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WAGE AND BASIC SKILLS INEQUALITY BETWEEN IMMIGRANTS BY IMMIGRATION ADMISSION CATEGORIES AND CANADIAN NON-IMMIGRANTS

ABSTRACT

Using the 2012 Programme for the International Assessment of Adult Competencies (PIAAC), we explore differences in literacy and numeracy skills, and the economic returns to these skills, for Canadian immigrants and non-immigrants. The novelty of this research is disaggregating the sample into seven distinct immigrant groups (based on admission class) and second- and third-generation Canadians. Our results show that no immigrant group performs as well on literacy and numeracy tests compared to those born in Canada, but that young immigrants do outperform adult immigrants. Similar results are found for wages, our metric for success in the labour market. Of the immigrant subgroups, economic immigrants tend to have the highest test scores and hourly wages, with refugees having the lowest. The wage returns to these basic skills are economically significant across all quantiles. Finally, we find that the labour market rewards literacy or numeracy skills equally for immigrants and the Canadian-born.

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