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# Wage Differentials Between Native and Foreign Born Canadians Différence de traitements entre autochtones et aubains

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### Résumé de l'article

On peut considérer la discrimination sur les marchés du travail dans deux sens différents. Il y a, d'une part, la discrimination fondée sur la recherche du profit maximal. La deuxième forme consiste dans la discrimination en raison du sexe ou de l'origine raciale dans l'embauchage. On peut considérer que le premier type de discrimination fait partie du comportement « normal » d'une entreprise, compte tenu de la situation du marché du travail. La discrimination fondée sur le sexe ou la couleur de la peau repose sur des facteurs qui ne sont pas l'objet de l'analyse économique.

Le but de cet article est d'essayer d'estimer les différences de salaire entre les hommes et les femmes suivant qu'ils sont de nationalité canadienne ou d'origine étrangère. Dans son étude, l'Auteur utilise le modèle de capital humain fondamental mis au point par Becker et Mincer pour calculer les rapports dans les gains qui existent entre hommes et femmes en matière de salaire. L'étude utilise les données tirées d'un échantillonnage d'un individu par centaine (1/100) lors du recensement canadien de 1971. Pour obtenir une représentation valable des aubains sur le marché du travail, l'Auteur a choisi la région de Toronto. En limitant ainsi le sous-échantillonnage à cette région, l'Auteur a éliminé plusieurs sources de disparité, ce qui procurait l'avantage d'étudier un marché du travail bien circonscrit.

L'Auteur a divisé son étude en quatre chapitres. Le premier traite de l'application pure de la théorie néo-classique. Le deuxième chapitre expose les modèles théoriques de discrimination sociale formulés par Becker. Le troisième chapitre fournit la description d'un modèle de capital humain utilisé pour évaluer les gains horaires des hommes et des femmes ainsi que les données et les spécifications des variables. Enfin, le quatrième chapitre consiste dans un résumé des résultats de régressions.

L'Auteur a estimé séparément les valeurs relatives aux gains suivant qu'il s'agissait des autochtones ou des aubains de plus de quinze ans qui faisaient partie à plein temps de la main-d'oeuvre. La variable dépendante dans chaque équation est le logarithme des gains horaires. Dans le modèle de base de capital humain, les variables indépendantes sont l'instruction, l'expérience (sous forme quadratique), la qualification professionnelle et le sexe. L'Auteur a donné plus d'extension au modèle de manière à inclure certaines caractéristiques permettant d'explorer les causes ou les sources de différences de gains entre les autochtones et les aubains. L'instruction et l'expérience sont incluses en tant que variables continues tandis qu'un ensemble de variables problématiques par catégorie y ont été introduites pour refléter l'effet des caractéristiques personnelles. Puisque la variable dépendante est le logarithme naturel des gains, le coefficient de chacune des variables indépendantes est la différence en pourcentage des gains horaires attribuables à cette variable.

Le résultat principal de cette étude indique que les différences de gains, suivant le sexe, sont plus accentuées dans le cas des femmes d'extraction étrangère. Dans le modèle de base de capital humain, les femmes nées à l'étranger gagnent 42.07 pour cent de moins que les hommes aussi nés à l'étranger. Dans le modèle tel que mis au point, la différence est abaissée à 39.42 pour cent. Par ailleurs, les femmes de nationalité canadienne gagnent 37.14 pour cent de moins que les hommes d'extraction canadienne. Dans le modèle tel que mis au point, la différence est abaissée à 32.75 pour cent.

Les résultats semblent indiquer que les citoyens canadiens touchent un taux plus élevé que les aubains compte tenu de leur degré de scolarité, de leur entraînement au travail et de leur qualification professionnelle. Les variables du capital humain sont, au point de vue statistique, significatives dans l'un et l'autre modèles et dans les deux groupes d'individus.  $R^2$  est constamment plus élevé dans le cas des Canadiens nés au pays, ce qui signifie que le modèle de capital humain explique mieux la structure des taux de salaire des Canadiens nés au pays que celle des Canadiens nés à l'étranger.

# Wage Differentials Between Native and Foreign Born Canadians

**B.B. Tandon**  
**and**  
**K.K. Tandon**

*The intent of this paper is to estimate the extent of male-female wage differential in a local labor market among the Native born and Foreign born Canadians*

«I'd want [ my wife] home when the kids come home from school or at least when I get home from work. I'm sure as hell not cooking my own supper. I didn't get married for that.» «There are lots of jobs in the repair shop that are so damn monotonous that the men don't want them, so the girls do it. Women are better at these sort of jobs. They have more patience and are more conscientious.» «[My wife's pay] doesn't mean anything because it's so little. I told her to put it away into a little account, do whatever you want with it.» These are comments made by men in Vancouver, cited in a recent issue of a Canadian journal.<sup>1</sup>

Discrimination in labour markets may be considered to exist in two rather different senses. One is wage discrimination as practiced by the profit maximizing monopsonist. Second is sexual discrimination and race discrimination in the hiring of labour by firms. The first type of discrimination may be considered as «normal» behaviour for the firm in its particular market situation, discrimination on the basis of sex or colour may be based on factors which are not usually included in economic analysis.

The paper proceeds as follows: Part I treats straightforward application of neo-classical theory. Part II deals with theoretical models of racial discrimination formulated by Becker. Part III contains description of the Human capital model used to estimate male-female hourly earnings, data and specification of variables. Part IV is a summary of regression results.

## THE NEOCLASSICAL MODEL OF DISCRIMINATION

A monopsonist in the hiring of labour is faced with differing supply curve for the homogeneous labour of two separate groups of workers—males(M) and females(F).

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The supply curves are  $S_M$  and  $S_F$  (see Figure 1). Assume that  $S_F$  is more elastic than  $S_M$ . Marginal cost curves are drawn to both  $S_M$  and  $S_F$ .  $SMC$  is the horizontal summation of  $MC_M$  and  $MC_F$ . The monopsonist's demand curve is the value marginal product curve,  $VMP$  and intersects  $SMC$  at  $P$ , Profit maximization for the firm when total labour hired is  $L_T$  of which  $L_M$  will be males and  $L_F$  will be females. Since the supply schedules are different, males ( $W_M$ ) get a higher wage than female ( $W_F$ ). Assume by legislation  $W_F$  became equal to  $W_M$ , the relevant  $MC$  would become  $W_M KP$ . Total workers hired remain unchanged  $L_M$  and  $L_F$ . The monopolist is still maximizing profit when  $W_M = W_F$ . If there is no discrimination,  $S$  will be the relevant aggregate supply curve. The new wage rate determined by the intersection of  $VMP$  and  $S$  is  $\bar{W}$ . There is a shift in the composition of the labour hired toward females, since  $L'_M < L_M$  and  $L'_F > L_F$ , for the same total labour hired  $L_T$ .

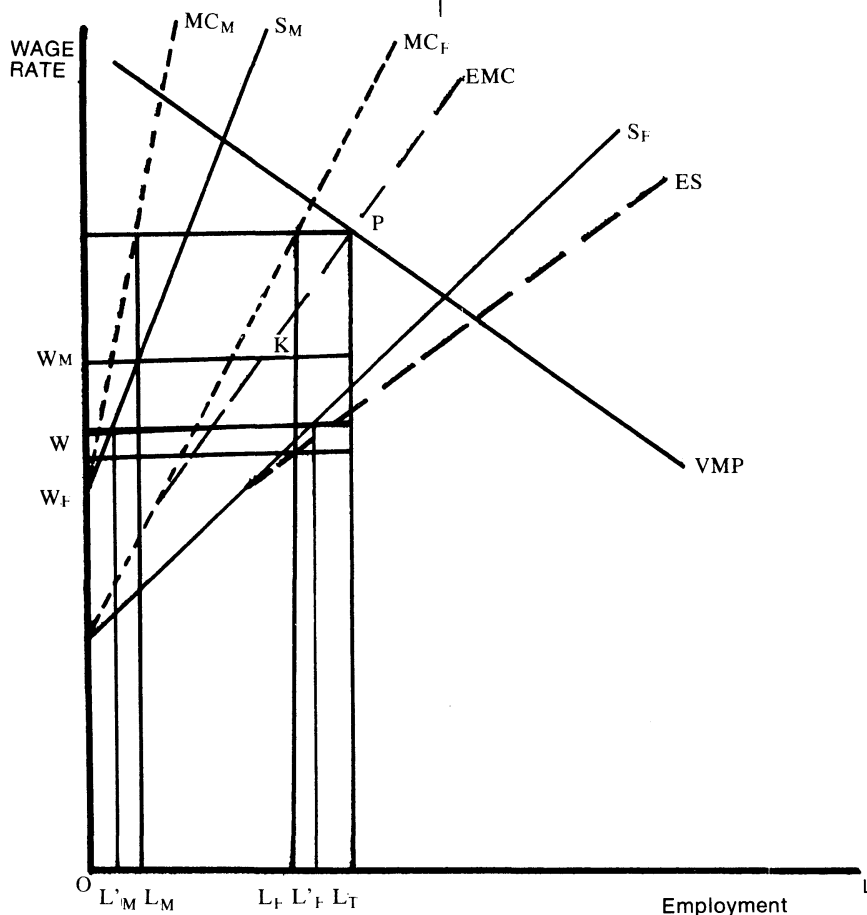
#### BECKER'S MEASURE OF DISCRIMINATION

For the purpose of this part, we assume that the majority of the population behave as if they do not wish to associate with another group which forms a significant minority. The majority will be considered to consist of males while minority will be those of females. Becker's<sup>2</sup> model requires that the class discriminated against may be (a) a numerical minority (b) an economic minority (c) more of an economic minority than a numerical minority. This does not mean that no discriminatory behaviour occurs between subgroups within these qualifications.

In the realm of discrimination by firms in their hiring of labour, a number of models have been suggested, the most prominent by Becker. Becker assumes that the employers who have a «taste for discrimination» will behave as though the wage rate to  $F$  is greater than to  $M$  for equally productive labour. In his terminology, the wage rate to  $F$  will be  $W(1+d)$  where  $d$  is the «co-efficient of discrimination» between  $M$  and  $F$  workers and  $W$  is the money wage rate. If  $d$  is positive, discrimination is occurring, if  $d$  is zero, both  $F$  and  $M$  labour are perfect substitutes, if  $d$  is negative, nepotism is taking place. The exact value of the difference in wage rates which will result is  $Wd$ . Wage differentials will occur for equally productive workers in the two classes, if the wage rate to  $M$ , in money terms is  $W_M$ , then

$$\frac{W_M}{W_F} = 1+d \text{ where } d > 0$$

TABLE 1  
Figure Discrimination



The element  $d$  reflects a type of non-pecuniary cost to the firm and results in a change in the criterion for maximizing profits. The firm is actually maximizing a preference function including its discriminatory tastes.

$$\frac{MP_M}{MP_F} = \frac{W_M}{W_F(1+d)}$$

This implies that  $M$  labour is hired to an extent where the wage rate is greater than the marginal product, and that  $F$  is underemployed

since marginal product is greater than its wage rate. The equilibrium factor input combination would be different in situation of discrimination than obtained under classical assumptions. The demand for the discriminated factor will be low and average cost of production would be greater than the minimum money cost.

Becker defines market discrimination co-effect (MDC)

$$\text{MDC} = \frac{W_M - W_F}{W_F}$$

where the value of MDC depends on the value of  $d$  co-efficients, economic and quantitative importance of females, nature of production function, the degree of competition or monopoly, etc. (the latter determines the weighting in MDC).

In this model employer having a taste for discrimination forfeits profits by hiring a worker (F) only where his marginal product is greater than his wage rate. Where the market wage rate is less than  $W_F(1+d)$ , only M labour is hired, where it is greater, only F will be hired. In case where  $W_M = W_F(1+d)$ , the employer will be indifferent.

If all firms in the industry have  $d = \text{MDC}$ , discrimination will be uniform and stable. If there is large variation in respective  $d$  values, the firm with the lowest  $d$  co-efficient will show highest profits. If the wage rate to F is less than to M, the firm again hire all F.

There are a number of constraints on the degree of discrimination practiced in the labour market. In competitive industries, competition in product market will put pressure on the costs of firms which are highly discriminatory. Firm with low  $d$  can produce more cheaply and will satisfy a large share of total demand. In industries which take the form of «transferable monopolies», it will always be profitable for profit maximizers to take over firms which are preference maximizers, the firm's ownership will pass to management with lower  $d$ . Competition in capital market also reduces discrimination in transferable monopolies.

For fixed  $d$ , there would exist a negative correlation between market discrimination against females and the relative economic importance of females in the productive process.

#### EMPIRICAL ANALYSIS AND RESULTS

The objective of the present study is to estimate the extent of male-female wage differential in a local labour market among the Native

born and Foreign born Canadians. The most frequent explanation given as to why women get lower wages than men is that they differ in productivity. Sanborn<sup>3</sup> in his study of sex differential from the 1950 U.S. Census data after adjusting income ratio for occupational distribution, annual hours of work, education, race, work experience, etc. estimated a differential of 13 percent. Fuchs<sup>4</sup> using 1960 U.S. census data estimated hourly earnings relative to males to be .51 after adjustment for colour, schooling, age, city, size, marital status, etc. Oaxaca<sup>5</sup> on the basis of his study from the 1967 Survey of Economic opportunity observed that there exists a wage differential of 54 percent between white males and white females and 49 percent for black males and black females. Smith<sup>6</sup> using 1960 and 1970 Public Use Samples Tapes of 1/1000 U.S. Census of Population found that the sex differential are larger in the private sector as compared to public sector, both in 1960 and 1970. Women in the public sector received 24 percent lower than males in 1960 and 25 percent in 1970. In the private sector they received 36 percent lower wages in 1960 and 40 percent lower in 1970.

The wage rate an individual earns depends on level of education, on the job training, experience, vocational training, sex, race, choice of occupation, marital status, local labour market conditions, union membership, etc. Following Becker<sup>7 8</sup> and Mincer<sup>9 10</sup> we have employed human capital model to study the earning differentials. The basic idea of human capital is very simple. Human capital, like a machine is produced by an application of productive resources to raw labour. The result of this particular application is a stream of services of increased value. As the training requires time to complete and its benefits are derived over a long period of time, the value of resources used in training may be considered investments, and the increment in earning power that results from the training may be treated as its return. The following basic human capital was estimated for native born and foreign born Canadians.

$$\begin{aligned} \text{Ln Hourly Earnings} = & a_0 + a_1 \text{ Education} + a_2 \text{ Experience} \\ & + a_3 \text{ Experience}^2 + a_4 \text{ Vocational training} \\ & + a_5 \text{ Sex} + V \end{aligned}$$

Where residual V includes the effects of luck, and natural ability.

It is expected  $a_1 a_2$  and  $a_4 > 0$  and  $a_3$  and  $a_5 < 0$ .

In the second set of regressions, the full-blown model by controlling for occupation, industry and marital status was estimated separately for the above mentioned groups. Since we are dealing with the local labour market, there was no need to control for city size, cost of living and

labour market conditions. An individual's health is important in determining ability to work and his attachment to the labour market. Membership of trade union has been a significant factor affecting wages. Unfortunately, both of these variables — health and unionisation — could not be used in our study due to non availability of data.

## Model II

$$\begin{aligned} \text{Ln hourly earnings} = & a_0' + a_1' \text{ Education} + a_2' \text{ Experience} \\ & + a_3' \text{ Experience}^2 + a_4' \text{ Sex} + a_5' \text{ Vocational} \\ & \text{training} \\ & + 8 \text{ Dummies for industry} + 14 \text{ Dummies for} \\ & \text{occupation} + 3 \text{ Dummies for marital status} \\ & + V' \end{aligned}$$

where residual  $V'$  includes the effects of chance, luck and natural ability. This study employs micro data contained in the summary tape of the Public Use Sample of the 1971 Canadian Census of Population in estimating the micro earnings equations for the natives and foreign born Canadians. The Public Use Sample tape identifies individually the two major metropolitan areas — Montreal and Toronto. About half of the immigrants have settled in Ontario from 1900 uptill now. So in order to get a significant representation of the immigrants in our study Toronto instead of Montreal was chosen.

Toronto is the metropolitan city of Ontario. Half of the adult population of Toronto is foreign born. About 29.5% of the population do not have English as their mother tongue. Taking into account the availability of data and the preponderance of the foreign born population, the present study was confined to immigrants and native born Canadians of the metropolitan Toronto.

The primary sample size of the Public Use Samples is one in a hundred, one sample unit for every hundred units in the population. The 1971 Public Use Sample is a representative sample of individual records from the 1971 Census Master File. For this study, a sub-sample from the main summary tape was prepared. This sub-sample consists of selected housing and personal information on civilian members of the labour force from fifteen years to sixty-four years old who were residents of Toronto. Workers employed in agriculture, forestry, fishing and trapping industries were excluded. The characteristics of the sample are given in the appendix.<sup>9</sup>

**Specification of the Variables:** In all sets of equations, the dependent variable is natural logarithm of hourly earnings. Public Use

Sample tape do not provide direct measure of actual hourly wage therefore the wage rate is approximated by each individual's hourly earnings, calculated by dividing the respondent's estimate of his annual wage and salary earnings by the product of his estimates of weeks worked per year and normal weekly hours. Since the dependent variable is in natural log of earnings, the coefficient of each independent variable is the percentage differential in hourly earnings attributable to that variable.

Each regression equation includes three type of human investment variables — education, experience and vocational training.

Education enters in linear form equal to the number of years of formal schooling completed.

Experience is used as a quadratic variable to reflect expected declining rate of return on post-schooling investment. The Public Use Samples do not contain actual measure of experience. A potential work experience was created for each individual on the basis of his age and experience as follows:

$$\begin{aligned} \text{Potential experience} &= \text{Age} - (\text{Schooling} + 6) \\ &\quad \text{if schooling} + 6 \geq 15 \\ &= \text{Age} - 15 \\ &\quad \text{if schooling} + 6 < 15 \end{aligned}$$

The potential experience as a proxy for actual experience may contain element of error to the extent that women leave labour force for a while due to household and child-bearing responsibilities.

Education and Experience enter as continuous variables.

Vocational Training: The training undertaken outside the regular school system such as apprenticeship, etc. is used as a binary variable. Vocational training variable equal to 1 if the individual has training, and '0' otherwise.

Occupation: Fourteen dummy variables for Canadian Census, one digit occupational classification with sales as the reference group. This dummy variable provides an estimate of proportional occupational differentials in hourly earnings.

Industry: Eight dummy variable for Canadian Census, one digit industrial classification with trade as the reference group.

Sex: If dummy variable equal to 1, female. '0' for males. This variable reflects the percentage differential in wages being a female.



Marital Status: Three dummy variables for single, married and other marital status. The reference group being the single, never married individuals.

**MODEL I**

<i>Dependent Variable: ln HE</i>	<i>Native Born Canadians</i>	<i>Foreign Born Canadians</i>
Constant	0.0866	0.4467
Education	0.0744* (0.0027)	0.0408* (0.0024)
Experience	0.0412* (0.0023)	0.0349* (0.0027)
Experience <sup>2</sup>	-0.0007* (0.0000)	-0.0006* (0.0000)
Vocational Training	0.0537** (0.0216)	0.0397*** (0.226)
Male		—
Female	-0.3714* (0.0162)	-0.4207* (0.0186)
R <sup>2</sup>	0.2620	0.2172
F	332.0367	207.2903
Standard Error	0.5420	0.5465
Degrees of Freedom	4677	3736

(Standard errors are in parentheses)

\* Significant at the .01 level

\*\* Significant at the .05 level

\*\*\* Significant at the .1 level

**MODEL II**

<i>Dependent Variable: ln HE</i>	<i>Native Born Canadians</i>	<i>Foreign Born Canadians</i>
Constant	0.2204	0.5241
Human Capital Variables		
Education	0.0484* (0.0033)	0.0234* (0.0028)
Experience	0.0330* (0.0024)	0.0300* (0.0028)
Experience <sup>2</sup>	-0.0006* (0.0001)	-0.0005* (0.0001)
Vocational Training	0.0480** (0.0211)	0.0443** (0.0220)

(continued)

<i>Dependent Variable: In HE</i>	<i>Native Born Canadians</i>	<i>Foreign Born Canadians</i>
<i>Sex</i>		
Male	—	—
Female	-0.3275* (0.0191)	-0.3942* (0.0207)
<i>Industry</i>		
Trade	—	—
Construction	0.2427* (0.0475)	0.2519* (0.0510)
Transportation, Communi- cation and other utilities	0.1676* (0.0321)	0.1814* (0.0438)
Finance, Insurance and Real Estate	0.1284* (0.0323)	0.0765*** (0.0408)
Community, business and personal services	0.0527*** (0.0284)	0.0120 (0.0346)
Public Administration and Defence	0.2032* (0.03815)	0.1996* (0.0464)
Mines (including milling) quarries and oil mills	0.3489** (0.1364)	0.3800* (0.1475)
Manufacturing	0.0836* (0.0248)	0.0818* (0.0296)
<i>Occupation</i>		
Sales Occupations	—	—
Managerial, administrative and related occupations	0.3180* (0.0365)	0.4437* (0.0567)
Occupations in natural sciences and related fields	0.1814* (0.0490)	0.1861* (0.0555)
Occupations in social sciences and related fields	0.2561* (0.0784)	0.1000 (0.1186)
Teaching and related occupations	0.3506* (0.0475)	0.5305* (0.0700)
Occupations in Medicine and Health	0.1237** (0.0533)	0.0843 (0.0633)
Artistic, Literary, recreation and related occupations	0.1899* (0.0673)	0.2576* (0.0830)
Clerical and related occupations	-0.0335 (0.0288)	0.0349 (0.0390)
Services occupations	-0.1969* (0.0409)	-0.2203* (0.0462)
Processing occupations	-0.0374 (0.0582)	-0.0928*** (0.0548)
Machining and product fabrication and repairing	-0.0603*** (0.0360)	-0.0742*** (0.0406)
Construction and trades Occupations	0.0400 (0.0521)	-0.0620 (0.0564)

(continued)

<i>Dependent Variable: In HE</i>	<i>Native Born Canadians</i>	<i>Foreign Born Canadians</i>
Transportation equipment operating occupations	-0.1775* (0.0451)	-0.1377** (0.0664)
Other occupations	0.0025 (0.0383)	-0.0896** (0.0459)
<i>Marital Status</i>		
Single, never married	—	—
Married	0.1559* (0.0210)	0.0845* (0.0262)
Other marital status	0.1082* (0.0318)	0.0998** (0.0431)
R <sup>2</sup>	0.3199	0.2869
F	81.0804	55.3310
Standard Error	0.5215	0.5232
Degrees of Freedom	4655	3714

(Standard errors are in parentheses)

\* Significant at the .01 level

\*\* Significant at the .05 level

\*\*\* Significant at the .1 level

## SUMMARY AND CONCLUSION

Table I shows the results obtained by using basic human capital model and Table II is the result of the full-blown model.

As it is evident from Table I, native born women get 37.14 percent less than comparable men, *ceteris paribus*. As expected the differential reduces to 32.75 in the full blown model (Table II). By controlling for fourteen occupations, the important source of discrimination — effect of occupational barriers is eliminated. This may understate the coefficient attached to sex. However, the size of coefficient of sex variable is reduced marginally. There could be two reasons accounted for it. Firstly, the earning differentials come mainly due to lower earning on each job rather than women holding low paid jobs and secondly, the occupational category is so broad as to be useful to serve as control variable.

Sex differentials are larger in the case of foreign-born females. In the basic human capital model, women get 42.07 percent less than comparable men, *ceteris paribus*. In the full-blown model the differential is reduced to 39.42 percent. Thus the foreign born females perform relatively bad as compared to native born females. This may be due to

language problem, ignorance of employer with respect to their productivity or due to additional prejudice being an immigrant.

The results suggest that the native born earn a higher rate of return on schooling, on the job training and vocational training than the foreign born Canadians. The human capital variables are statistically significant in both the models and in both groups of individuals. Marital status variables are also significant in both models. Interpretation of this variable is difficult since the effect of marital status is expected to vary between the sexes.

$R^2$  is consistently higher in the case of native born Canadians implying that human capital model gives a better explanation of wage rate structure of natives than foreign born Canadians. All the variables have the expected sign. The hypothesis that native and foreign women get lower wages than comparable men *ceteris paribus* is supported.

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**APPENDIX I**

	<i>Native Born Canadians</i>		<i>Foreign Born Canadians</i>	
	<i>Mean</i>	<i>Standard Deviation</i>	<i>Mean</i>	<i>Standard Deviation</i>
Education	11.2825	3.0572	10.4364	3.8902
Experience	20.3461	13.3849	21.2571	12.4390
Experience <sup>2</sup>	593.0841	603.4855	606.5505	590.7436
Number of Workers	3742		4683	

**APPENDIX II**

**Distribution of Workers among Industries and Occupations**  
(%of workers)

<i>Industries</i>	<i>Native Born Canadians</i>	<i>Foreign Born Canadians</i>
Construction	4.27	9.19
Transportation, Communication and other utilities	11.17	6.04
Finance, Insurance and Real Estate	8.61	6.81
Community, business and personal services	24.36	23.30
Public Administration and Defence	6.00	5.13
Mines (including milling), quarries and oil mills	0.32	0.35
Manufacturing	27.61	34.50
Trade	17.66	14.68
	100.00	100.00
<i>Occupation</i>		
Occupations in Managerial, administration and related occupations	8.35	3.55
Occupations in Natural Sciences and related occupations	3.52	4.22
Occupations in Social Sciences and related fields	1.13	0.59
Teaching and related occupations	5.12	2.41
Occupations in Medicine and Health	3.20	3.13
Artistic, Literary, Recreation and related occupations	1.52	1.31
Clerical and related occupations	30.98	20.74
Services Occupations	6.68	12.08
Processing Occupations	2.22	4.44
Machining and product fabrication, assembling and repairing	9.46	19.13
Construction and trades occupation	3.95	9.62
Transport equipment operating occupation	5.02	2.41

(continued)

<i>Industries</i>	<i>Native Born Canadians</i>	<i>Foreign Born Canadians</i>
Sales occupations	11.61	7.74
Other occupations	7.24	8.63
	100.00	100.00
<i>Marital Status</i>		
Married	68.52	77.28
Other Marital Status	9.57	6.31
Single Never married	21.91	16.41
	100.00	100.00
<i>Sex</i>		
Males	59.34	61.81
Females	40.66	38.19
	100.00	100.00
<i>Training</i>		
Vocational training	16.08	20.47

### **Différences de traitements entre autochtones et aubains**

On peut considérer la discrimination sur les marchés du travail dans deux sens différents. Il y a, d'une part, la discrimination fondée sur la recherche du profit maximal. La deuxième forme consiste dans la discrimination en raison du sexe ou de l'origine raciale dans l'embauchage. On peut considérer que le premier type de discrimination fait partie du comportement «normal» d'une entreprise, compte tenu de la situation du marché du travail. La discrimination fondée sur le sexe ou la couleur de la peau repose sur des facteurs qui ne sont pas l'objet de l'analyse économique.

Le but de cet article est d'essayer d'estimer les différences de salaire entre les hommes et les femmes suivant qu'ils sont de nationalité canadienne ou d'origine étrangère. Dans son étude, l'Auteur utilise le modèle de capital humain fondamental mis au point par Becker et Mincer pour calculer les rapports dans les gains qui existent entre hommes et femmes en matière de salaire. L'étude utilise les données tirées d'un échantillonnage d'un individu par centaine (1/100) lors du recensement canadien de 1971. Pour obtenir une représentation valable des aubains sur le marché du travail, l'Auteur a choisi la région de Toronto. En limitant ainsi le sous-échantillonnage à cette région, l'Auteur a éliminé plusieurs sources de disparité, ce qui procurait l'avantage d'étudier un marché du travail bien circonscrit.

L'Auteur a divisé son étude en quatre chapitres. Le premier traite de l'application pure de la théorie néo-classique. Le deuxième chapitre expose les modèles théoriques de discrimination sociale formulés par Becker. Le troisième chapitre fournit la description d'un modèle de capital humain utilisé pour évaluer les gains horaires des hommes et des femmes ainsi que les données et les spécifications des variables. Enfin, le quatrième chapitre consiste dans un résumé des résultats de régressions.

L'Auteur a estimé séparément les valeurs relatives aux gains suivant qu'il s'agissait des autochtones ou des aubains de plus de quinze ans qui faisaient partie à plein temps de la main-d'œuvre. La variable dépendante dans chaque équation est le logarithme des gains horaires. Dans le modèle de base de capital humain, les variables indépendantes sont l'instruction, l'expérience (sous forme quadratique), la qualification professionnelle et le sexe. L'Auteur a donné plus d'extension au modèle de manière à inclure certaines caractéristiques permettant d'explorer les causes ou les sources de différences de gains entre les autochtones et les aubains. L'instruction et l'expérience sont incluses en tant que variables continues tandis qu'un ensemble de variables problématiques par catégorie y ont été introduites pour refléter l'effet des caractéristiques personnelles. Puisque la variable dépendante est le logarithme naturel des gains, le coefficient de chacune des variables indépendantes est la différence en pourcentage des gains horaires attribuables à cette variable.

Le résultat principal de cette étude indique que les différences de gains, suivant le sexe, sont plus accentuées dans le cas des femmes d'extraction étrangère. Dans le modèle de base de capital humain, les femmes nées à l'étranger gagnent 42.07 pour cent de moins que les hommes aussi nés à l'étranger. Dans le modèle tel que mis au point, la différence est abaissée à 39.42 pour cent. Par ailleurs, les femmes de nationalité canadienne gagnent 37.14 pour cent de moins que les hommes d'extraction canadienne. Dans le modèle tel que mis au point, la différence est abaissée à 32.75 pour cent.

Les résultats semblent indiquer que les citoyens canadiens touchent un taux plus élevé que les aubains compte tenu de leur degré de scolarité, de leur entraînement au travail et de leur qualification professionnelle. Les variables du capital humain sont, au point de vue statistique, significatives dans l'un et l'autre modèles et dans les deux groupes d'individus.  $R^2$  est constamment plus élevé dans le cas des Canadiens nés au pays, ce qui signifie que le modèle de capital humain explique mieux la structure des taux de salaire des Canadiens nés au pays que celle des Canadiens nés à l'étranger.

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