




Off-Colour: Canada's Ethnically Stratified Labour Market, 1995–2020

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Abstract

In a series of papers, Pendakur and Pendakur (1998, 2002, 2011, 2015) document that Canadian-born visible minority earnings disparity increased over the 4 decades from the 1970s to the mid 2000s. In this work, we extend the timeframe of analysis to cover earnings differentials from 1995 to 2020. The novelty of this research comes from the fact that we use a consistent model and definition of ethnic groups over time and assess both broad and detailed ethnic categories. We assess these differentials at the Canada-wide level as well as for Montreal, Toronto and Vancouver. We find that disparity for visible minorities a whole is small and stable for women, with visible minority women earning 4–5% less than comparable white women throughout the period. However, disparities are large and possibly increasing for men, with visible minority men earning 12–15% less than comparable white men over 1995 to 2005 and 16–18% less over 2010–2020. In addition, we find evidence of a hierarchy of earnings inequality amongst visible minority ethnic groups, with Chinese and South Asians faring better than Caribbean and African-Black groups. We also find strong evidence that disparities are larger in Montreal than in Toronto and weak evidence that they are smaller in Vancouver than in Toronto.

Keywords Earnings differentials · Labour force discrimination · Change in earnings differentials · Ethnic labour market outcomes

The views expressed in this paper do not necessarily represent the views of the Bank of Canada.

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Introduction

A large body of Canadian research since 1990 shows that ethnic minorities, be they immigrants or Canadian-born people, face substantial labor market disparity. The older body of research focusses on immigrants and finds that immigrants face considerable earnings penalties in the Canadian labour market (see for example, Akbari, 1992; Stelcner, 2000; Baker & Benjamin, 1997; Hum & Simpson, 2004; Mata & Pendakur, 2017; Lian & Matthews, 1998). Immigrant disparity arises due to a mix of factors: foreign education and socialization may drive disparities and so too might ethnic origin.

A more recent literature considers Canadian-born ethnic minorities, which includes the children of ethnic minority immigrants. Pendakur & Pendakur (2002) show that even amongst the Canadian-born population, where the effects of foreign education and socialization are indirect (e.g., through parents) or not present, non-European ethnic minority workers earned much less than British-origin workers in the early 1990s. Pendakur and Pendakur (1998, 2002, 2011a, 2011b, 2015) consider the evolution of these disparities over time, and document that amongst the Canadian born population, visible minority earnings disparity increased over the 4 decades from the 1970s to the mid 2000s (see also Wall & Wood, 2023). In this work, we extend the timeframe of analysis to assess earnings differentials faced by ethnic minorities over the period 1995 to 2020. We assess these differentials for visible minorities as a whole and for specific non-European ethnic groups at the Canada-wide level and for Montreal, Toronto and Vancouver.

In this descriptive paper, we focus on ethnic minorities born in Canada. We exclude immigrants from the sample because there are a variety of reasons why immigrants may have lower wages than Canadian born workers that do not necessarily hinge on unfair treatment. Among these reasons are as follows: education certificates earned outside Canada may not be recognized; they may not speak an official language fluently; and their networks likely differ from those of the Canadian-born population. In contrast minorities born in Canada are not subject to foreign credential penalties, speak at least one official language without an accent and should have broadly the same socialization and networks as other Canadians. The Canadian-born population has become dramatically more diverse since the 1990s, particularly in regard to the visible minority population. As such we might expect earnings differentials to shrink over time as the labour force incorporates more minority workers. Our goal is to map out ethnic earnings disparities in Canada and to see if the earnings of white and visible minority¹ workers are converging over time.

Broadly speaking, we find little evidence of convergence. Earnings disparities faced by visible minorities as a whole are small and stable for women, and large and possibly increasing for men. In addition, we find that there is a hierarchy of outcomes with Caribbean and African black workers facing higher levels of disparity

¹ The term visible minority has been used in Canada to describe people who have non-European and/or non-indigenous ancestry since the 1970s. A detailed history of the term and its origins can be found in Pendakur 2000.

than do Chinese and South Asian workers. This hierarchy is stable across time and across the three Census Metropolitan Areas.

Literature

Since the late 1990s, there has been a fairly substantial literature attempting to measure the variation in earnings across ethnic groups in Canada. Howland & Sakellariou (1993) used 1986 Public Use Census data and found that as compared to white men, the earnings gap faced by visible minorities ranged from 2% for South Asian men to 21% for Black men. Using the 1989 Labour Market Activity Survey, Christofides & Swindinsky (1994) concluded that, while British or French immigrant males were not generally disadvantaged in the Canadian labor market, minority immigrant males earned 18% less than non-minority males on average. Pendakur & Pendakur (1998) found that substantial earnings differentials existed between groups, with immigrant visible minorities facing the largest earnings differentials as compared to their respective white Canadian-born counterparts (15.8% for men and 9.1% for women). Since then, the literature concerning earnings differentials across ethnic groups in Canada has grown substantially (see recent work by Qui & Schellenberg 2022). For example, Pendakur & Pendakur (2002) and Yap (2010) used 1996 census and 1999 firm data respectively, finding that even amongst the Canadian-born, visible minority workers earned less than their white counterparts. Skuterud (2010) documents that disparities persist over at least two generations.

Several researchers have pointed to important heterogeneity that may be masked when looking within the overall visible minority earnings gap. Qiu and Schellenberg (2022) find that visible minority earnings gaps are smaller (or even positive) between women than they are between men (see also Pendakur & Pendakur, 1998, 2002, 2011a, 2011b). Amongst Canadian-born workers, Pendakur & Pendakur (1998) emphasize that Indigenous workers are the most disadvantaged, bringing to the foreground the fact that the aggregation of all non-white groups into a single category obscures variation between various ethnic groupings. In this paper, we do not investigate Indigenous labour market outcomes; we pursue that objective in a companion paper (Pendakur & Pendakur, forthcoming). In this paper, we consider both the aggregate visible minority category and its constituent sub-categories in an attempt to capture the evolution of the earnings outcomes across groups. In particular we estimate earnings disparities faced by the following visible minority ethnic groups: Spanish and Latin American, West Asian and Arab, South Asian, Chinese, Black, African Black, Caribbean, South-East Asian, Other Asian, and multiple origin visible minorities.

While much of the research looks at a selection of groups in a moment in time, there is a generational dimension to these earnings gaps. Skuterud (2010) found that there were observable decreases in the earnings gaps from one generation to the next for Black and Chinese groups, but that southeast Asian groups' earning gaps held constant irrespective of generation. However, because many of the non-European minority groups are relatively new to Canada, the counts are often low for the children of Canadian-born ethnic minorities (third generation plus). Because we focus on a large number of ethnic groups, many of whom have low counts in this

dimension, we don't address the generational dimension. Rather, we focus exclusively on the earnings disparities faced by Canadian-born ethnic minorities (second generation plus).

Much of the work has focused on earnings from employment in part because self-employment earnings can be difficult to interpret. However, there are other aspects of earnings that have been studied. Fang & Heywood (2006, 2010) found that earnings differentials are small for minorities reporting performance pay as part of earnings. Pendakur & Pendakur (2015) looked at the degree to which including occupation and industry controls reduces inequity. However, they also argued that if these characteristics are rationed by employers, including work-based controls which may, therefore, mask one form of discrimination. More recently, Block and Galabuzi (2011) used tabular data from the 2016 Census to describe broadly uncontrolled differences in economic outcomes for racialized groups. They found that racialized men and women faced substantial penalties in the labour force. However, because they did not control for immigrant status, they could not speak to the degree to which the gap diminished for those born in Canada. Akbari & Debbarman (2022) also used the 2016 census to focus on employment probabilities across generations, concluding that several visible minority groups faced employment challenges that continued through to the third generation. Although self-employment income and employment probabilities are interesting, they are beyond the scope of the current paper, where we exclusively study earnings from wages and salaries of employed people.

An important predictor of earnings differentials for ethnic minorities in Canada is the location in which individuals reside. Sigouin (2017) studied this variation using 2006 Census and 2011 National Household survey to compare earnings differentials by region. She found that in Quebec, all observed visible minority groups (Black, Chinese, Arab, and South Asian) had an average wage gap differential of 44–48% less than whites (Sigouin, 2017). This was in stark contrast to the Atlantic provinces, where Chinese and South Asian groups faced no disparity, while Arab and Black groups did. Black groups in particular, faced differentials of 35% less than whites (Sigouin, 2017). In this paper, we speak to this geographic variation by separately estimating minority disparity in Canada's three largest cities: Montreal, Toronto, Vancouver. The focus on census metropolitan areas allows us to de facto control for the effects of markets.

In the United States, Darity et al. (1996) used 1980 and 1990 census data and found significant differences in the earnings of major ethnic groups across the United States (see also Black et al., 2006). White men of Russian ancestry had average earnings nearly twice that of the national average at the time. In contrast, African American men could only expect to make about 60% of the national average. People of Indian ancestry earned on average 115% of the national average, and those of Chinese or Korean ancestry earned the same as the national average. People of Vietnamese ancestry, on the other hand, earned only 65% of the national average (Darity et al., 1996). Every other Hispanic and non-white group could expect to earn less than the average to varying degrees. A decade later, research still pointed to an imbalance between ethnic groups, though disparities are smaller. Using the 2000 US census to estimate the intersectionality of ethnicity and gender in earnings

differentials, Greenman & Xie (2008) found sizable earnings differentials by gender and race in the US labor market, with women earning less than men and most racial/ethnic minority groups earning less than whites. In comparison to Darity et al (1996) they find a reduction in the size of the earnings gaps, with no group facing an earnings penalty of over 25% as compared to the majority white group.

Semyonov & Lewin-Epstein (2009) study the black–white earnings differential over the period 1960–2000. They conclude that the earnings gaps diminished decade over decade but at a declining rate. Rodgers (2024) extends this analysis to 2022 and suggests that the rate of convergence has declined even more. In contrast to these results from the US, we find little evidence of convergence for our non-white ethnic groups in Canada.

In conducting their research on ethnic earnings differentials in the United States over a 60-year time frame, Hirsch & Winters (2013) found that by 2010, the earnings gap between whites and black workers was greater than it has ever been. They relate this to trends in joblessness, with Whites and Hispanics suffering all-time highs of 17% and 24% joblessness respectively. In contrast, Black Americans had a joblessness rate of over 40%. Once again, we see that education has a significant effect on the earnings gaps of individuals, and when we account for education the gap across ethnic groups decreases significantly. According to their analyses, education accounts for 50% of the disparity between groups, with a claimed 2–2.5% of the disparity being explained by ethnicity among whites and Hispanics. Although Canada and the United States have had very different histories regarding the legal status of Black residents, we find similarly severe disparities for Black workers in Canada over the entire period of the study.

Fisher & Houseworth (2017) use 30 years of Current Population Survey data and find similar patterns for minority women even after correcting for self-selection into the labor force. Because Canadian census data lack plausible instruments for labor force participation, we are unable to correct for time varying patterns in participation. We therefore restrict our analysis to comparisons amongst men and amongst women, and do not attempt to draw comparisons across genders.

Bishop et al (2021) assess racial disparities over 40 years of data from the Panel Study of Income dynamics. Because their data follow a fixed set of households and people over time, they are able to study earnings mobility in addition to earnings disparity. They find significant variation in earnings mobility across races that seems to reinforce earnings disparities. In contrast, our data are repeated cross-sections, with different individuals in each wave. Consequently, we focus exclusively on earnings disparities and are not able to comment on trends in mobility.

One might argue that the minority population in Canada is quite different from that in the United States where Black and Hispanic groups dominate. In contrast, Canada's minority population has some similarity with that of the UK, possibly because of a shared colonial past. In Britain, using data from 1993 to 1997 and 2005 to 2008, Brynin & Guveli (2012) found that no group in earns more than the white majority. Further, aside from Black Africans and South Asians, most groups experienced very little improvement in their earnings differences. Our analysis also shows little evidence of convergence for these groups.

Clark & Nolan (2021) use British Labour Force Survey data from 1993 to 2019 and found that the relative success of larger minority groups of Britain varies by

group (Clark & Nolan, 2021). As compared to majority whites, Indians saw worsening yields from their individual characteristics, while Pakistanis saw substantial increases. Black Africans saw diminishing returns as well, while Bangladeshis saw less change in either direction. Interestingly, Indians and Bangladeshis were observed to suffer a disproportionate amount of unlawfully low pay between 2000 and 2006, with 35% of Bangladeshis in the UK during that time being paid less than the national minimum wage (see also Blackaby et al., 2002). In Canada, the largest sub-population of visible minorities is Chinese origin. Our findings suggest that group size did not help dissipate earnings gaps: earnings disparities for Chinese-Canadian workers did not converge over time.

Methodology

We seek to assess the degree to which Canadian-born visible minority groups may be subject to earnings differentials over the period 1995 to 2020. As much as possible, we copy the methodology of Pendakur and Pendakur (2002) who study these disparities over the period 1970 to 1995. Pendakur & Pendakur (2011a, 2011b) did the same exercise for the period 1995 to 2005. A key difference between the current work and Pendakur & Pendakur (2002 and 2011a) is that whereas they ran unweighted regressions, we run weighted regressions because Statistics Canada introduced a policy in the early 2000s to require such weighting.

Relative to Pendakur & Pendakur (2011a, 2011b) who cover 1995 to 2005, the empirical novelty in this work is to cover more recent periods. Pendakur & Pendakur (2011a, 2011b) ran unweighted regressions. Since the mid 2000s, Statistics Canada has only permitted the release of weighted estimates from Census data. Consequently, we provide estimates from weighted regressions for the entire period 1995 to 2020 (rather than from just 2010). We are thus able to provide a long and consistent assessment of earnings differentials faced by Canadian-born minorities.

Data

We use earnings and personal characteristics data from the Censuses of Canada 1996, 2001, 2006, 2016, 2021 plus the National Household Survey of 2011.² The 2021 Census provides earnings data for both 2019 and 2020, merged from

² The National Household Survey replaced the census in 2011. Compared to the 2006, 2016, and 2021 Censuses, participation in the NHS was not mandatory, and both response and completion rates are much lower (see https://www12.statcan.gc.ca/nhs-enm/2011/ref/about-apropos/nhs-enm_r005-eng.cfm). Because Statistics Canada has a policy of imputing blank responses in the census (and therefore the NHS), there is far more data imputation in the 2011 NHS as compared to the 5 censuses we use. However, Wayne Smith, Canada's chief statistician at the time, argued that the survey can provide robust estimates for most variables, even if it cannot match the Censuses in terms of data quality (Smith 2015). The 2006 dataset is a twenty per cent sample of all Canadian households and the 2016 and 2021 datasets are 25% samples of Canadian households, while the NHS was sent to about one third of all households.

administrative tax data. The 1996, 2001 and 2006 datasets are 25% samples of all Canadian households and the 2016 and 2021 datasets are 25% samples of Canadian households. The NHS was sent to about one third of all households but because it was not mandatory, the response rate is much lower.

We run linear regressions that are estimated on the subset of all people who are Canadian citizens by birth, worked for someone else in the previous year (class of worker equals paid worker); are aged 25 to 64; earned more than 100\$; spoke an official language (English or French); and report a level of schooling (including no certificate). The year of earnings is the year prior to Census year, except for the 2021 Census. In that Census, we have income reported for both 2019 and 2020 and run regressions for both years. We note that class of worker refers to the class in the week of the census. For all years but 2019, we assume that the class of worker reported in the census year is the same as would have been reported in the income year. For 2019 earnings only, we impute class of worker by coding as “paid workers” all people who received more labour income from wages and salaries than labour income from self-employment.

The dependent variable in all regressions is the natural logarithm of total annual earnings from wages and salaries. The logarithmic function de-skews the distribution of earnings, which is useful because it decreases the influence of very high earnings reporters. However, it also increases the influence of very low earnings reporters.

Rather than reporting estimated coefficients from log-earnings regressions, we report proportionate earnings gap equal to $\exp(b)-1$, where b is the coefficient from the log-earnings regression. Proportionate earnings gaps may be interpreted as the percent difference in earnings between a particular group and the base category of white workers. Because regressions are run by gender, all reported proportionate earnings gaps are within gender.

We include the same control variables as Pendakur & Pendakur (2002), with some slight changes in coding due to the evolution of census coding categories over time:

Age: Eight age cohorts as dummy variables (age 25 to 29, 30 to 34, 35 to 39, 40 to 44, 45 to 49, 50 to 54, 55 to 59, and 60 to 64). Age 25 to 29 is the left-out category. For 2019, age was adjusted to reflect the respondent's age in 2019.

Household size: A dummy variable indicating a single-person household and a continuous variable indicating the number of family members for other households.

Official language: Three dummy variables (English, French, bilingual—English and French). English is the left-out dummy variable.

Marital status: Five dummy variables indicating marital status (single—never married, married, separated, divorced, widowed). Single is the left-out dummy variable.

Schooling: 12 levels of certificates as dummy variables (none, high school, trades certificate, college certificate less than 1 year, college certificate less than 3 years, college certificate 3 or more years, university certificate less than Bachelors, Bachelor's degree, BA+, medical degree, Masters degree, and PhD). No certificate is the left-out dummy variable.

City of Residence: In regressions that pool all the cities together, we use 11 dummy variables indicating the census metropolitan area (CMA) of Halifax, Montreal, Ottawa, Toronto, Hamilton, Winnipeg, Calgary, Edmonton, Vancouver and Victoria, plus a flag for not living in one of the ten listed CMAs. For 2019, the CMA/CA of residence in 2020 was used.

Group status: *Coarse groups* are drawn from the *population* question which asks if the respondent is white or a member of a set of non-European groups. Together with the questions related to Indigenous identity, we create a single variable set with three dummy variables indicating broad group status (White, Visible Minority, Indigenous Person). In our empirical work, we focus on the visible minority dummy (and not the Indigenous indicator). White is the left-out dummy variable.

We also define *detailed ethnicity* for the non-Indigenous population on the basis of the first two write-in responses to the Ancestry question. The non-Indigenous ethnic groups are:

British, Canadian, French, British French Canadian within group multiples, American Australian New Zealand, Austrian German, Scandinavian, Dutch, Baltic origins, Belgian, Polish, Russian, Czech and or Slovak, Hungarian, Portuguese, Italian, Greek, Jewish, Balkan, Other European, White multiple origin, Spanish, Latin American, Arab or West Asian, South Asian, Chinese, Black, African Black, Caribbean, South East Asian, Other Asian, and visible minority multiple origin. In our empirical work, we focus on the latter 10 groups (Latin American to visible minority multiple), which together comprise the ethnic groups that comprise the visible minority category. The left-out category is British origin.

Appendix Tables 4–5 give summary statistics on our data. In Table 4, we give the weighted numbers of observations of males and females, respectively, in our samples that fall into our broad and detailed ethnic groups and who live in the CMAs of Montreal, Toronto and Vancouver. Here, the weighted counts are rounded to the nearest 5 and roughly equal the number of observations times 5 for five of the seven time periods (1995–2015). The main point we wish to make is that we have plenty of observations in each of our ethnic groups of interest and in each of our 3 CMAs of interest. Tables with regression results show the unweighted observation count (which is about one fifth as large as the weighted count).

Appendix Tables 5 gives summary statistics on the outcome variable, log-earnings, and on covariates age, household size, official language knowledge, marital status and education. We do not provide summary statistics on CMA of residence (other than the big 3) or group status, as these are implied from Table 4. The upper panel gives the mean of the outcome variable by group. Here we see, for example, that in 1996 the mean log-earnings of white men was 0.15 higher than that of visible minority men. By 2019, this gap in mean log-earnings had shrunk to 0.11. The objective of our regression analysis is to evaluate this gap conditional on the other characteristics of workers including age, education, etc.

We note that our specific choice of outcome variable and regressors means that interpretation of our findings is somewhat restricted in nature, for at least three reasons. First, a focus on individual earnings, rather than, e.g., household income, means that we do not assess how material well-being differs across groups. For example, Pendakur & Pendakur (2011b) show that indigenous workers in Canada face smaller

household income disparities than earnings disparities, in part because government redistribution undoes some labour market disparity for this group. Second, the focus on log-earnings gaps means that, conditional on characteristics, we don't assess the earnings distribution. Some papers have used quantile regression to learn about the conditional earnings distribution across ethnic groups (e.g., Pendakur & Pendakur, 2011b; Pendakur & Woodcock, 2010) and found evidence that earnings gaps differ between the top and the bottom of the conditional earnings distribution.

Finally, we include only characteristics of workers amongst our regressors and do not include any job characteristics. This means that if job characteristics determine wages and preferences for job characteristics vary across ethnic groups, this earnings difference will load onto the ethnic origin dummies. For example, if ethnic minorities like part-time work more than do majority workers, the low earnings caused by part-time work will be attributed to ethnic minority status. Consequently, we cannot interpret estimated earnings disparities as directly revealing "discrimination"; instead, they reveal differentials in earnings that can be explained by a variety of factors including discrimination and preference variation across ethnic groups.

Results and Discussion

We present proportionate earnings gaps between selected visible minority ethnic groups and the base category of British-origin people. These are computed from regression coefficients on ethnic group dummies in a regression of log-earnings on ethnic group dummies and a set of control variables. The proportionate earnings gap is equal to $\exp(\text{coef}) - 1$, and we report its standard errors computed via the delta method.

Proportionate earnings gaps may be interpreted as giving the percentage difference in earnings faced by a minority worker in a given visible minority ethnic group compared to a majority-group worker with similar personal characteristics (age, education, city of residence, etc.). For our coarse groups, visible minority workers are compared to white workers. For our detailed ethnic groups, members of specific visible minority ethnic groups are compared to British-origin workers.

We run regressions for Canada as a whole, including city of residence dummies, and we run regressions separately for Montreal, Toronto and Vancouver, Canada's 3 largest cities. Each regression is run separately for men and for women, and each regression is run separately with broad ethnicity dummies and with detailed ethnicity dummies. Thus, we ran 16 regressions for each of 7 waves of Census earnings data (1995, 2000, 2005, 2010, 2015, 2019, 2020).

Estimated Disparity for Visible Minorities as a Whole

Table 1 provides estimates of the earnings differentials facing visible minorities from regressions using broad ethnic groups. It gives the estimated proportionate earnings gap for visible minority men and women for Canada as a whole and for Montreal, Toronto and Vancouver over the income years 1995 to 2020. We show

Table 1 Percent differences between visible minority and white working men and women, 1995 to 2020

Sex	Region	Control	1995		2000		2005		2010		2015		2019		2020	
			% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %
female	Canada	observa- tions	811,055		870,810		940,990		986,165		1,213,580		1,242,420		1,174,895	
		R2	0.133		0.137		0.155		0.143		0.153		0.136		0.157	
		vismin	-0.034	0.010	-0.040	0.008	-0.018	0.006	-0.041	0.005	-0.036	0.004	-0.042	0.003	-0.037	0.004
	Mon- treal	observa- tions	94,185		99,195		107,365		118,450		138,620		142,125		135,885	
		R2	0.114		0.130		0.154		0.143		0.165		0.145		0.172	
		vismin	-0.143	0.032	-0.141	0.023	-0.080	0.017	-0.104	0.013	-0.065	0.011	-0.075	0.009	-0.057	0.009
	Toronto	observa- tions	79,450		85,505		89,485		97,125		122,705		125,980		117,685	
		R2	0.102		0.097		0.118		0.126		0.150		0.135		0.168	
		vismin	-0.085	0.017	-0.035	0.013	-0.022	0.011	-0.002	0.010	-0.028	0.007	-0.015	0.007	-0.006	0.007
	Vancou- ver	observa- tions	39,645		41,135		43,345		48,780		57,465		59,925		56,060	
		R2	0.087		0.079		0.094		0.092		0.109		0.096		0.126	
		vismin	0.134	0.025	0.087	0.020	0.137	0.018	0.075	0.015	0.133	0.013	0.050	0.010	0.076	0.011

Table 1 (continued)

Sex	Region	Control	1995		2000		2005		2010		2015		2019		2020	
			% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %	% dif	se of %
male	Canada	observa- tions	888,160	917,355	953,710	974,010	1,213,500	1,292,150	1,172,090							
		R2	0.164	0.154	0.172	0.149	0.164	0.135	0.166							
		vismin	-0.125	0.008	-0.132	0.005	0.004	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
	Mon- treal	observa- tions	97,890	99,695	103,770	113,835	133,690	144,935	131,835							
		R2	0.165	0.146	0.178	0.160	0.182	0.142	0.185							
		vismin	-0.193	0.027	-0.202	0.015	0.011	-0.237	0.009	0.008	0.008	0.008	0.008	0.008	0.007	0.007
	Toronto	observa- tions	79,425	84,975	87,205	93,645	119,125	128,220	114,795							
		R2	0.185	0.184	0.212	0.198	0.230	0.192	0.240							
		vismin	-0.146	0.015	-0.118	0.010	0.008	-0.133	0.007	0.006	0.006	0.006	0.006	0.006	0.006	0.006
	Vancou- ver	observa- tions	41,925	42,385	43,725	49,130	59,010	64,460	58,400							
		R2	0.169	0.159	0.159	0.137	0.162	0.134	0.175							
		vismin	-0.052	0.018	-0.049	0.014	0.012	-0.083	0.010	0.008	0.008	0.008	0.008	0.008	0.009	0.009

Note: other variables in the model are: age cohorts, marital status, official language knowledge, highest educational certificate, household size and selected CMAAs

Selection: Canadian citizens by birth whose primary source of labour income is from wages and salaries, with non-missing schooling information and reporting more than \$100

these estimates graphically in Figs. 1 (women) and 2 (men). The error bars provide 90% confidence intervals. The thick gray lines give the estimate for Canada as a whole.

At the level of Canada as a whole, the disparity faced by visible minority women in comparison to white women is small, about 3 to 4 percentage points, and completely static over time. Pendakur and Pendakur (2002) observed that visible minority women earned *more* than similarly aged and educated white women in the 1970s and 1980s. However, that earnings premium declined over time, and by the mid 1990s, had disappeared, replaced by a small earning gap. Essentially, we find that this near parity in earnings for visible minority women continued for the next two decades.

In contrast, for men, the disparity is large, about 13 to 18 percentage points, and increased over time, from a 13% proportionate earnings gap in 1995 to 18% gap in 2020. At the Canada-wide level, we see that over the 4 waves from 1995 to 2010 visible minorities face an earnings gap of 13 to 16%. However, disparities enlarge slightly over the next decade. Over the 3 waves of earnings data from 2015 to 2020, visible minority men face an earnings gap of 17 to 18%. Although the increase is small (e.g., 2 percentage points), because the magnitudes are estimated very precisely, this increase is statistically significant.

Our results are a bit different from what has been observed in terms of earnings disparities by “race” in the United States. Rodgers (2024) shows that Black women’s earnings converged towards those of white women over the 1970s and 1980s but had not converged any further since 1990. Our results for women have a similar spirit. However, Rogers (2024) finds that Black men’s earnings converged towards white men’s earnings slowly over the 1990s, 2000s, and 2010s (page 2). In Canada, we do not see this convergence over the last 20 years; instead, we see a small amount of divergence.

This increase in earnings disparity faced by visible minority men is statistically significant, large, and a bit surprising. Over this period, the fraction of the Canadian population that was visible minority increased from 11 to 26%, and the fraction of the Canadian-born population that was visible minority increased from 3 to 11% (these figures are from Statistics Canada’s public-use microdata). So, the increase in disparity coincided with a slow and steady increase in the fraction of Canadians in this broad group. In fact, by 2020, Toronto was majority visible minority, and Vancouver nearly so.

Given that Canada’s ethnic diversity increased most in its large cities, it is instructive to examine earnings disparities at the city level. We run the same regressions (dropping CMA dummies) for Canada’s 3 largest cities of Montreal, Toronto and Vancouver, and the estimated earnings differentials are shown in Figs. 1 and 2 in thin lines. Looking first at women (Fig. 1), we see substantial heterogeneity in the level and time-path of disparities across cities.

In Montreal, the visible minority earnings gap narrowed from 14% in 1995 to about 6% in 2020 (a statistically significant change). In Toronto, disparity was roughly constant around 4% throughout the period. In Vancouver, visible minority women earned an earnings *premium* throughout the period, indicating that the earnings of visible minority born in Canada women in Vancouver were higher than those

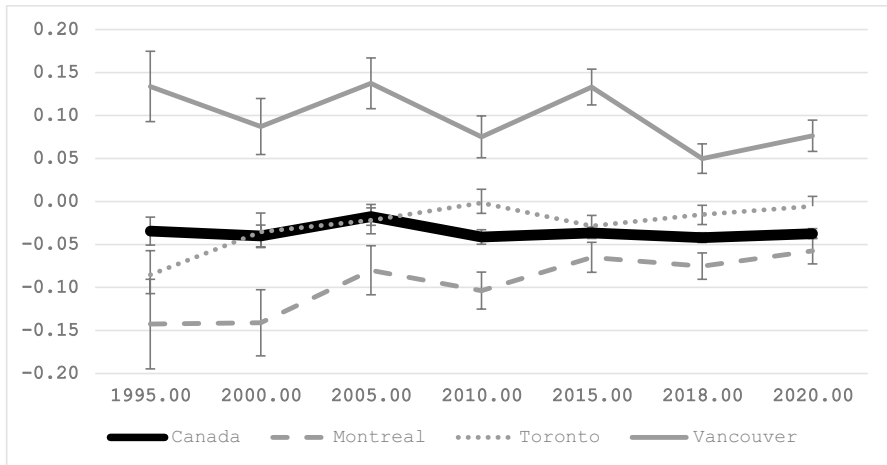


Fig. 1 %Earnings differentials, Canadian-born visible-minority women, compared to white women, Canada, 1995 to 2020

of similarly aged and educated Canadian-born white women. The premium shrank from 14% in 1995 to about 8% in 2020 (a marginally statistically significant difference). The message here is that the Canada-wide estimate—which was unchanged over 25 years—masks some variation across cities.

Turning to men (Fig. 2), between 2005 and 2020, the point-estimates suggest that earnings gaps faced by visible minority men increased in all 3 cities: by 5 percentage points in Vancouver, 4 percentage points in Montreal and 2 percentage points in Toronto. These shifts are statistically significant in Vancouver and marginally so in Montreal. So, the Canada-wide trend of increasing visible minority disparity for men is evident in these large cities, where the bulk of visible minority people live.

However, the big message from Figs. 1 and 2 is in the overall levels of earnings gaps across the cities, rather than in the change of those gaps over time. While earnings gaps may have increased by a few percentage points over time, the differences across cities dwarfs this over-time change. Throughout the period, earnings gaps in Montreal are 10 to 15 percentage points higher than those in Vancouver. Earnings gaps in Toronto lie neatly in between. These findings echo those of Pendakur and Pendakur (2002) who studied the same cities over the 1970s to the 1990s.

Estimated Disparity for Visible Minority Ethnic Groups

A different kind of heterogeneity masked by the numbers in Table 1 is heterogeneity across the constituent groups of the visible minority category. Table 2 gives estimates at the Canada-wide level of proportionate earnings gaps faced by the 10 visible minority groups that together exhaust the visible minority category. They are as follows: Latin American; Caribbean; Black; African Black; Arab/West Asian; South Asian; Chinese; Southeast Asian; Other Asian; and multiple-origin Visible

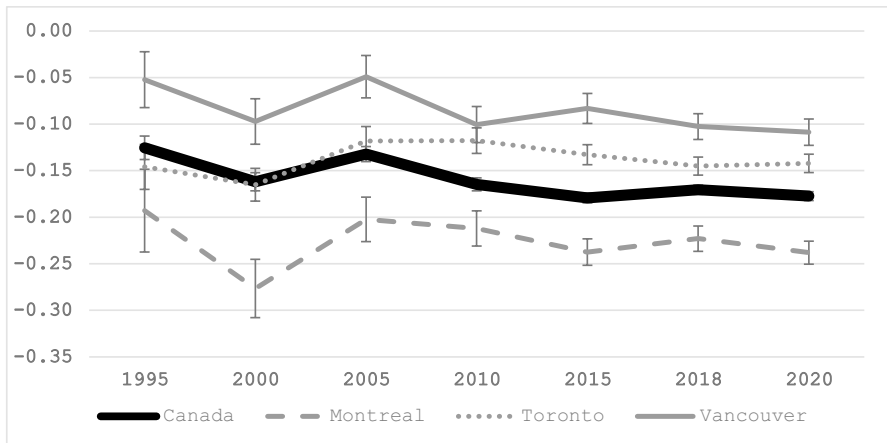


Fig. 2 %Earnings differentials, Canadian-born visible-minority men, compared to white men, Canada, 1995 to 2020

Minority. The second to last column of Table 2 identifies if the coefficient from 1995 is statistically significantly different from the coefficient in 2019 with 2 stars indicating significance at 0.05 and 3 stars indicating significance at 0.01. The last column identifies groups that pass the Bonferroni threshold for a statistically significant difference between 1995 and 2019 at the 0.05 level. The Bonferroni correction allows for cautious inference when many hypotheses are being tested at once. In our case, with ten groups and therefore 10 hypotheses of interest about overtime change, the Bonferroni threshold is equivalent to “normal testing” at the level of 0.005. We believe that the Bonferroni tests are overly cautious but provide them for the interested reader.

When we examine heterogeneity over time across the groups that make up the visible minority category, there are two kinds of heterogeneity we might observe: there could be different levels across groups; and/or there could be different time trends across groups.

Looking first at Figs. 3 and 4, which present estimated earnings differentials for 8 of the groups for women. Points are shown for all cases where the weighted frequency of respondents in the group is greater than 1000. As is shown, the time trends are pretty flat for all groups except, possibly, Caribbean, SE Asian and Arab/West Asian women. For Caribbean women, disparities declined from about 15% to about 6%, and for SE Asian women, disparities decreased from (an imprecisely estimated) earnings gap of about 10% to a (precisely estimated) rough parity by the end of the period. For Arab/West Asian women, disparity increased from roughly parity to about 6%.

The more important heterogeneity across groups is in overall level of disparity. Chinese women outperform other visible minority women, indeed, their earnings are slightly *higher* than those of similarly aged and educated British-origin women. SE Asian and South Asian women face earnings disparities in the very early waves, but by 2010 to 2020, have reached earnings parity with British-origin women. Spanish/

Table 2 Percent differences between selected Canadian-born non-European ethnic groups and British origin working men and women, 1995 to 2020

Sex	Control	1995 % dif	s.e. of %	2000 % Dif	s.e. of %	2005 % dif	s.e. of %	2010 % dif	s.e. of %	2015 % dif	s.e. of %	2019 % dif	s.e. of %	2020 % dif	s.e. of %	sig dif 1995– 2019	BC 1995– 2019
Female	observa- tions	811,055		870,810		940,990		986,165		1,213,580		1,242,420		1,174,895			
	R2	0.134	0.137	0.137	0.137	0.156	0.143	0.143	0.143	0.154	0.158	0.137	0.158	0.158	0.158		
	Spanish Latin	-0.279	0.089	-0.180	0.056	-0.034	0.039	-0.057	0.024	-0.070	0.017	-0.072	0.015	-0.090	0.014	**	**
	Carib- bean	-0.147	0.026	-0.140	0.018	-0.056	0.015	-0.117	0.013	-0.125	0.010	-0.081	0.011	-0.069	0.011	**	**
	Black	-0.150	0.057	-0.145	0.041	-0.149	0.047	0.015	0.109	-0.250	0.064	-0.128	0.022	-0.128	0.023		
	African Black	-0.081	0.066	-0.144	0.045	-0.192	0.030	-0.071	0.028	-0.170	0.021	-0.164	0.016	-0.142	0.017		
	Arab w Asia	0.016	0.037	-0.062	0.027	-0.027	0.021	-0.085	0.019	-0.086	0.014	-0.072	0.011	-0.063	0.011	**	**
	S. Asian	-0.009	0.035	-0.051	0.021	0.026	0.015	-0.023	0.012	-0.019	0.010	-0.020	0.009	0.004	0.009		
	Chinese	0.105	0.021	0.050	0.017	0.077	0.014	0.020	0.012	0.069	0.010	0.061	0.009	0.069	0.009		
	SE Asia	-0.239	0.056	-0.097	0.034	0.092	0.027	0.038	0.020	0.027	0.014	0.016	0.012	0.023	0.012	***	b
	Other Asia	0.150	0.031	0.089	0.028	0.074	0.024	-0.027	0.022	-0.021	0.020	0.002	0.016	0.001	0.017	***	b
	visimin w other	-0.095	0.015	-0.062	0.013	-0.064	0.010	-0.052	0.008	-0.091	0.006	-0.073	0.006	-0.070	0.006		
Male	observa- tions	888,160		917,355		953,710		974,010		1,213,500		1,292,150		1,172,090			
	R2	0.1659	0.156	0.156	0.156	0.1747	0.1517	0.1517	0.1517	0.1664	0.1682	0.1376	0.1682	0.1682	0.1682		
	Spanish Latin	-0.335	0.075	-0.189	0.043	-0.097	0.033	-0.225	0.019	-0.196	0.014	-0.162	0.013	-0.144	0.013	**	**
	Carib- bean	-0.261	0.020	-0.210	0.015	-0.200	0.012	-0.222	0.011	-0.285	0.008	-0.232	0.009	-0.254	0.009		

Table 2 (continued)

Sex	Control	1995		2000		2005		2010		2015		2019		2020		sig dif 1995– 2019
		% dif	s.e. of %	% Dif	s.e. of %	% dif	s.e. of %	% dif	s.e. of %	% dif	s.e. of %	% dif	s.e. of %	% dif	s.e. of %	
	Black	-0.210	0.042	-0.227	0.035	-0.303	0.033	-0.358	0.078	-0.347	0.059	-0.208	0.021	-0.237	0.020	
	African Black	-0.243	0.044	-0.265	0.035	-0.220	0.025	-0.247	0.021	-0.353	0.015	-0.297	0.014	-0.336	0.012	
	Arab w Asia	-0.030	0.030	-0.073	0.023	-0.070	0.018	-0.161	0.017	-0.152	0.012	-0.137	0.010	-0.154	0.009	**
	S. Asian	-0.150	0.024	-0.205	0.015	-0.118	0.012	-0.212	0.009	-0.162	0.008	-0.145	0.008	-0.114	0.008	
	Chinese	0.010	0.016	-0.089	0.013	-0.025	0.011	-0.095	0.010	-0.092	0.008	-0.086	0.008	-0.070	0.008	***
	SE Asia	-0.245	0.043	-0.119	0.029	-0.139	0.019	-0.196	0.014	-0.152	0.011	-0.169	0.010	-0.185	0.009	
	Other Asia	0.068	0.024	0.000	0.022	0.040	0.022	-0.038	0.020	-0.044	0.018	-0.096	0.014	-0.093	0.014	***
	vismin w other	-0.077	0.014	-0.109	0.011	-0.080	0.009	-0.093	0.007	-0.127	0.006	-0.151	0.005	-0.168	0.005	***

Note: Other variables in the model are: age cohorts, marital status, official language knowledge, highest educational certificate, household size and selected CMAs

Selection: Canadian citizens by birth whose primary source of labour income is from wages and salaries, with non-missing schooling information and reporting more than \$100

The last column identifies groups that pass the Bonferoni threshold for a statistically significant difference between 1995 and 2019

Significance: **, .05, ***: 0.01

b : .005 corresponding to 0.05 Bonferoni adjusted critical value

Latin American, Caribbean, Arab/West Asian and Visible Minority multiple-origin women all face small earnings gaps of 5 to 10% in the later part of the period. Finally, women reporting African Black origins face the largest earnings gaps of around 15% throughout the period.

The big picture we draw from these results is that for women there is not a lot of heterogeneity in time trends, but there is a lot of heterogeneity in the levels of disparities faced by different groups.

Turning to the results for men, we see different patterns. First, the points estimates of the levels of earnings disparity are larger than those observed for women (analogous to what we saw in Fig. 1). Whereas women face earnings gaps/premia ranging from a 10% premium to a 20% gap; for men, the disparities range from 0 to 35%.

Looking first at the time trends, we saw in Fig. 1 that for visible minority men as an aggregate, there was a slight increase in earnings disparity over the decades. We see this increase in disparity evident for Arab/West Asian, African Black and Visible minority multiple-origin men. For these groups, the earnings gaps increased by 10 to 15 percentage points.

In contrast, none of the remaining groups saw statistically significant changes in earnings disparity over the 1995 to 2020. However, the latter part of our period shows some convergence for some groups. In particular, the earnings gaps faced by Spanish/Latin American and South Asian men declined over time from about 20% in 2000 and 2010 to about 11% in 2020 (or 15% in 2019). This latter finding is in sharp contrast to those of Qui & Schellenberg (2022) who found that South Asians outperformed whites in the labour market. Thus, there is some variation in time-trends across the groups.

As we saw for women, the heterogeneity in levels is the most eye-catching result. Chinese men face earnings gaps less than 10% throughout the period. Spanish/Latin American men, South Asian and Visible Minority multiple-origin men earn 12 to 20% less than similar British-origin men over the 2010s. Finally, SE Asian, Caribbean and African Black men face earnings gaps exceeding 20% throughout the period.

Estimated Disparity in Montreal, Toronto, and Vancouver

In Figs. 1 and 2, we showed that Toronto and Montreal have larger visible minority earnings gaps than Vancouver. In Figs. 3, 4, 5, and 6, we showed that Caribbean and African Black workers face larger disparities than other groups, including, e.g., Chinese workers. A natural question is whether or not group level disparities vary across cities. That is, are the large earnings seen in Montreal driven by the fact that Montreal has more visible minorities in relatively disadvantaged ethnic groups, or is it driven by the fact that those groups are more disadvantaged in Montreal? In this section, we approach these questions by estimating the model separately for each Montreal, Toronto and Vancouver (dropping the CMA dummies). In this work, because Montreal and Vancouver have essentially non-overlapping compositions, the most informative comparisons will be between Montreal and Toronto and between Vancouver and Toronto.

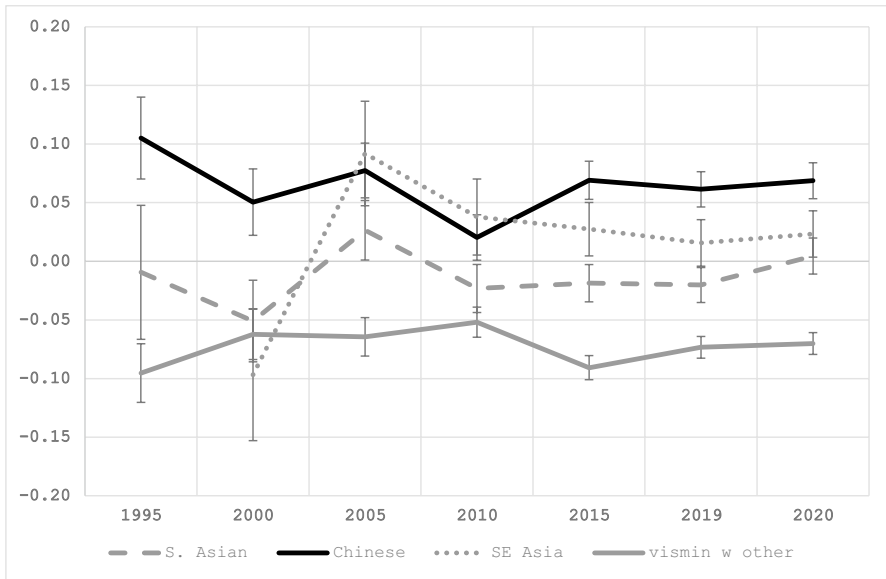


Fig. 3 Earnings differentials among women for selected ethnic groups, compared to British origin women, Canada, 1995 to 2020

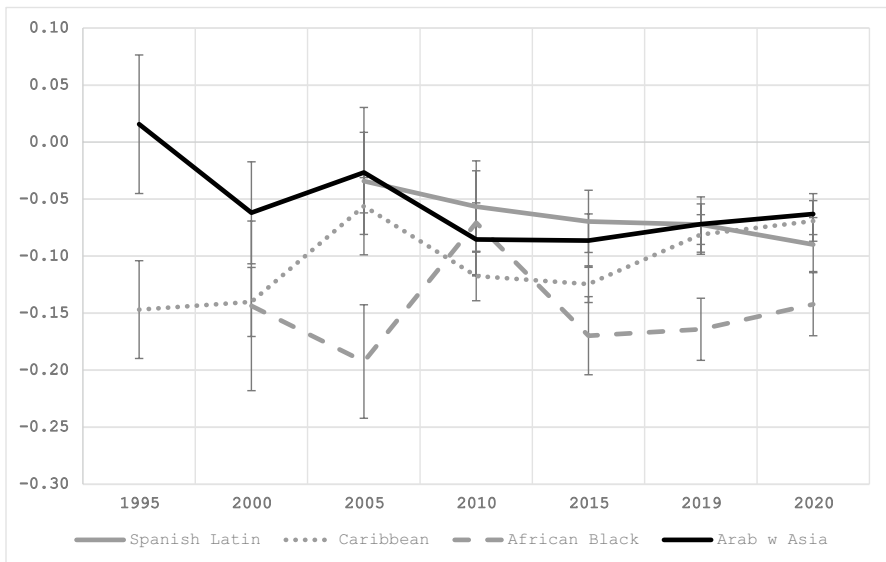


Fig. 4 Earnings differentials among women for selected ethnic groups, compared to British origin women, Canada, 1995 to 2020

Table 3 shows estimated earnings differentials for men and women in Montreal, Toronto and Vancouver for 5 of the Visible Minority ethnic groups: Arab/West Asian; Caribbean; S. Asian; Chinese; and Visible Minority multiple-origin. The Table presents estimated percent earnings differentials and estimated standard errors, as daggers that indicate statistically significant differences between earnings differentials in Montreal and Toronto, or between Vancouver and Toronto.

Looking first at Toronto, we see estimated earnings disparities that are similar to those seen for Canada as a whole. Since almost half the visible minorities in Canada live in Toronto, it is not surprising to see this similarity. For example, for Arab/West Asian women, we see earnings disparities between 3 and 8% over 2005 to 2020 at both the Canada-wide level (reported in Table 2) and specifically in Toronto (reported in Table 3). We see a similar story for other ethnic groups as well, both for women and for men.

Now, we turn to whether disparities for various ethnic groups are different between Montreal and Toronto and Vancouver and Toronto, respectively. Looking first at women in Montreal, the estimated disparities faced by Caribbean women are smaller than those in Toronto over 2011 to 2019, and statistically significantly so in 2019. In contrast, the estimated disparities faced by Chinese, Visible minority and multiple-origin women are larger than those in Toronto over 2011 to 2019, and statistically significantly so in 2019.

Looking next at Vancouver, we see that the estimated earnings differentials faced by Chinese and South Asian women are statistically significantly smaller than those in Toronto throughout the period. For women in these groups, relative earnings are better than similar women in Toronto. For women, no ethnic groups in Vancouver have relatively worse earnings outcomes than those in Toronto.

Turning to the results for men. In Montreal, the estimated earnings differentials are statistically significantly different from those in Toronto for many Visible Minority ethnic groups in many years. For the most part, the estimated earnings differentials are larger in Montreal than in Toronto. Over 2010 to 2019, the estimated earnings differential faced by Caribbean men in Montreal is 5 to 10 percentage points larger than that observed in Toronto. Those faced by South Asian men are 5 to 15 percentage points larger in Montreal than in Toronto.

The big picture here is that the daggers in the Table indicate that Montreal has greater disparities for many ethnic groups than those same groups face in Toronto. Consequently, we interpret the finding in Table 1 (shown also in Fig. 2)—that the visible minority earnings gap is larger in Montreal than in Toronto—to be driven not solely by the composition of visible minorities in Montreal versus Toronto, but rather at least in part by different patterns of earnings disparity within ethnic groups across the cities.

Looking finally at the estimated disparities faced by visible minorities in Vancouver, we see only Visible minority multiple-origin men with a pattern that differs clearly from what is seen in Toronto. These men have relatively higher earnings (that is, smaller earnings disparities) than similar men in Toronto. However, for Chinese-origin and South-Asian origin men (the two largest visible minority ethnic groups in Vancouver), there is no clear ranking across the cities.

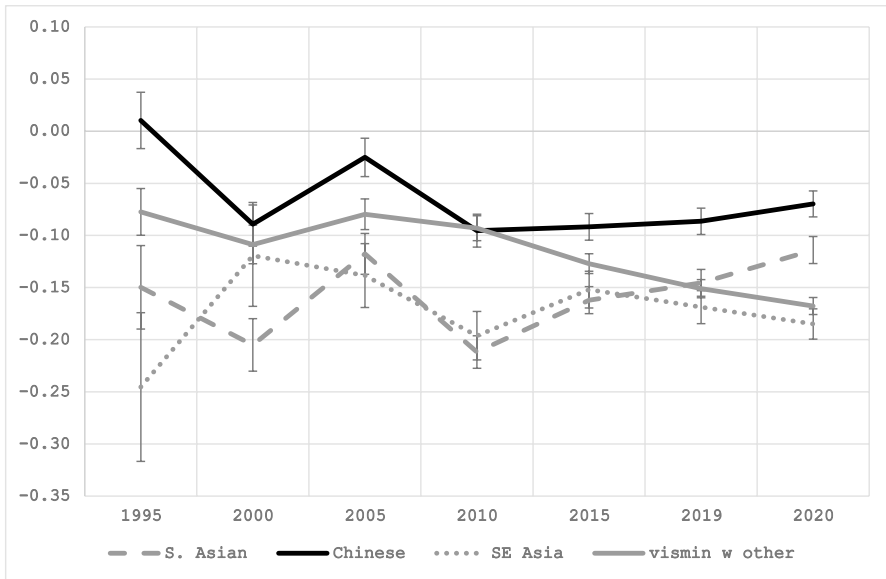


Fig. 5 Earnings differentials among men for selected ethnic groups, compared to British origin men, Canada, 1995 to 2020

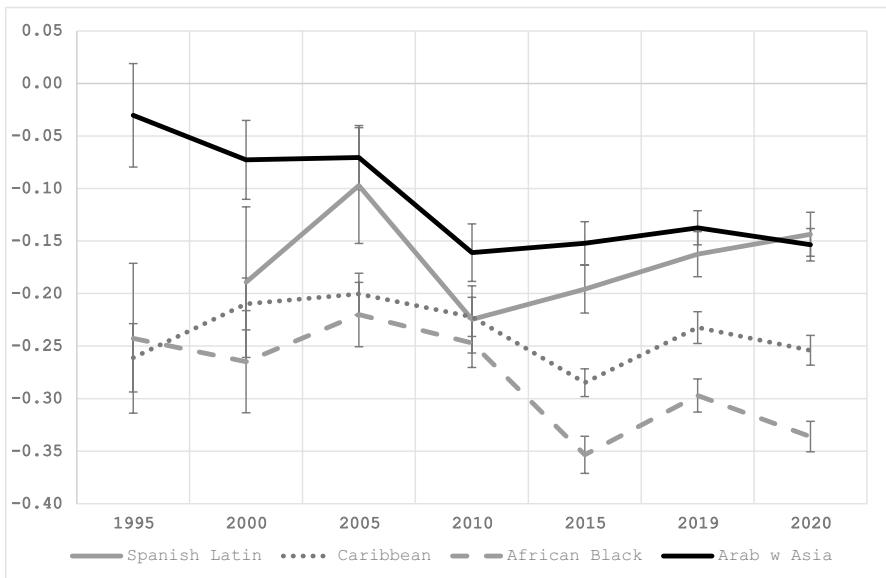


Fig. 6 Earnings differentials among men for selected ethnic groups, compared to British origin men, Canada, 1995 to 2020

Table 3 Earnings differentials for selected women and men compared to British origin men and women, Montreal, Toronto and Vancouver, 1995 - 2020

sex	region	control	1995	2000	2005	2010	2015	2019	2020												
			% dif. s.e. of %	% dif. s.e. of %	% dif. s.e. of %	% dif. s.e. of %	% dif. s.e. of %	% dif. s.e. of %													
female	Montreal	Arab w Asia	-0.014	0.069	-0.008	0.056	-0.045	0.038	-0.035	0.029	-0.025	0.021	-0.014	0.021							
		Caribbean	-0.241	0.058	†	-0.183	0.042	-0.061	0.033	-0.057	0.028	-0.084	0.022	-0.043	0.020	†	0.024	0.021	†		
		S. Asian	-0.262	0.116	-0.185	0.092	-0.006	0.068	-0.206	0.046	†	-0.090	0.041	-0.057	0.037	-0.007	0.038				
		Chinese	0.068	0.093	0.076	0.086	0.028	0.060	-0.017	0.046	0.054	0.040	0.002	0.035	†	-0.012	0.032	†			
	vismin w other	-0.209	0.042	-0.103	0.040	-0.093	0.028	-0.112	0.022	†	-0.108	0.019	-0.105	0.017	†	-0.084	0.017				
	Toronto	Arab w Asia	-0.081	0.092	-0.109	0.053	-0.085	0.049	-0.025	0.046	-0.069	0.034	-0.073	0.024	-0.044	0.026					
		Caribbean	-0.123	0.036	-0.130	0.025	-0.054	0.022	-0.085	0.021	-0.126	0.016	-0.094	0.016	-0.089	0.017					
		S. Asian	-0.091	0.054	-0.073	0.034	0.005	0.027	0.036	0.023	-0.042	0.018	-0.010	0.015	0.035	0.017					
		Chinese	0.022	0.036	0.044	0.032	0.075	0.027	0.031	0.023	0.085	0.020	0.115	0.017	0.126	0.018					
	vismin w other	-0.186	0.029	-0.121	0.024	-0.048	0.022	-0.022	0.019	-0.107	0.015	-0.062	0.011	-0.051	0.012						
	Vancouver	Arab w Asia	0.465	0.317	-0.054	0.173	-0.029	0.121	-0.056	0.121	-0.139	0.075	-0.045	0.040	0.062	0.045	†				
		Caribbean	-0.145	0.126	-0.308	0.108	-0.094	0.115	-0.025	0.119	-0.045	0.094	-0.134	0.095	-0.003	0.117					
S. Asian		0.076	0.067	†	0.103	0.047	†	0.235	0.041	†	0.108	0.032	†	0.047	0.021	†	0.081	0.023	†		
Chinese		0.181	0.039	†	0.133	0.033	†	0.204	0.033	†	0.068	0.027	†	0.152	0.026	†	0.082	0.019	†		
vismin w other	-0.093	0.043	-0.051	0.038	-0.047	0.033	†	0.010	0.030	-0.010	0.025	†	-0.014	0.018	†	0.014	0.019	†			
male	Montreal	Arab w Asia	0.029	0.068	†	-0.099	0.047	-0.024	0.039	-0.049	0.036	†	-0.147	0.025	-0.134	0.020	-0.164	0.018	†		
		Caribbean	-0.236	0.060	-0.372	0.032	†	-0.222	0.027	-0.246	0.023	†	-0.307	0.017	†	-0.255	0.017	†	-0.238	0.017	
		S. Asian	-0.124	0.152	-0.279	0.069	-0.208	0.049	†	-0.321	0.036	†	-0.231	0.033	†	-0.183	0.034	†	-0.155	0.032	†
		Chinese	-0.119	0.066	-0.163	0.058	-0.086	0.047	-0.158	0.038	-0.173	0.030	†	-0.127	0.033	-0.140	0.031	-0.140	0.031		
	vismin w other	-0.213	0.040	†	-0.086	0.040	†	-0.105	0.027	-0.126	0.022	-0.174	0.018	†	-0.202	0.016	†	-0.195	0.015	†	
	Toronto	Arab w Asia	-0.148	0.074	-0.029	0.058	-0.050	0.048	-0.171	0.041	-0.107	0.031	-0.097	0.024	-0.089	0.024					
		Caribbean	-0.311	0.026	-0.197	0.021	-0.192	0.019	-0.165	0.019	-0.216	0.015	-0.202	0.016	-0.231	0.016					
		S. Asian	-0.258	0.038	-0.183	0.026	-0.110	0.022	-0.158	0.018	-0.085	0.016	-0.124	0.014	-0.089	0.015					
		Chinese	-0.059	0.031	-0.117	0.023	-0.060	0.021	-0.097	0.019	-0.040	0.016	-0.070	0.014	-0.042	0.014					
	vismin w other	-0.090	0.030	-0.178	0.022	-0.126	0.019	-0.091	0.018	-0.136	0.014	-0.157	0.010	-0.163	0.010						
	Vancouver	Arab w Asia	-0.133	0.124	-0.252	0.093	†	-0.005	0.143	0.090	0.138	†	-0.034	0.079	-0.089	0.035	-0.111	0.035			
		Caribbean	-0.134	0.111	0.158	0.130	†	-0.096	0.086	-0.019	0.093	-0.303	0.058	-0.167	0.074	-0.304	0.062				
S. Asian		-0.152	0.044	†	-0.196	0.032	-0.073	0.028	-0.232	0.021	†	-0.115	0.020	-0.106	0.018	-0.083	0.019				
Chinese		0.022	0.029	†	-0.073	0.024	-0.015	0.023	-0.090	0.021	-0.045	0.019	-0.085	0.015	-0.102	0.015	†				
vismin w other	-0.160	0.037	-0.151	0.032	-0.036	0.030	†	-0.089	0.026	-0.083	0.021	†	-0.099	0.016	†	-0.124	0.015	†			

notes: † significantly different from Toronto at: 0.05; †† 0.10; ††† shading identifies groups where the weighted frequency less than 1000 other variables in the model are: age cohorts, marital status, official language knowledge, highest educational certificate, household size and selected CMAs Selection: Canadian citizens by birth whose primary source of labour income is from wages and salaries, with non-missing schooling information and reporting more than \$100.

The shading in the Table indicates ethnic group/city combinations where we have fewer than 1000 weighted observations informing our estimates. For these cells, we do not think we should trust the inference, which suggests that in Vancouver, we should pay attention to the estimates only to South Asian, Chinese, and Visible Minority multiple origin people. The big picture here is that, for the most part, earnings disparities in Vancouver are not statistically different from those in Toronto. Consequently, we can conclude that the finding in Table 1 (also shown in Fig. 2)—that the visible minority earnings gap is smaller in Vancouver than in Toronto—may well be mostly driven by the composition of visible minorities in Vancouver.

Conclusions

Over the course of the last 3 decades, there has been a substantial literature measuring earnings differentials faced by ethnic minorities both in Canada and the United States (see: Akbari, 1992; Howland & Sakellariou, 1993; Darity et al., 1996; Pendakur & Pendakur, 2002, 2011a, 2011b; Blackaby, et al., 2002; Black et al., 2006; Greenman & Xie, 2008; Block & Galabuzi, 2011; Qui & Schellenberg 2022). Work in the United States (Darity et al., 2006; Greenman & Xie, 2008; Wang, 2008) has at times contradicted those of Hirsch & Winter’s (2013) findings that the gap has increased for Black men, with others (for example, Darity et al.) concluding that earnings gaps may be narrowing.

In Canada, findings are also varied. While there is some debate in both the United States and Canada over the level and nature of earnings differentials faced by minorities, there is agreement that a ‘white’ vs ‘non-white’ categorization is too coarse to adequately understand inequity in the labour market. Researchers have noted a lot of heterogeneity in the labour outcomes of different minority

groups. While there is general agreement that amongst women, earnings differentials faced by minorities are relatively small or positive, those faced by non-European origin men tend to be much larger and universally negative. An exception to this “minority men earn less” pattern is found in Qiu and Schellenberg (2022) who consider only young workers aged 25–44 and who consider disparities in public versus private employment. They find that Chinese and South Asian origin young men in the public sector actually outperform similarly aged and educated white men in the public sector.

In this paper we have assessed the earnings differential faced by Canadian-born minorities over a 25-year period (1995–2020) using consistent definitions of ethnic groups over the entire period. This allows us to assess both the differential faced by ethnic groups, as well as change over time both in Canada as a whole, and in Canada’s three largest metropolitan areas.

For women, our findings mirror previous research, showing that the gaps amongst female workers tend to be small, and some groups (South East Asian and Chinese) may actually enjoy a premium, conditional on their observed characteristics. We saw very little change in these gaps over time.

The same cannot be said for men, where non-European origin men universally face negative earnings differentials compared to similarly aged and educated British-origin men. Further, we find that contrary to our expectations, the earnings gaps faced by non-European origin men who are born, educated and socialized in Canada have not improved dramatically over time. Rather the gaps faced by groups, and in particular Caribbean and African-Black Canadians, have remained remarkably stable and high. We note that some groups have seen some improvement. The differential faced by South Asian men shrank from about 20% in 2000 to about 15% in 2019. However, Arab and West Asian men saw a decline in incomes relative to British origin men, with earnings differentials increasing from about 4% in 1995 to about 14% in 2019. Similarly, the earnings gap faced by African Black men increased from 22 to 30% over 2005 to 2019.

It is widely acknowledged that immigrants in Canada face substantial earnings differentials (see for example: Akbari, 1992; Li, 2000; Pendakur & Pendakur, 1998; Nadeau & Seckin, 2010). Much—though not all—of this can be explained via productivity-related factors such as lack of foreign credentials recognition, language difficulties or time in Canada. The existence of earnings gaps faced by minorities born in Canada is much harder to write off as a product of productivity differences. The key drivers for immigrants are not relevant for the Canadian-born: language ability (being born in Canada they should be accentless and fluent), lack of credentials (Canadian credentials should be readily recognized) or socialization (entire life in Canada).

The fact that these disparities appear to be stable over time is even more troubling. Recalling that we control for basic personal characteristics, including age, education, language ability and CMA of residence, we cannot easily explain the difference away as a product of visible minorities being younger (which they are) or less educated (which they are not). We therefore find ourselves in a quandary. When we started this work (see Pendakur & Pendakur, 1998) we assumed that over time the differences would fade as more and more minorities entered the labour market. Instead, there appears to be a hardening of the status quo – something more akin to a vertical mosaic than a tossed salad.

Appendix

Table 4 Weighted frequencies for selected variables, 1996 to 2021 census

	Year										
	1996	2001	2006	2011	2016	2019	2021				
Female	Visible minority (broad)	3,776,035	4,099,335	4,314,875	4,390,520	4,365,575	4,373,005	4,121,655			
	Indigenous	89,860	131,290	173,550	206,450	262,740	293,560	276,295			
selected ethnic groups	vismin	46,395	73,625	114,075	157,150	221,440	304,980	310,855			
	British	441,155	392,170	393,180	396,620	326,060	1,078,045	1,002,460			
	Black	1,050	1,930	1,365	345	450	5,385	5,135			
	Caribbean	5,120	10,230	16,835	19,225	29,235	26,530	26,500			
	African Black	910	1,625	2,920	4,590	5,305	8,645	9,030			
	Arab w Asia	3,595	5,455	8,605	9,095	14,175	25,625	26,155			
	Chines	13,320	17,805	25,735	33,660	44,955	48,580	48,950			
	S. Asian	3,875	9,400	19,405	27,075	38,895	41,900	42,810			
	SE Asia	875	3,175	6,820	11,555	19,345	24,565	25,935			
	Spanish Latin	305	950	2,495	6,145	10,730	13,540	13,990			
vismin w white	17,430	24,755	40,170	71,355	89,245	103,600	106,085				
Other Asia	6,525	7,035	8,200	8,010	8,295	12,725	12,345				

Table 4 (continued)

	Year									
	1996	2001	2006	2011	2016	2019	2021			
CMA populations	476,655	519,960	550,220	541,745	568,785	581,975	556,605			
Montreal										
Toronto	406,520	449,320	461,350	487,665	508,525	523,630	489,745			
Vancouver	203,415	219,075	224,455	235,835	241,025	247,850	232,200			
male										
Visible minority (broad)	4,082,990	4,295,655	4,361,005	4,428,835	4,408,515	4,628,220	4,175,035			
Indigenous	100,540	135,390	168,315	194,990	246,580	276,805	254,715			
vismin	48,965	75,005	113,780	163,190	218,775	304,090	300,040			
British	551,530	475,145	465,155	461,395	385,395	1,124,095	1,005,805			
selected ethnic groups	1,300	1,770	1,460	250	360	4,980	4,615			
Black										
Caribbean	5,110	10,160	15,535	18,365	25,515	24,000	23,560			
African Black	1,085	1,610	3,170	4,715	5,520	8,680	8,725			
Arab w Asia	3,840	5,965	8,640	9,625	14,235	26,490	25,395			
Chinese	14,270	19,355	27,730	36,460	47,450	51,380	50,045			
S. Asian	4,465	9,890	19,555	27,610	38,130	42,480	40,860			
SE Asia	1,105	3,190	7,365	12,380	19,770	25,990	26,965			
Spanish Latin	285	1,235	2,460	5,985	10,335	14,095	13,980			
vismin w white	17,160	23,640	38,905	66,700	83,370	96,925	97,020			
Other Asia	6,970	7,345	7,790	8,840	8,530	14,005	13,055			
CMA populations	495,385	447,885	535,235	526,670	551,100	597,640	543,950			
Montreal										
Toronto	402,825	447,885	447,400	479,505	495,740	534,395	479,165			
Vancouver	215,645	227,955	225,825	245,285	249,425	267,705	243,000			

Selection: Age 25–64, Citizen by birth, primary source of income is from wages and salaries, able to speak an official language, earnings more than \$100 in annual

Table 5 Means for age, and household size and mean log wages for selected ethnic groups, Canada, 1995–2020

sex		Census													
		1996		2001		2006		2011		2016		2019		2021	
variable		mean	se	mean	se	mean	se	mean	se	mean	se	mean	se	mean	se
female	age	39.894	0.011	41.085	0.01	42.333	0.011	43.216	0.011	43.442	0.01	43.66	0.01	43.394	0.011
	units	3.046	0.001	2.993	0.001	2.925	0.001	2.883	0.001	2.879	0.001	2.87	0.001	2.892	0.001
	Visible minority (broad)	9.723	0.001	9.93	0.001	20.309	0.004	10.318	0.001	10.449	0.001	10.582	0.001	10.561	0.001
	visimin	9.815	0.011	10.027	0.009	20.184	0.028	10.36	0.006	10.47	0.004	10.633	0.003	10.574	0.004
	Indigenous	9.29	0.006	9.525	0.005	19.683	0.046	10.061	0.004	10.177	0.004	10.371	0.003	10.338	0.003
	selected ethnic groups	9.29	0.004	9.953	0.004	10.128	0.004	10.329	0.004	10.474	0.003	10.613	0.002	10.595	0.002
	Spanish Latin	9.331	0.176	9.733	0.085	10.022	0.042	10.196	0.028	10.306	0.019	10.448	0.016	10.348	0.017
	Black	9.517	0.08	9.759	0.057	9.908	0.061	10.401	0.121	10.161	0.109	10.376	0.025	10.321	0.03
	African Black	9.62	0.083	9.833	0.065	9.936	0.045	10.353	0.032	10.318	0.029	10.406	0.021	10.344	0.023
	Caribbean	9.633	0.034	9.879	0.024	10.092	0.016	10.237	0.017	10.362	0.012	10.551	0.011	10.497	0.013
	Arab w Asia	9.823	0.039	9.987	0.032	10.129	0.024	10.313	0.024	10.423	0.017	10.701	0.013	10.53	0.013
	S. Asian	9.836	0.035	9.989	0.023	10.177	0.017	10.38	0.013	10.524	0.01	10.701	0.009	10.651	0.01
	Chinese	10.044	0.017	10.266	0.015	10.403	0.013	10.544	0.012	10.716	0.009	10.858	0.008	10.817	0.009
	SE Asia	9.484	0.081	9.897	0.041	10.14	0.025	10.339	0.02	10.446	0.014	10.611	0.011	10.539	0.013
	Other Asia	10.109	0.027	10.274	0.025	10.407	0.023	10.484	0.025	10.375	0.022	10.751	0.018	10.713	0.019
	visimin w white	9.713	0.018	9.997	0.015	10.112	0.012	10.286	0.009	10.375	0.007	10.599	0.006	10.537	0.007

Table 5 (continued)

		Census													
sex	variable	1996		2001		2006		2011		2016		2019		2021	
		mean	se	mean	se	mean	se	mean	se	mean	se	mean	se	mean	se
male	age	40.06	0.01	41.203	0.01	42.352	0.011	42.979	0.011	43.174	0.01	43.593	0.01	43.132	0.011
	units	3.118	0.001	3.034	0.001	2.952	0.001	2.905	0.001	2.893	0.001	2.884	0.001	2.895	0.001
	Visible minority (broad)	10.247	0.001	52.66	0.016	10.597	0.001	10.712	0.001	10.849	0.001	10.927	0.001	10.92	0.001
	visimin	10.091	0.01	51.214	0.118	10.39	0.006	10.565	0.006	10.668	0.004	10.815	0.004	10.742	0.004
	Indigenous	9.62	0.005	50.368	0.179	10.142	0.004	10.411	0.004	10.521	0.004	10.653	0.003	10.615	0.004
	selected ethnic groups	10.247	0.003	10.465	0.003	10.624	0.003	10.776	0.006	10.887	0.003	10.953	0.002	10.951	0.002
	Spanish Latin	9.639	0.151	10.075	0.063	10.274	0.04	10.632	0.005	10.509	0.02	10.669	0.015	10.622	0.017
	Black	9.802	0.073	10.086	0.053	10.039	0.065	10.258	0.129	10.318	0.127	10.569	0.025	10.476	0.03
	African Black	9.863	0.074	10.07	0.064	10.191	0.036	10.414	0.033	10.333	0.032	10.497	0.022	10.369	0.026
	Caribbean	9.793	0.035	10.116	0.023	10.231	0.018	10.397	0.017	10.447	0.013	10.643	0.012	10.55	0.014
	Arab w Asia	10.122	0.036	10.375	0.03	10.446	0.024	10.593	0.025	10.707	0.018	10.832	0.013	10.863	0.014
	S. Asian	10.032	0.035	10.193	0.023	10.364	0.016	10.55	0.014	10.753	0.011	10.91	0.01	10.863	0.011
	Chinese	10.244	0.017	10.46	0.015	10.606	0.013	10.74	0.011	10.88	0.009	11.021	0.008	10.993	0.009
	SE Asia	9.85	0.07	10.204	0.035	10.193	0.023	10.421	0.021	10.608	0.013	10.728	0.011	10.627	0.012
	Other Asia	10.434	0.024	10.569	0.025	10.717	0.023	10.813	0.024	10.974	0.022	10.949	0.017	10.915	0.018
	visimin w white	10.13	0.017	10.318	0.015	10.468	0.011	10.665	0.0373	10.691	0.007	10.81	0.006	10.723	0.007

Selection: age 25–64, Canadian citizen by birth, able to speak an official language, primary source of earnings is wages and salaries, earnings great than \$100

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Declarations

Research Involving Human Participants and/or Animals Not applicable.

Ethical Approval Not applicable.

Informed Consent Not applicable.

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