1994). Racial and gender discrimination in employment are historical factors that have always determined the patterns of incorporation of immigrant labour into the Canadian labour market. To posit that employers cannot afford to discriminate because they are rational actors seeking to maximize their benefits from the labour market cannot be sustained since racial and gender hierarchies have historically influenced the assignment of jobs that were open to newcomers to Canada. That is why many immigrant professionals end up working as domestics, or janitors, cab drivers, nurses aides and the like. In fact, it is a convergence of factors that offers the best explanation for the conditions increasingly observed as typical of the immigrant experience in new millennium in Canada (Grant and Oertel, 1998).

Immigration accounted for more than 50% of the net population growth and 70% of the growth in the labour force over the first half of the 1990s (1991-96), and according to a recent study by the Human Resources and Skills Development Canada, is expected to account for virtually all of the net growth in the Canadian labour force by the year 2011.

Canada's changing population and its labour market implications

The significance of our attention to the issue of the declining social economic status of immigrants may have to do with the fact that immigration accounted for more than 50% of the net population growth and 70% of the growth in the labour force over the first half of the 1990s (1991-96), and according to a recent study by the Human Resources and Skills Development Canada, is expected to account for virtually all of the net growth in the Canadian labour force by the year 2011 (HRSDC, 2002). According to the 2001 census, immigrants made up 18.4% of Canada's population, and is projected to rise to 25% by 2015. At 18.4% of the Canadian population, immigration represents its largest share of the Canadian population in more than 50 years. In Toronto, Canada's largest city, over 25% of the students in the school system arrived in Canada in the last ten years.

Secondly, in 2001, Canada was home to about 4 million racialized group members, or 13.4% of the Canadian population, a 24.6% increase since 1996. This increase far outpaced the Canadian rate of 3.9% over the five year period. Their share of the population is projected to rise to 20% by 2016. Much of that growth can be accounted for through immigration since Canada welcomed an annual average of close to 200,000 new immigrants and refugees over the 1990s. Since the 1970s, increasing numbers of immigrants to Canada have come from Asia and the Middle East. Asian-born immigrants accounted for more than half (57%) of the immigrants who arrived since 1991.[i]

Overwhelmingly, the changes in immigration composition have been most felt by Canada's three biggest urban areas – Toronto, Vancouver, and Montréal. Recent immigrants have transformed these areas into diverse cultural centres, and their increased contributions to the life and economies of cities like Toronto have led many Torontonians to proclaim diversity as their city's strength. In 2001, 4 out of every 10 recent immigrants to Canada settled in the Toronto CMA, and 60% of them were from Asia and the Middle East. The other big magnet for recent immigrants is Vancouver, which received 18% of all recent immigrants to Canada between 1991-96, 80% of whom were Asian-born.[ii]

Old and new sources of inequality in the Canadian labour market

The new immigrants are confronted with persistent forms of exclusion and new economic imperatives that generate uneven access to work and compensation and combine to increase the levels of inequality experienced by recent immigrants in the Canadian labour market. These include the impact of processes of globalization, historical processes of racial discrimination and access barriers to professions and trades. Increasingly, the racialized labour market experiences are characterized by the following:

- Labour market segregation;
- Unequal access to employment;
- Over-representation in low-income sectors and occupations;
- Under representation in high-income sectors and occupations;
- Income inequalities; and
- Higher than average rates of unemployment and underemployment.

Globalization, labour market deregulation, immigration flows and the declining social economic status of recent immigrants

In attempting to understand the causes and significance of these developments, it may be worthwhile to ask why these changes matter. What is different about this wave of immigration from the previous ones? Perhaps the most critical variation lies as much in the conditions under which it is occurring as in the character of the immigration. The conditions are increasingly dictated by a global mode of economic organization, which is often referred to as globalization. The neo-liberal economic restructuring imposed by successive rounds of free trade agreements and the broader processes of globalization has intensified the impact of the historical processes that apply to racialized labour. In the same way that globalization has unsettled the Canadian labour market with demands for flexible labour deployment, lowering wages and bringing labour into competition, it has provoked worldwide migrations and reordered the global division of labour, creating conditions in the Canadian labour market increasingly similar to those typical of the global South. The conditions of precarious employment, intensified work arrangements, intensified exploitation of labour, high levels of flexibility in labour deployment aimed at satisfying global capital's tendency to divest where conditions are not most favourable, now greet immigrants upon entry into Canada. These conditions are creating a kind of 'South-in-the-North' phenomenon, complete with declining social economic status. Indeed, non-standard employment arrangements, contract, part-time or temporary work, multiple jobs often mediated through employment agencies who pay the worker a fraction of the compensation, are increasingly becoming the norm, at least in some urban centres and in some sectors.

So, global forces and events have as much currency as domestic considerations in our understanding of new development in immigrant social economic status. Increased immigration from the global South, labour market deregulation, flexible labour deployment and precariousness go hand in hand with historical racial and gender discrimination and the retreat of the welfare state to explain the prevailing high levels of poverty among recent immigrant populations. Precarious employment is generally defined by such conditions as low pay, no job security, poor and often unsafe working conditions, intensified work schedules, excessive hours of work, low or no benefits, and low or no control over work for workers in the workplace. Precarious employment depresses wages in the sectors in which it becomes generalized. Recent immigrant workers, especially women, are disproportionately represented among the occupations and sectors that are highly dependant on precarious work arrangements, such as commercial and retail, hospitality and other service industries, light manufacturing, textile and garment, domestic work), as well as the low-status yet highly precarious occupations (such as manual, sales, clerical, janitorial, food service, harvesting, low-end health care workers, domestic workers).

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Immigrant status and racial discrimination in employment

Racial discrimination in employment remains a barrier to access to secure, full-time employment in well-paying sectors of the economy, further exacerbating the vulnerabilities imposed by globalization. Most jobs continue to be filled through word of mouth or through internal labour markets that tend to reproduce the composition of the workplace. Surprisingly, after 17 years of the federal *Employment Equity Act*, the composition of the federal public service has not changed to reflect the population it serves (Report of the Federal Taskforce on Visible minorities in the Public Service, 2000).

The differential economic outcomes identified can be attributed to racially discriminatory systemic practices such as:

- Differential treatment in recruitment, hiring and promotion;
- Extensive reliance on non-transparent forms of recruitment such as word of mouth which reproduce and reinforce existing networks;
- Differential valuation or effective devaluation of internationally obtained credentials; and
- Use of immigrant status as a proxy for lower quality of human capital.

Higher rates of unemployment and underemployment

Unemployment and labour force participation data show that unlike in earlier phases of immigration, there has been a downward trend in the employment access of immigrants over the last 20 years. The patterns of higher unemployment and lower labour force participation coincide with the shift in immigration from the Global South. They reflect the dual impact of the vulnerabilities arising from neo-liberal restructuring and the persistence of racial discrimination in employment.

Table 1 - Labour force participation rates for immigrants, non-immigrants, and visible minorities (%)

	1981	1991	2001
Total labour force	75.5	78.2	80.3
Canadian-born	74.6	78.7	81.8
All immigrants	79.3	77.2	75.6
Recent immigrants	75.7	68.6	65.8
Visible minorities	n/a	70.5	66.0

Source: Statistics Canada, 2003: *The Changing Profile of Canada's Labour Force and The Conference Board of Canada*, April 2004, Making a Visible Difference The Contribution of Visible Minorities to Canadian Economic Growth.

Table 2 - Unemployment rates for immigrants, non-immigrants, and visible minorities (%)

	1981	1991	2001
Total labour force	5.9	9.6	6.7
Canadian-born	6.3	9.4	6.4
All immigrants	4.5	10.4	7.9
Recent immigrants	6.0	15.6	12.1
Visible minorities	n/a	n/a	12.6

Source: Statistics Canada, 2001 Census Analysis Series. *The Changing Profile of Canada's Labour Force*, February, 11, 2000 and 2001 *Employment Equity Data Report*, Human Resource and Development Canada.

These disturbing trends cannot be explained by a disparity in educational attainment between the average Canadian rates and those of recent immigrants and racialized group members. Some have suggested that lower-quality human capital of racialized immigrants is responsible for the declining social and economic status of recent immigrants. Yet, partly because of a more restrictive selection process, immigrants are coming in with higher levels of educational attainment than Canadians. In 1998, racialized immigrants with university education experienced a 10.4% unemployment rate, compared to 6.6% for non-racialized immigrants and 4.2% for non-racialized Canadian born.

There is no doubt that when you compare the unemployment rate for those who entered Canada in 2001 at 29.7%, while the national average sat at 7.4% , it can be safely argued that the adjustment effect accounts for some of the difference. But the trends show a general decline in the ability of racialized immigrants to benefit from their investment in education.

Brain Waste: Recent immigrants and educational attainment

Increasingly, educational attainment is not an automatic predictor of occupational and income status when it comes to immigrant groups. According to a 1999 study by A. Akbari on the 'quality' of immigrants who arrived in the 9 periods from 1956 to 1994, the percentage of those without a high school education has been declining and is lower than that in the Canadian population in all the periods, while that of university graduates has been growing, and outpacing the level in the general Canadian population. However, studies show that they cannot translate that educational advantage into comparable incomes and occupations (Li, 2001).

Table 3: Post-secondary education among immigrants (%)

Group	University	College	Trades	Total
Imm. since 1970	22.5	12.1	14.0	48.4
Imm. since 1980	25.5	12.5	10.9	48.6
Imm. since 1990	40.7	12.7	7.57	60.9
Total Canada, 2001	22.2	17.9	12.	53.4

Source: Statistics Canada, 2001 Census analysis series, *Education in Canada: Raising the Standard* (March 11, 2003)

Yet other data show that for recent male immigrants, full-time employment earnings fell 7% between 1980 and 2000. In contrast, this compares with a rise of 7% for the Canadian-born cohort. Among the university educated, the drop was steeper (13%). For recent female immigrants, full-time employment earnings rose but by less than other female full-time earnings ($23,800 to $26,800 versus $28,800 to $34,400; and among university-educated cohorts, 32,7000 to 34,7000 versus 45,200 to 50,000 for the university-educated group). (Frenette and Morissette, 2003; Picot and Hou, 2003)

Much of the gap in skills and compensation is likely related to the barriers many immigrants face in getting their professional and trade credentials recognized in Canada. There is a cost associated with this gap in educational attainment and employment income. The loss is to the individuals, their families and to the Canadian economy. The skills of those who are not integrated into their fields of expertise degrade over time and studies show that after 3 years, 90% don't return to their occupation of training.

According to a Conference Board of Canada report issued in 2001, the estimated annual loss of income due to non-accreditation lies somewhere between $8,000 – $12,000 or $4.1 – $5.9 billion annually (CBC, 2001). Another study by Reitz suggests that the estimates are higher, at about $55 billion annually (Reitz, 2001).

Material implications of restructuring and persistent discrimination

Globalization, employment discrimination and the barriers to access to professions and trades that we spoke about have real implications on the lived experiences of recent immigrants. These conspire to impose an experience of disproportionate vulnerability to low-income individuals and generate related manifestations of social exclusion such as poor neighbourhood selection and high health risks, among others.

The material implications of these developments for new immigrants are that they experience differential life chances:

- A double-digit racialized income gap;
- Chronically higher than average levels of unemployment;
- Segregated labour market participation;
- Deepening levels of poverty;
- Differential access to housing and segregated neighbourhood selection;
- Disproportionate contact with the criminal justice system; and
- Higher health risks.

Low income and immigrant status: the racialization of poverty

The upshot of the unequal patterns of labour market participation and the vulnerabilities identified above is that recent immigrants suffer disproportionately higher levels of low income. This phenomenon has been referred to as the racialization of poverty. The racialization of poverty is linked to the process of the deepening social exclusion of racialized and immigrant communities arising from the concentration of economic, social and political power. This is especially the case of urban Canada.

Some of the most important increases in low income rates in Canada have occurred among recent immigrants. Low-income rates have risen among successive groups of

immigrants, and have almost doubled between 1980 and 1995, peaking at 47% before easing up in the late 1990s.

In 1980, 24.6% of immigrants who had arrived during the previous five-year period lived below the poverty line. By 1990, the low-income rate among recent immigrants had increased to 31.3% and rose further to 47.0% in 1995. The rate fell back to 35.8% in 2000 (Picot and Hou, 2003). The traditional trajectory that saw immigrants catch up with other Canadians over time seems to have been reversed in the case of racialized immigrants.

Alarmingly, the data show that while low income rates among recent immigrants with less than high school graduation increased by 24% from 1980 to 2000, low income rates increased by 50% among high school graduates and a whopping 66% among university educated immigrants! (Frenette and Morissette, 2003)

Racialization and Neighbourhood Selection in Urban Canada

The racialization of poverty has also had a major impact on neighbourhood selection and access to adequate housing for new immigrants and racialized groups. In Canada's urban centres, the spatial concentration of poverty or residential segregation is intensifying along racial lines. Immigrants in Toronto and Montréal are more likely than non-immigrants to live in neighbourhoods characterized by high rates of poverty.

Young immigrants living in low income areas often struggle with alienation from their parents and community of origin, and from the broader society. The social services they need to cope with dislocation are lacking, the housing on offer is often sub-standard or, if it is public housing, is often poorly maintained because of cutbacks. As well, they face the crises of unemployment, despair and violence. In short, immigrant youth find themselves in disproportionate contact with the criminal justice system.

Table 4: Toronto Area racialized enclaves and experience of high poverty rates (%)

	University degree	un-employment	low income	single parent
Chinese	21.2	11.2	28.4	11.7
South Asian	11.8	13.1	28.3	17.6
Black	8.7	18.3	48.5	33.7

Source: Statistics Canada, 2003

Conclusion

The changing face of Canada comes courtesy of immigration, especially from the global South. It comes with its challenges, mainly the decline in the socio-economic status of new immigrants. These trends emerge out of the imperatives of globalization, which are combining with historical structures of racial and gender discrimination to intensify the vulnerabilities faced by new immigrants. These trends will not be reversed if it is left to the magic of the market. It will require political action to confront the social economic crisis associated with the decline in the socio-economic status of recent immigrants. It will require the mobilization of communities and those interested in social justice. It will require federal and provincial government action on the recognition of international qualifications, employment equity, job creation, and action by the labour movement to ensure higher levels of unionization among those who are employed in precarious jobs and sectors so that they have the ability to bargain fair wages and safe working conditions. Addressing these challenges will require that representative public and political institutions reflecting Canada's diversity, especially in the urban centres.

Notes

1 Statistics Canada, *2001 Census data*, 2003.

2 Ibid.

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