

# HOW DO THE ECONOMIC OUTCOMES OF ECONOMIC VERSUS FAMILY SPONSORED IMMIGRANTS COMPARE?

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Policy and debates around immigration over the last two decades have focused on immigrants' capacity to make meaningful contributions to the Canadian economy. This paper uses the Longitudinal Immigrant Data Base (IMDB) to analyze the economic outcomes of five cohorts of economic and family sponsored immigrants to Canada and Nova Scotia between 1990-1994 and 2010-2012. Analyses show that family sponsored immigrants achieve meaningful economic outcomes and at times even outperform economic principal applicants.

Policy and debates around immigration over the last two decades have focused on immigrants' capacity to make meaningful contributions to the Canadian economy. This can be seen in the rapid increase in number of "economic" immigrants over other categories, it is seen through the introduction of "Canadian experience" category, and it can be seen in the launching of the "Express Entry" program. All of these policies emphasize the importance of immigrants' ability to smoothly integrate into the labour market.

Because of the economic focus of Canadian immigration policies, the levels of admission of non-economic immigrants, such as sponsored family, have declined considerably (McLaren and Black, 2005; Triadafilopoulos, 2006). An assumption is that these immigrants are a drain on the economy (Gunter, 2011). Research on non-economic immigrants,

however, has shown that they make numerous undocumented contributions to families and Canada, such as taking care of extended family, offering language and cultural ties to ethnic communities, and being front and center in diversifying the population (VanderPlaat, Ramos and Yoshida, 2012). This is not to mention that getting a job and generating income for a household is important for immigrants who come to Canada under any category, even if the criteria for selection specify other reasons for entering.

Economic focused immigration policy, however, might not work for regions with smaller immigrant populations, struggling economies, and high rates of outmigration (Dobrowolsky and Ramos 2014) and the vast majority of immigrants come to Canada for non-economic reasons, such as lifestyle and family (Angus Reid 2013). Likewise retention rates for spon-

sored family and other non-economic immigrants are higher than immigrants in other landing categories (Yoshida and Ramos 2013; Akbari, 2012).

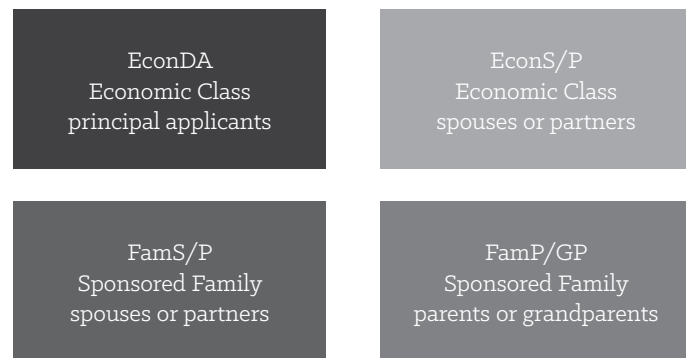
For all of these reasons we examine how economic and non-economic category immigrants fare in terms of economic outcomes. More specifically, what are their rates of employment and what are their average earnings?

## EXAMINING LANDING CATEGORIES AND ECONOMIC CONTRIBUTIONS

To examine economic outcomes we use data from the Longi-



We also examine four pathways for immigration. Two are economic pathways, including principal applicants and spouses or partners of those applicants. The other two are sponsored



In analyzing immigrants' economic outcomes we look at employment and earnings. We compare trends in Nova Scotia versus the country as a whole in order to examine how trends look in a region with a sluggish economy and high rates of out-migration, where immigration is most needed, and to see if economic oriented immigration policies work in such provinces. We also conducted additional analysis looking at trends for cohorts over time and other outcomes (Yoshida et al. 2015), which is available upon request to the first author.

## ECONOMIC WELL-BEING OF IMMIGRANTS

We begin by first looking at employment. Figure 1 shows the proportion of immigrants who had a job one year after landing for each landing category by cohort for Canada and Nova

tudinal Immigration Database (IMDB) 2012. It is a database that links landing records of immigrants with the T1 tax files. The IMDB contains information for all immigrants who landed in Canada from 1980 to 2012 and who filed at least one tax return since 1982 (Statistics Canada, 2015.) We focus specifically on immigrants who landed in 1990 onward in order to examine recent immigrants.

In order to capture trends over time, immigrants are divided into five cohorts including those who landed between: 1990-1994, 1995-1999, 2000-2004, 2005-2009, and 2010-2012. The last cohort consists of a three-year period because the version of the IMDB at the time of analysis only included the immigrants who landed up to 2012.

family, including spouses or partners and parents or grandparents.

Scotia. The national trend is captured with dotted lines and the provincial trend is illustrated with solid lines.

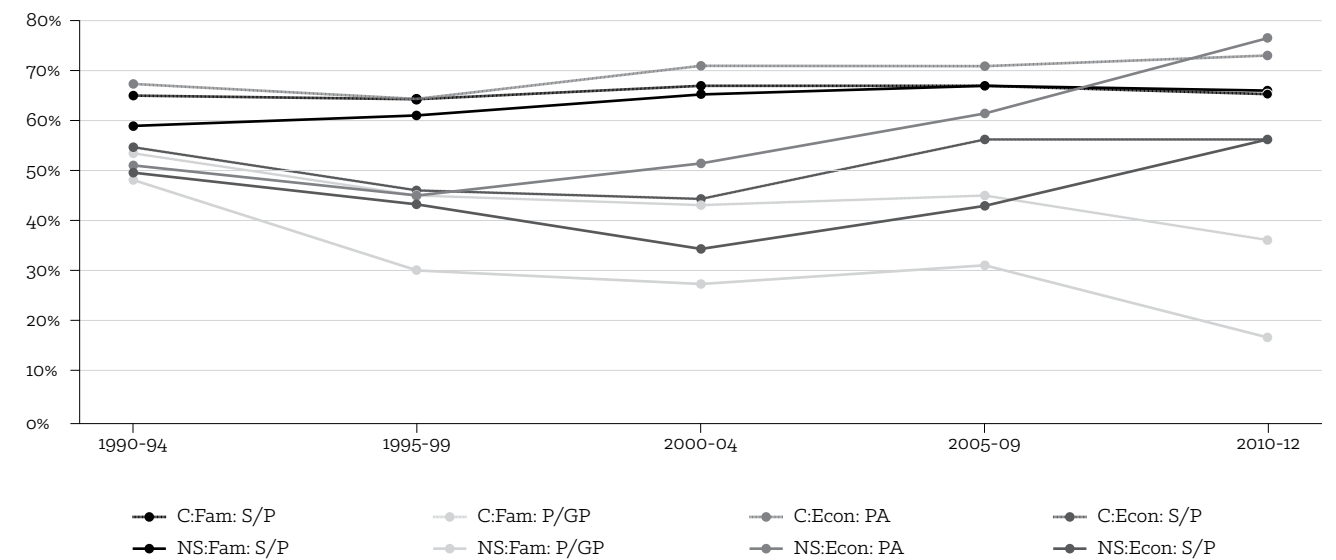
When the figure is examined we see there is little difference in the rates of employment across immigration categories for the 1990-1994 cohort. As one might expect, nationally, economic principal applicants had the highest proportion of those who worked in the first year after arrival, with 67 percent reporting employment income on a tax return. This was, however, only 2 percentage points higher than family sponsored spouses and partners. In the 1990-1994 cohort, 55 percent of economic category spouses and partners worked and this was almost the same as the 54 percent of family sponsored parents and grandparents.

In subsequent cohorts, nationally, the rate of working one year after arrival increased gradually for economic principal

applicants to 73 percent for the 2010-2012 cohort. This offers some evidence that changes in immigration policy may have helped on this front. The proportion of those working one year after arrival among family sponsored spouses and partners remained about the same at 67 percent. This was higher than those who came as economic category spouses and partners. The proportion of family sponsored parents and grandparents working during their first year of arrival declined across cohorts, falling to 36 percent for the 2010-2012 cohort.

When immigrants to Nova Scotia are examined, we see interesting contrasts. For the 1990-1994 cohort, like Canada as a whole, there are not many differences across immigrant categories. This, however, changes across landing cohorts, with economic principal applicants gaining more employment than immigrants in other streams and by the 2010-2012 cohort. Immigrants in Nova Scotia generally fare better in terms of employment during their first year after arrival compared to those across Canada, save for family sponsored parents and grandparents.

FIGURE 1. PERCENT EMPLOYED AFTER 1 YEAR BY IMMIGRATION CATEGORY AND COHORT



Overall, Figure 1 shows that differences across cohorts emerge between economic principal applicants and other immigrants. The figure also shows that the majority of immigrants who come under family streams work in the first year after arrival. Particularly noteworthy is the fact that family sponsored spouses and partners perform better in terms of employment in the first year than spouses and partners coming under the economic stream.

## EARNINGS

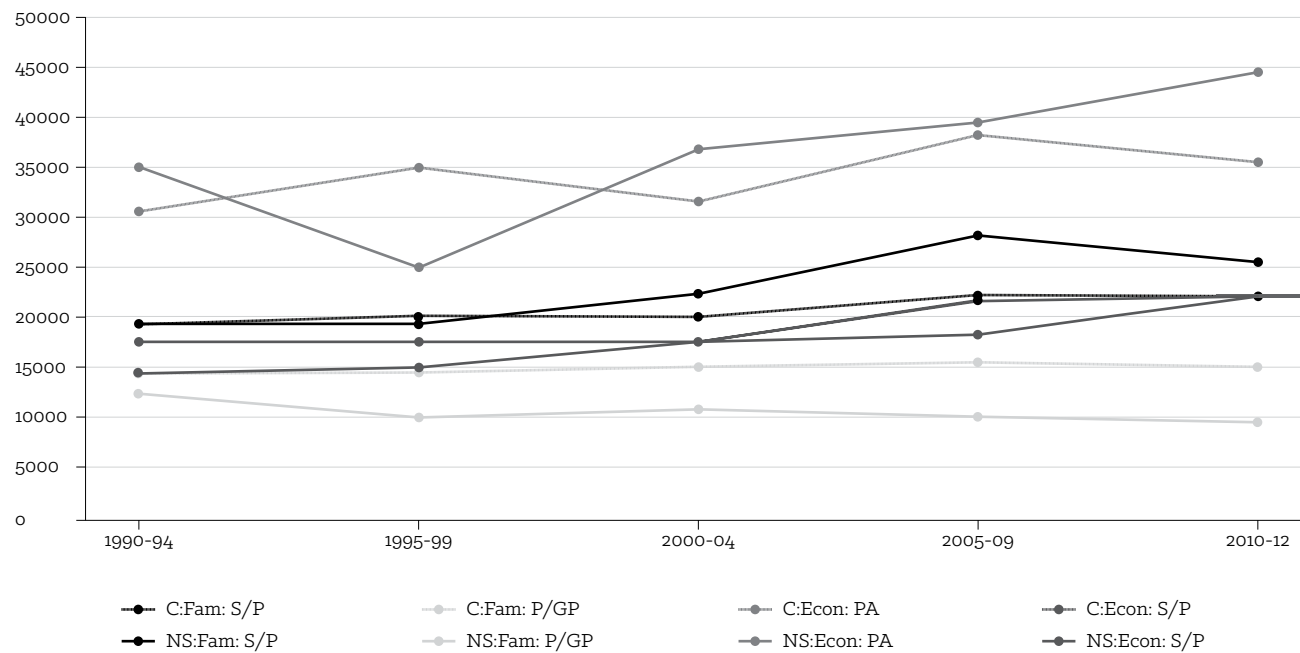
Whether an immigrant works or not is a basic metric of economic integration and does not account for whether or not they work in a "good" job, i.e. one that pays well. To capture this we also examine average earnings of immigrants across immigration categories and landing cohorts.

Figure 2 plots average earnings of immigrants by immigration category and cohort for Canada and Nova Scotia one year

after arrival. The figure shows that economic principal applicants have the highest earnings compared to other categories of immigrants. For Canada as a whole, the 1990-1994 cohort on average earned \$12,800 to \$16,200 more than immigrants in other categories. Over time later cohorts of economic principal applicants earn even more than other immigrants. The 2010-2012 cohort earned between \$14,000 and \$21,100 more than immigrants in other categories. Their higher earnings should come as no surprise given they are recruited based on higher levels of human capital.

When we look at other immigration categories at the national level, we find that family sponsored spouses and partners have about the same level of earnings as spouses and partners coming under the economic category. They earn \$300 more than economic spouses and partners in the 1990-1994 cohort, but had the same average earnings in the 2010-2012 cohort. With respect to sponsored parents and grandparents, they had the lowest average earnings compared to other categories of immigrants.

FIGURE 2: AVERAGE EARNING AFTER 1 YEAR BY IMMIGRATION CATEGORY AND COHORT



When we look at Nova Scotia, we see that immigrant earnings are higher compared to Canada, save for economic spouses and partners as well as family sponsored parents and grandparents. We also find that over time, the amount of average earnings increases for later cohorts. For example, the 1990-1994 cohort of economic principal applicants to Nova Scotia earned \$4,000 more than those nationally. This earning advantage increased to \$8,000 among the 2010-2012 cohort. For sponsored spouses and partners, those in Nova Scotia had \$800 higher earnings than the national average of this category in 1990-1994. When we look at the 2010-2012 they earned \$4,000 more.

In contrast, economic spouses and partners in Nova Scotia earned less than the Canadian average for immigrants in this category. They also earned less than family sponsored spouses and partners. It appears that they not only have lower rates of employment, but also less return on their work when they do gain paid employment. Sponsored parents and grandparents also earned less than the Canadian average for immigrants in this category and their earnings decreased over cohorts.

## CONCLUSION

Analysis of economic outcomes of immigrants shows that nationally economic principal applicants have the highest rate of holding jobs compared to other categories of immigrants. Interestingly, family sponsored spouses and partners have higher rates of labour market participation than spouses

and partners coming under the economic stream. Here there appears to be a gap in the economic outcomes of economic stream spouses and partners.

In Nova Scotia family sponsored spouses and partners had higher rates of employment than economic principal applicants, until the 2010-2012 cohort. We also find that rates of employment for economic principal applicants are lower than the national trend, but over time this improves and even exceeds the rate for Canada as a whole. These findings suggest that provincial changes to immigration and integration policy have had a positive effect in helping immigrants find jobs over time.

With respect to earnings, economic principal applicants have higher earnings than immigrants from other immigration categories. Again we find that family sponsored spouses and partners earn more than spouses and partners coming under the economic stream. When Nova Scotia is examined we find that both economic principal applicants and family sponsored spouses and partners earn more on average than immigrants of the same categories nationally.

Overall, our analysis shows that policy makers should not underestimate sponsored family immigrants. They clearly gain employment and substantial earnings and in the cases of spouses and partners those coming under family streams do better than those coming with economic principal applicants. Our analysis also shows that family sponsored immigrants fare well, and at times better, than economic immigrants in a region that has low immigration, economic struggles, and

high out-migration. It is time for policy makers to think outside of the econocentric box that has yielded most immigration policy decision of the last decade.

## ACKNOWLEDGMENTS

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