The effects of a change in the point system on immigrants' composition and labour market integration

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Introduction

- Immigrants account for 19% of Canada's population (Census 2006)
- 60% of the immigrants are assessed using the point system (CIC, 2007)
- The point system is
  - a color blind evaluation method used to select immigrants
  - assigns points on some observable characteristics
  - used in Canada, Australia, New Zealand, UK
  - not used in the US
- Within the assessed class, how well does the point system pick those most likely to succeed?

This paper:

- Uses the facts that :
  - QC has a different point system than the Rest of Canada (ROC)
  - the largest change in the point system happened in QC in 2001
    - more points on education (from 25% to 32% of the passing grade)
    - more points on the French language (from 29% to 34%)
    - less points on "adaptability" (from 48% to 32%)
  - Meanwhile, the point system in the ROC has not changed

Methodology and Identification Assumption

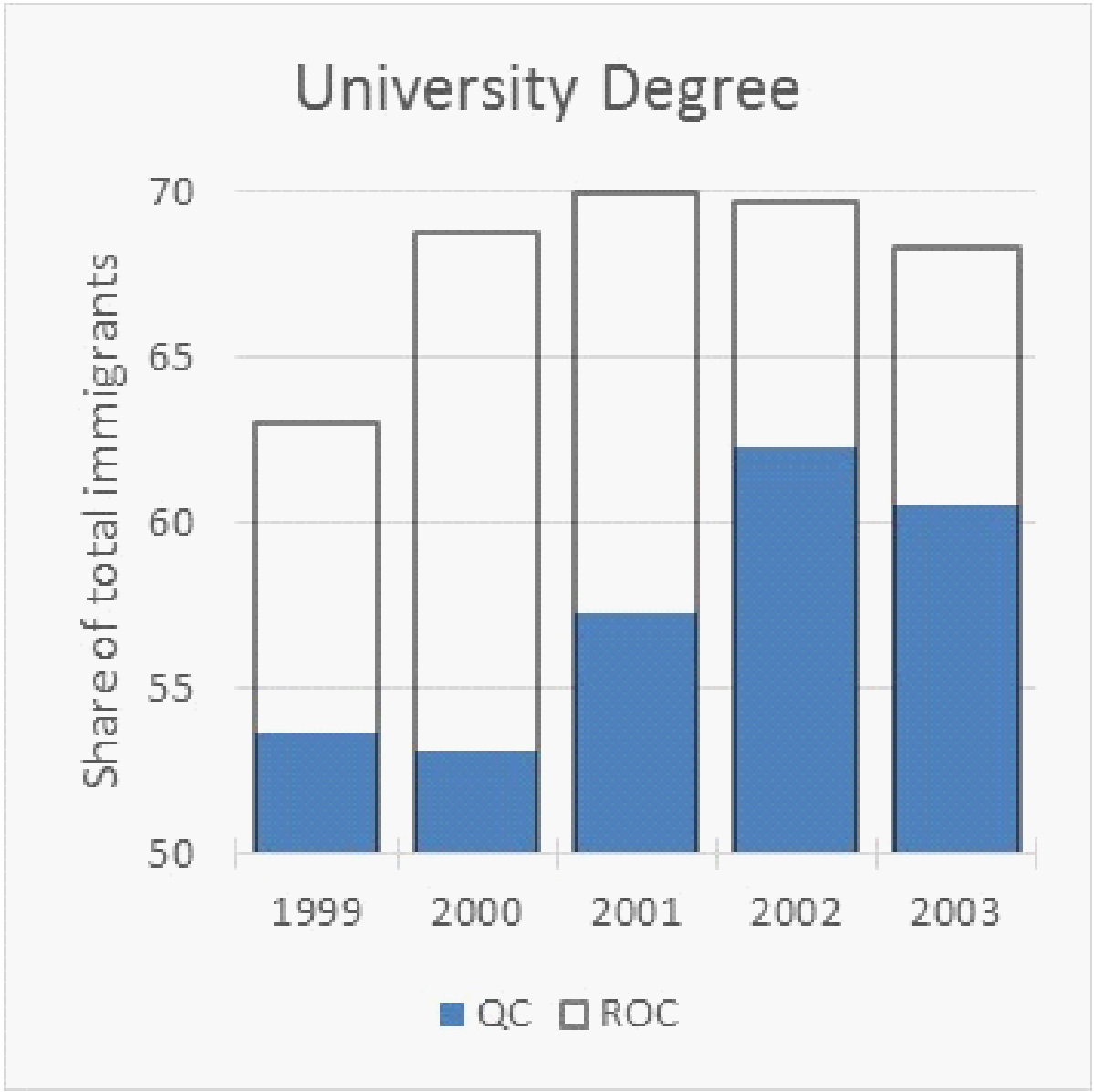
- Apply a difference-in-difference (DD) approach
  - use the census 2006 confidential data to compare immigrants to QC before and after 2001 with those who immigrated to ROC before and after 2001
  - immigrants' characteristics: education, french knowledge
  - immigrants' labour market outcomes: LFP, unemployment and log earnings

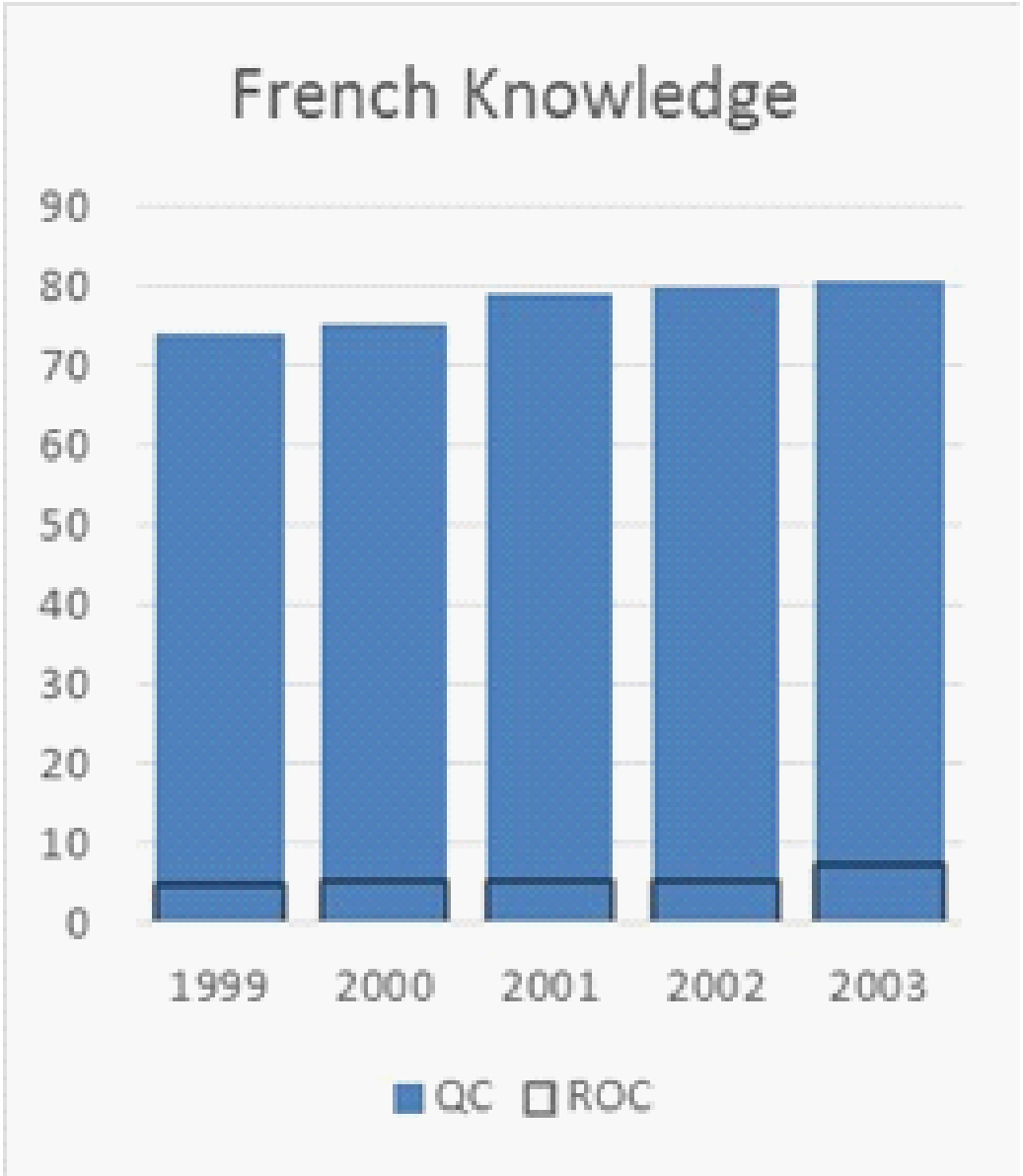
Data

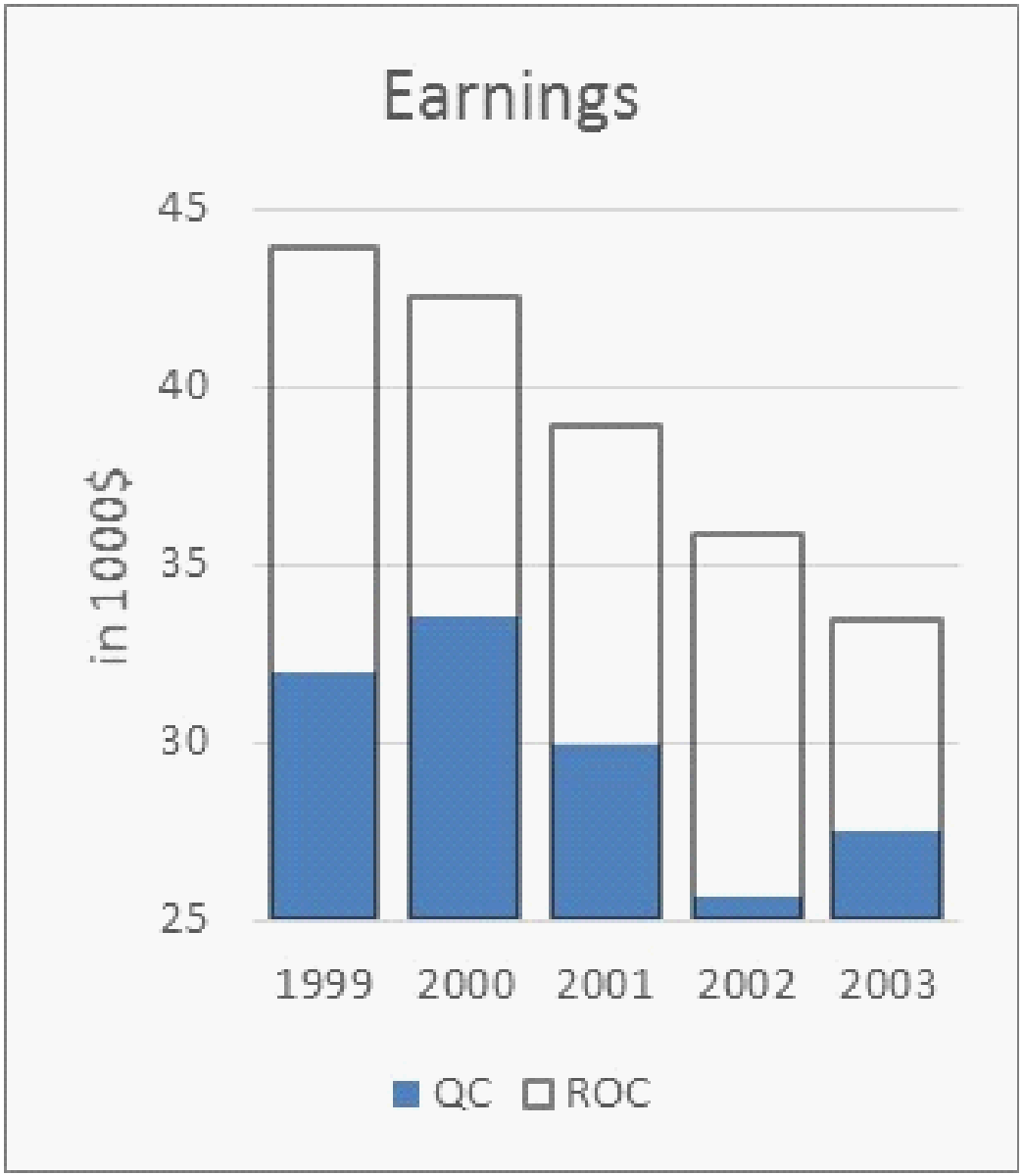
- Confidential microdata files of the 2006 Canadian Census
- Two Drawbacks of the Census
  - does not specify the immigration class
  - does not specify the province of immigration (Okonny-Myers (2010): QC's retention rate for assessed immigrants is 90% between 2000 and 2006)
- The sample consists of all immigrants to Canada who:
  - immigrated between 1999 and 2003
  - are aged between 25 and 45
  - have at least secondary education
  - know at least one of the official languages
  - are household heads
- Additional restriction
  - Acquired their highest degree outside Canada

Regression Model

$$y_{ijt} = \alpha_j + \delta_t + \beta_1 qc_i \times 2002_t + \beta_2 qc_i \times 2003_t$$
$$+ \beta_3 qc_i \times 1999_t + \beta_4 qc_i \times 2001_t$$
$$+ \theta X_{jt} + u_{ijt}$$


University Degree
Share of total immigrants
70
65
60
55
50
1999
2000
2001
2002
2003
QC
ROC


French Knowledge
90
80
70
60
50
40
30
20
10
0
1999
2000
2001
2002
2003
QC
ROC


Earnings
45
40
35
30
25
in 1000$
1999
2000
2001
2002
2003
QC
ROC

Regression Results

DD Results for immigrants' education and language

Dependent Variable	(1) High School	(2) Dipl & Cert	(3) University	(5) French
qcx1999	-0.04	-0.02	0.06	-0.01
	(0.29)	(0.57)	(0.37)	(0.25)
qcx2001	-0.05	0.03	0.02	0.04
	(0.23)	(0.29)	(0.14)	(0.5)
qcx2002	-0.06	-0.001	0.07	0.05
	(0.03)**	(0.84)	(0.02)**	(0.02)**
qcx2003	-0.07	-0.001	0.07	0.03
	(0.05)**	(0.85)	(0.47)	(0.04)**
Observations	35327	35327	35327	35327

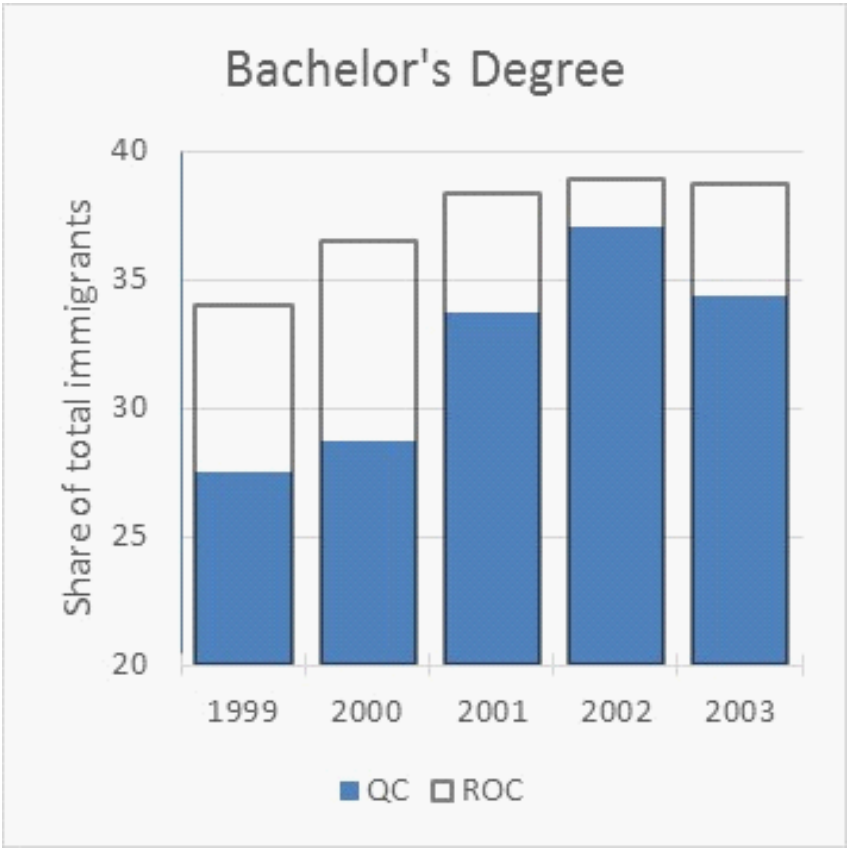
Wild-cluster bootstrapped p-values reported in parentheses

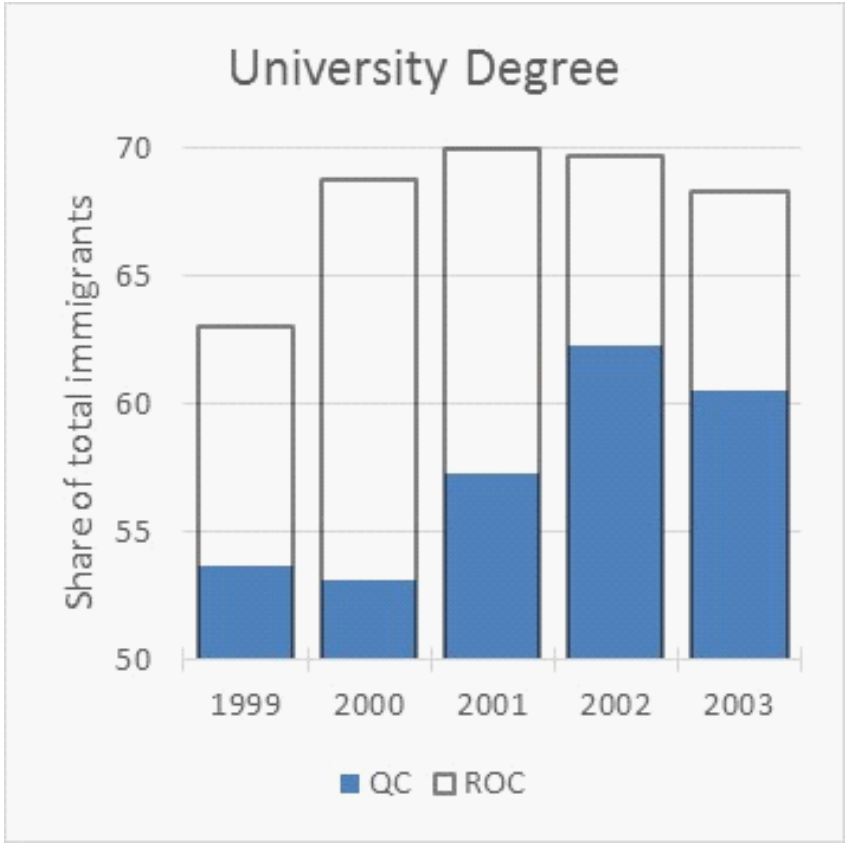
Regression Results

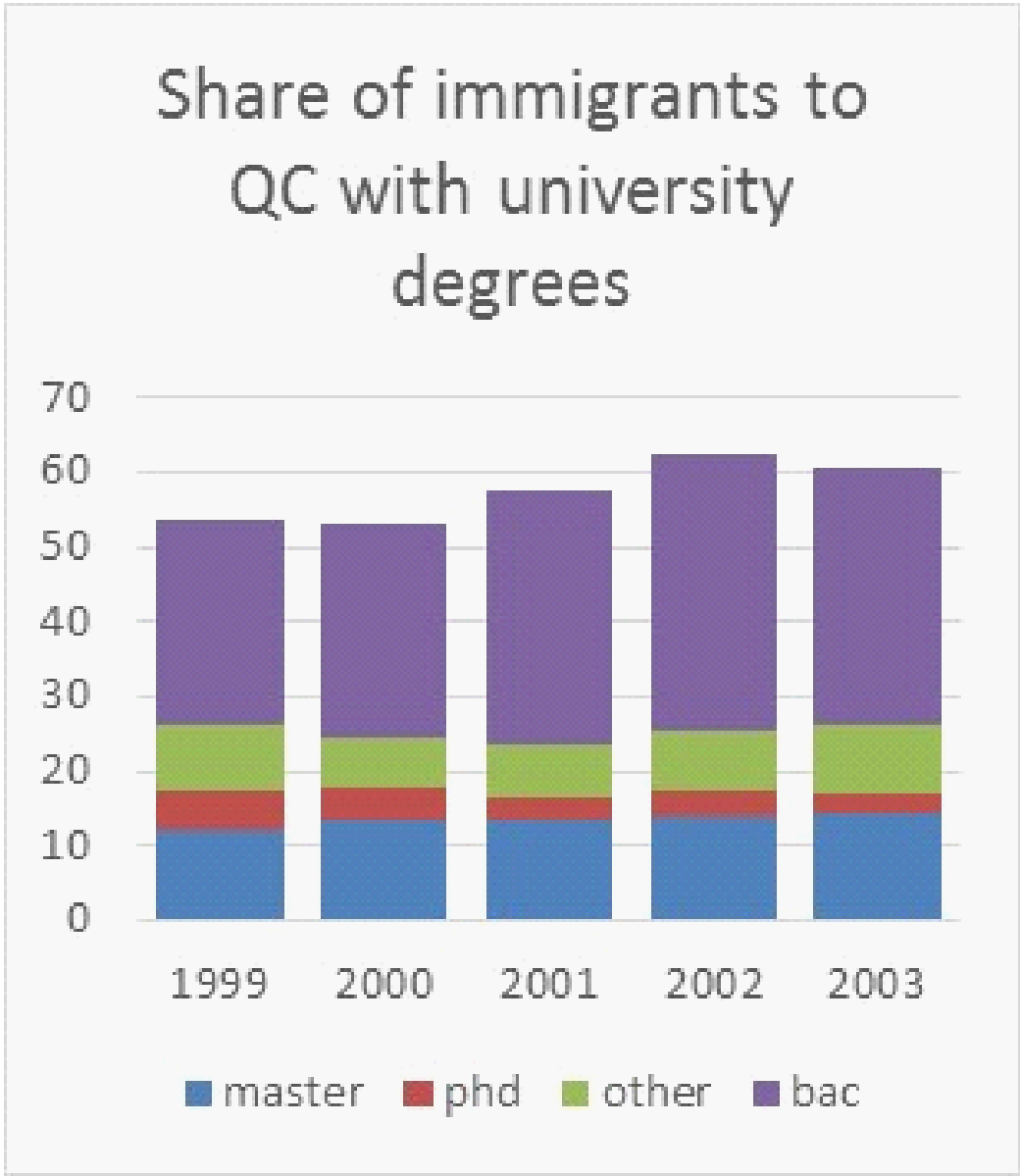
DD Results for labor market outcomes

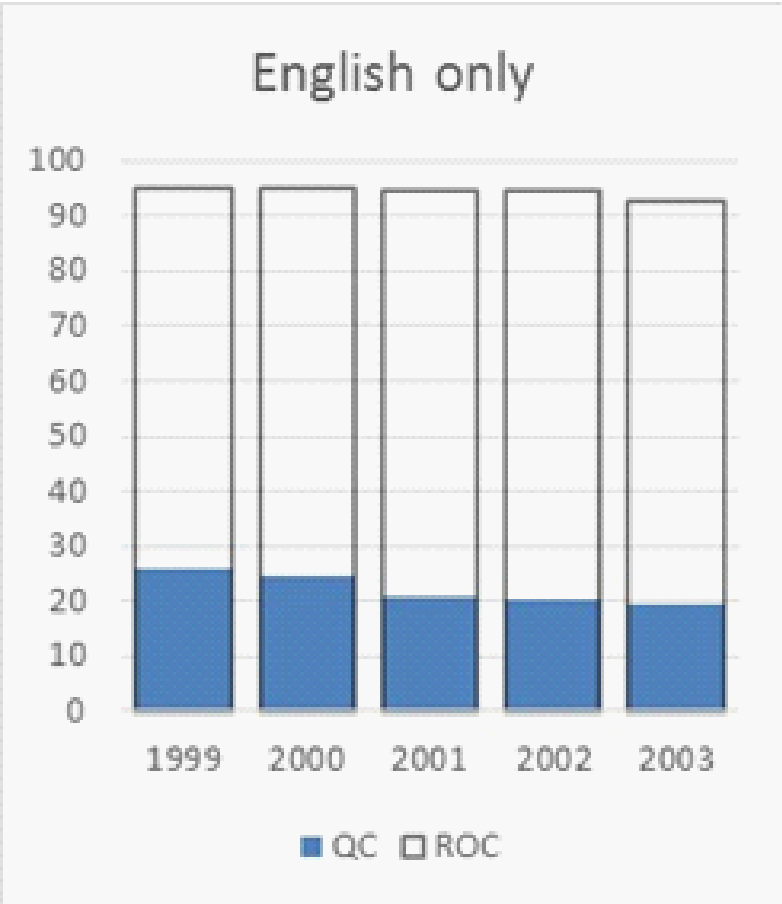
Dependent Variable	(1) LFP	(2) Unemployment	(3) Log Earnings
qcx1999	0.02	-0.002	-0.06
	(0.44)	(0.73)	(0.59)
qcx2001	-0.02	0.03	-0.02
	(0.56)	(0.6)	(0.45)
qcx2002	-0.04	0.03	-0.06
	(0.22)	(0.22)	(0.16)
qcx2003	-0.05	0.04	-0.02
	(0.13)	(0.54)	(0.48)
Observations	35327	30001	28386

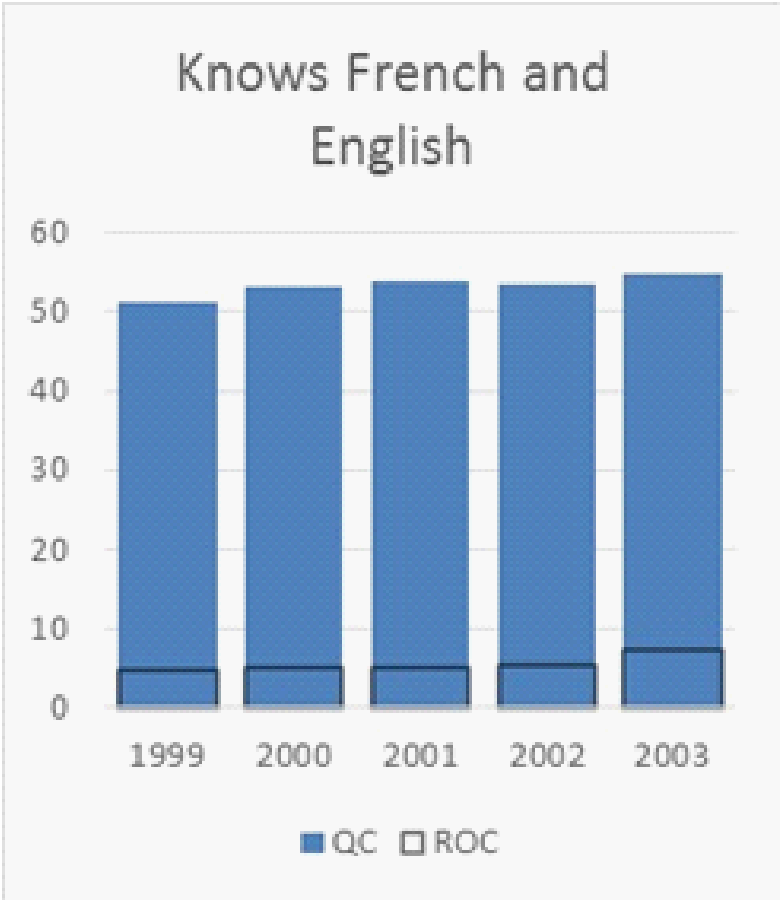
Wild-cluster bootstrapped p-values reported in parentheses


Bachelor's Degree
Share of total immigrants
40
35
30
25
20
1999
2000
2001
2002
2003
QC
ROC


University Degree
Share of total immigrants
70
65
60
55
50
1999
2000
2001
2002
2003
QC
ROC


Share of immigrants to QC with university degrees
70
60
50
40
30
20
10
0
1999
2000
2001
2002
2003
master
phd
other
bac


English only
100
90
80
70
60
50
40
30
20
10
0
1999
2000
2001
2002
2003
QC
ROC


Knows French and English
60
50
40
30
20
10
0
1999
2000
2001
2002
2003
QC
ROC

Conclusion

- The point system picks the intended cohort
- More educated immigrants with better French knowledge do not fare better in the labour market
- The results are not due to a violation of the common trend assumption
- More immigrants with a bachelor degree who do not integrate well in the labour markets
- Future work:
  - Reasons why immigrants with bachelor degrees do not integrate well
    - Mismatch
    - Change in country of origin
  - Look at medium and long run integration

THANK YOU