

CILNews

Newsletter of the Canadian International Labour Network



International Workshop on Displacement

On October 4 and 5 1997, Canadian International Labour Network (CILN) held a workshop on "Losing Work: International Perspectives on Job Displacement." This was a working meeting of authors representing ten countries, who will be collaborating on a book to be published by Michigan's Upjohn Institute for Employment Research. Australia, Belgium, Canada, Denmark, France, Germany, Japan, the Netherlands, U.K., and U.S. were the countries represented. At the meeting the authors

presented descriptions of the policy environment affecting displaced workers in each country, and the data available to study displaced workers in each country. This quantitative analysis, largely by labour economists, was supplemented by a presentation by Val Lougheed, a local outplacement counsellor, who has had years of personal experience with displaced workers.

Final results of this research project will be presented at the second major CILN conference in the Hamilton area in September 1998. The ultimate goal is to paint the first comprehensive statistical picture of what it is like for long-service employees to lose a job in a variety of developed countries, and to learn about the functioning of different national labour markets from these differences.

U of T Graduate Students in CILN

CILN supports graduate student training and research through an innovative series of CILN Fellowships, funded by SSHRC with matching funds from the universities involved. Presently, McMaster, Toronto, UBC, Queen's and York are participating in such support, with more than a dozen graduate students being involved.

In the previous issue of CILNews, two McMaster graduate students reported on work they had conducted. Here, two graduate students from the University of Toronto report on the research they are conducting with this CILN support.

Mary Grant

Mary Grant continued her research on the impact of new immigrants on the labour market outcomes of native-born Canadians.

She employed a cross-market analysis along geographic, skill, and occupational dimensions. Given sample size problems inherent in Canadian data, the most promising angle was an evaluation of the impact of immigration on the occupational wage structure. In estimating the impact of immigration, several difficult econometric issues had to be addressed. The most serious is the potential endogeneity of immigrants' choice of location or occupation in Canada. Choices made by immigrants, or features of Canada's point system might lead to a spurious positive relationship between occupational wages and the share of new immigrants, even if immigrants actually depressed the wages of the native-born. Grant employed instrumental variables techniques to address this problem. This necessitated finding instruments that could be used to predict immigrant occupational patterns that were independent of Canada's occupational wage structure. Grant implemented an innovative procedure to construct her instruments.

Fundamentally, she used the educational attainment levels of the residents of immigrant source countries: these education levels should be correlated with immigrant human capital characteristics, yet (approximately) independent of Canada's occupational wage structure. Construction of these instruments involved linking intended occupations of immigrants from the top ten source countries to the educational characteristics of these countries. From this procedure, she predicted the share of immigrants in each occupational labour market. Instrumental variables estimation results suggest that there is no negative impact of immigrants on native-born Canadian workers, and indeed, there might even be a positive effect.

Terence Yuen

Terence Yuen investigated the effects of minimum wages on teen employment. His research followed previous US studies in using individual-level panel data to look for changes in employment transitions caused by increases in the minimum wage. Unlike in the US

where all individuals faced increases in a common federal minimum wage, in Canada, provincial variation in the level and timing of minimum wage changes constitutes a better "experiment" in which to evaluate the effect of minimum wages. The US literature (such as Currie and Fallick 1996) has had to use older workers as a "control" group which is only legitimate if employment stability is similar for teens and older workers. Using the 1988-1990 LMAS, Yuen estimates that teens are 6% less likely to be employed after a \$0.30 increase in the minimum wage. These estimates remain, even after a careful sensitivity analysis that accounts for variation in sample composition associated with fixed effects estimation (i.e., the requirement that individuals be observed "at risk" (as minimum wage workers) more than once in the survey). This research constitutes the first chapter of Yuen's dissertation. He has now begun to examine wage and employment determination in state-owned enterprises in China. The panel data skills acquired in the minimum wage study will

prove helpful in working with the large panel of Chinese enterprises.

Panel on Financing of University Education

On October 15, 1997, CILN sponsored a panel discussion on *Rising Fees and Rising Debt: Issues, Problems and Options in Financing University Education*, an initiative undertaken jointly with the Canadian Employment Research Forum (CERF), Human Resources Development Canada (HRDC), and the Department of Economics, the Office of the Vice President and the Economics Students Association, all of York University.

The panel addressed the policy relevant topic of financing university education. Speakers on the panel included Bruce Chapman (Australian National University & CILN) and Alan Harrison (McMaster University & CILN), two researchers who have strong interests in the area.

Chapman was a consultant to the committee which

recommended the institution of the world's first national income contingent charge for higher education, and was closely involved in its design. Since then he has given talks and seminars on the Australian higher education financing system in Canada, the UK, Germany, and the US, and has published papers in the area.

Harrison, a member of the CILN Steering Committee, has also been interested for many years in the issue of income-contingent repayment (ICR) of student loans. He organized a one-day conference at McMaster in early 1994 on the subject. Later the same year, he acted as a consultant to a larger conference on ICR that was organized by the Ontario Ministry of Education and Training. In September 1996, he was asked to join a Council of Ontario Universities (COU) Working Group on Student Assistance, and he recently appeared before the provincial Advisory Panel on Future Directions for Post Secondary Education (chaired by David Smith), to discuss issues relating to ICR.

Other speakers were Dan Lang, a Professor of Higher Education Management and Finance and Senior Policy Advisor to the President at the University of Toronto and Stacey Young, a PhD candidate in the Higher Education Group at the Ontario Institute for Studies in Education at the University of Toronto.

CILN Membership Expands

In its conception, the membership of CILN was viewed as flexible and likely to change. Recent additions to the CILN group of researchers are as follows.

Karsten Albaek (University of Copenhagen, Denmark)

David Blanchflower (Dartmouth College, US)

Francine Blau (Cornell University, US)

Thomas Crossley (York University, Canada)

Robert Gregory (Australian National University, Australia)

Julia O'Connor (McMaster University, Canada)

Seminar series

CILN holds a regular

seminar series and occasional public lectures at McMaster. In addition, CILN hosts short-term visitors engaged in research related to CILN themes.

CILN's data librarian, Malik Ljusic, maintains a file of papers presented in CILN seminars and, subject to individual author's permission and availability, can supply copies upon request. Coordinates are given below.

- October 1 Alan Harrison (McMaster University & CILN) "Testing for Downward Rigidity in Nominal Wage Rates: Evidence from Contract Data."
- October 6 David Margolis (Université de Paris I) "Minimum Wages and Youth Employment in France and the United States."
- October 8 Martin Dooley (McMaster University & CILN) "Lone Female Headship and Welfare Policy in Canada."
- October 10 Jeff Borland (Australian National University & CILN) "Computer Knowledge and Earnings: Evidence for Australia."
- October 15 Heather Antecol (McMaster University & CILN) "Why is there Cross Country Variation in the Gender Wage Gap? The Role of Culture."
- October 17 Shelley Phipps (Dalhousie University & CILN) "Potential Access to Maternity and Parental Benefits in Canada: Implications of the Switch from UI to EI."
- October 29 Kelly Bedard (McMaster University & CILN) "Educational Streaming, Occupational Choice, and the Distribution of Earnings."
- November 5 Francine Blau (Cornell University & CILN) "A New Look at the Gender Pay Gap: The Role of Wage Structure." CILN Public Lecture.
- November 12 Jennifer Stewart (McMaster University & CILN) "The Duration of Spells On Welfare and Off Welfare Among Lone Mothers in Ontario."
- November 17 Julian Betts (University of California, San Diego) "School Spending and Students' Labour Market Success: Is There a Link?: Fresh Scrutiny of an Old Literature." CILN Public Lecture.
- November 26 John Haisken-DeNew (German Institute for Economic Research, German Socio-Economic Panel Study [GSOEP] and Syracuse University) "Industry Wage Differentials Revisited: A Longitudinal Comparison of Germany and USA (1984-1996)."

Forthcoming Conferences

Two major international conferences involving CILN are now being

finalized. First, in a joint venture with the Organization for Economics Cooperation and Development and the Canadian Employment Research Forum, an International Conference on Self-Employment will be held in Burlington, Ontario, September 24-26, 1998.

Immediately following this conference, the second CILN Conference will be held, also in Burlington, Ontario, on September 27-28, 1998. The first CILN Conference, held in September 1996, attracted a large and diverse audience of academics and policy makers, and it is expected that the second conference will have a similar level of participation.

Details on the programs for both conferences will be posted on the CILN web site in the near future.

Coordinates

Web site:

labour.ciln.mcmaster.ca

Email: ciln@mcmaster.ca

FAX: (905) 521-8232

Mail: CILN, Department of Economics, McMaster University, Hamilton, Ontario, CANADA L8S 4M4