

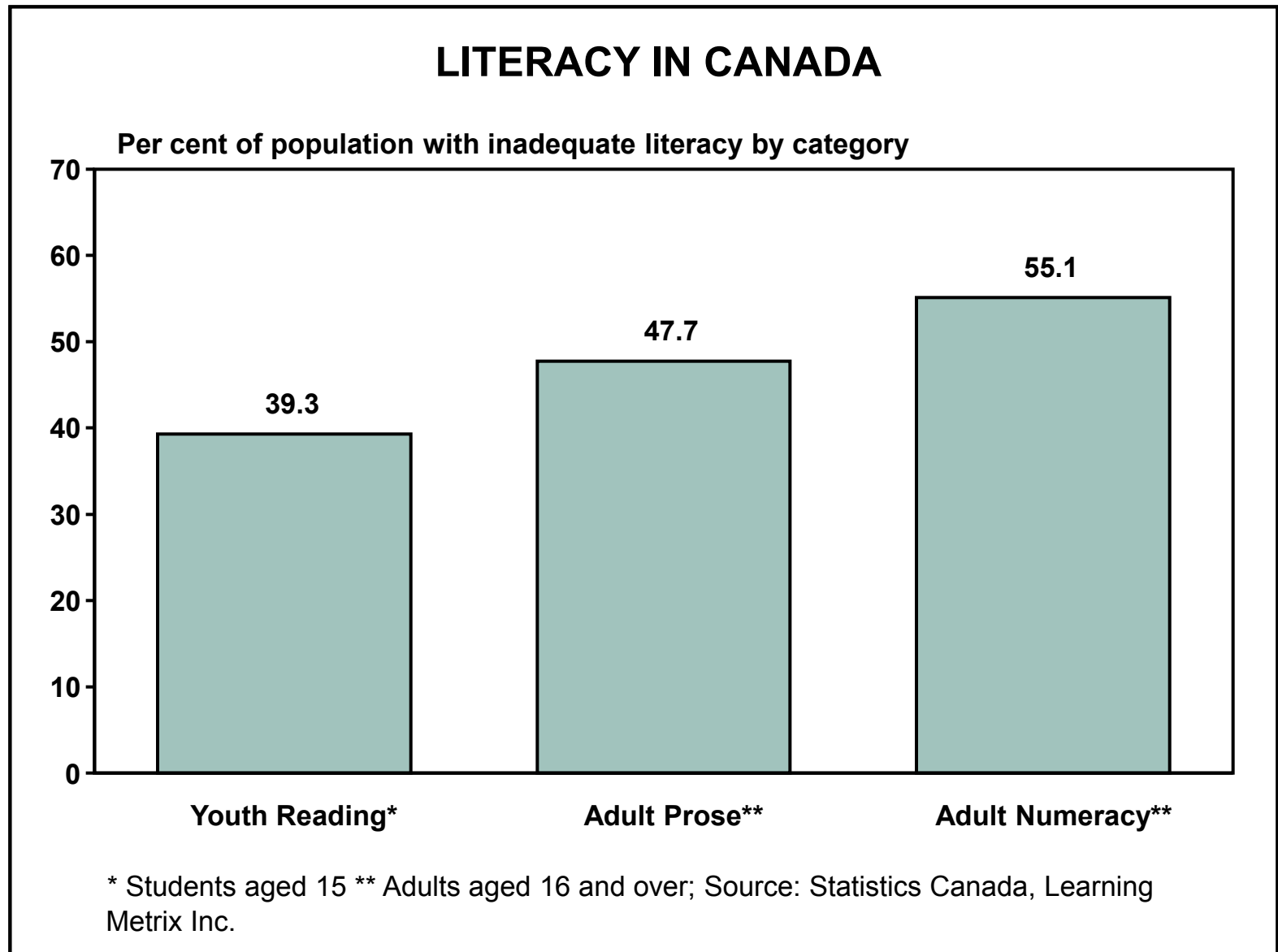


# **CANADA'S LITERACY CHALLENGE**



***Presentation by  
Craig Alexander  
Senior Vice President & Chief Economist***

# MANY CANADIANS HAVE INADEQUATE LITERACY



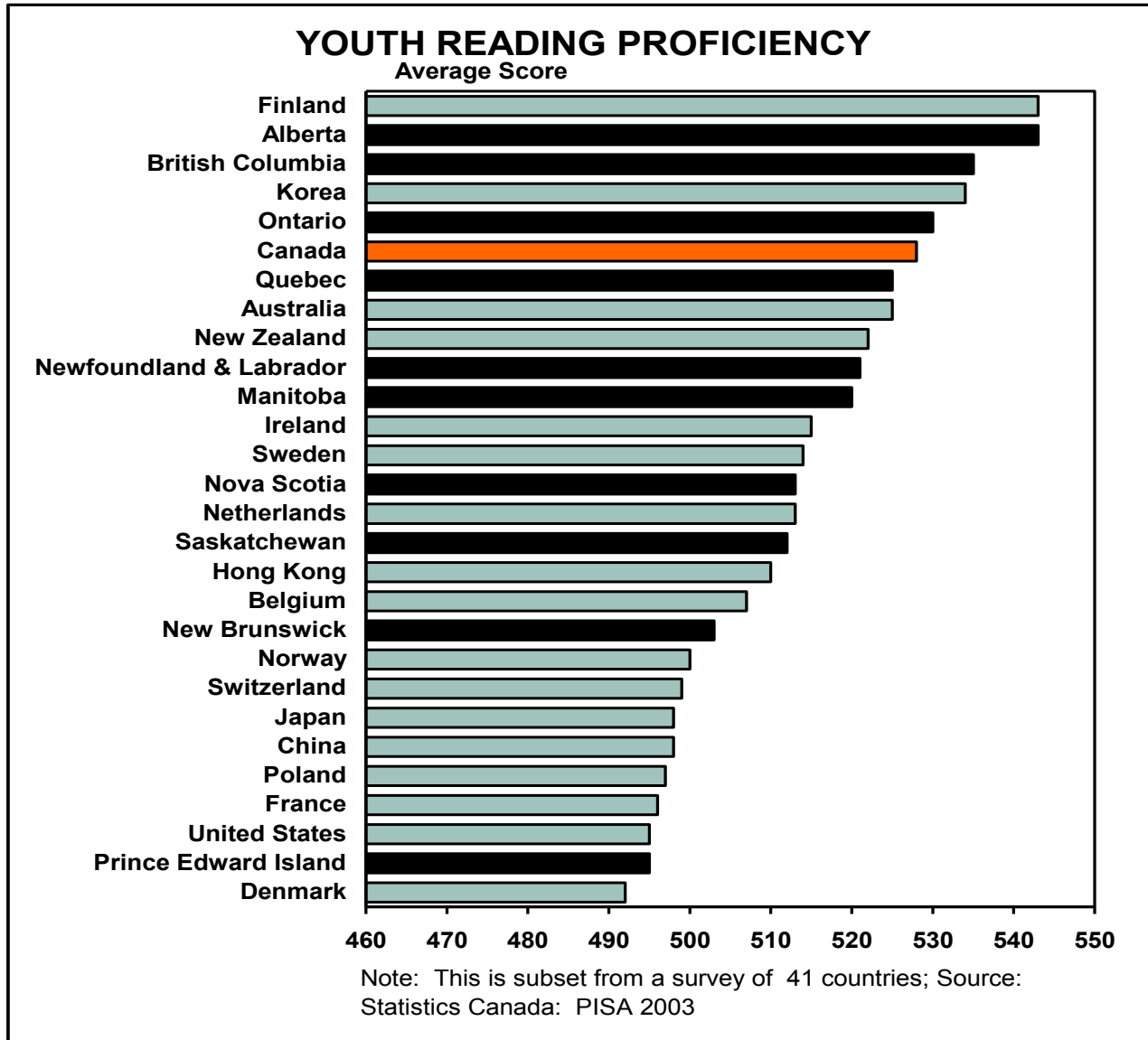
# LITERACY IS NOT A BINARY OUTCOME

“Literacy is the ability to identify, understand, interpret, create, communicate and compute, using printed and written materials associated with varying contexts.”

“Literacy involves a continuum of learning to enable an individual to achieve his or her goals, to develop his or her knowledge and potential, and to participate fully in the wider society.”

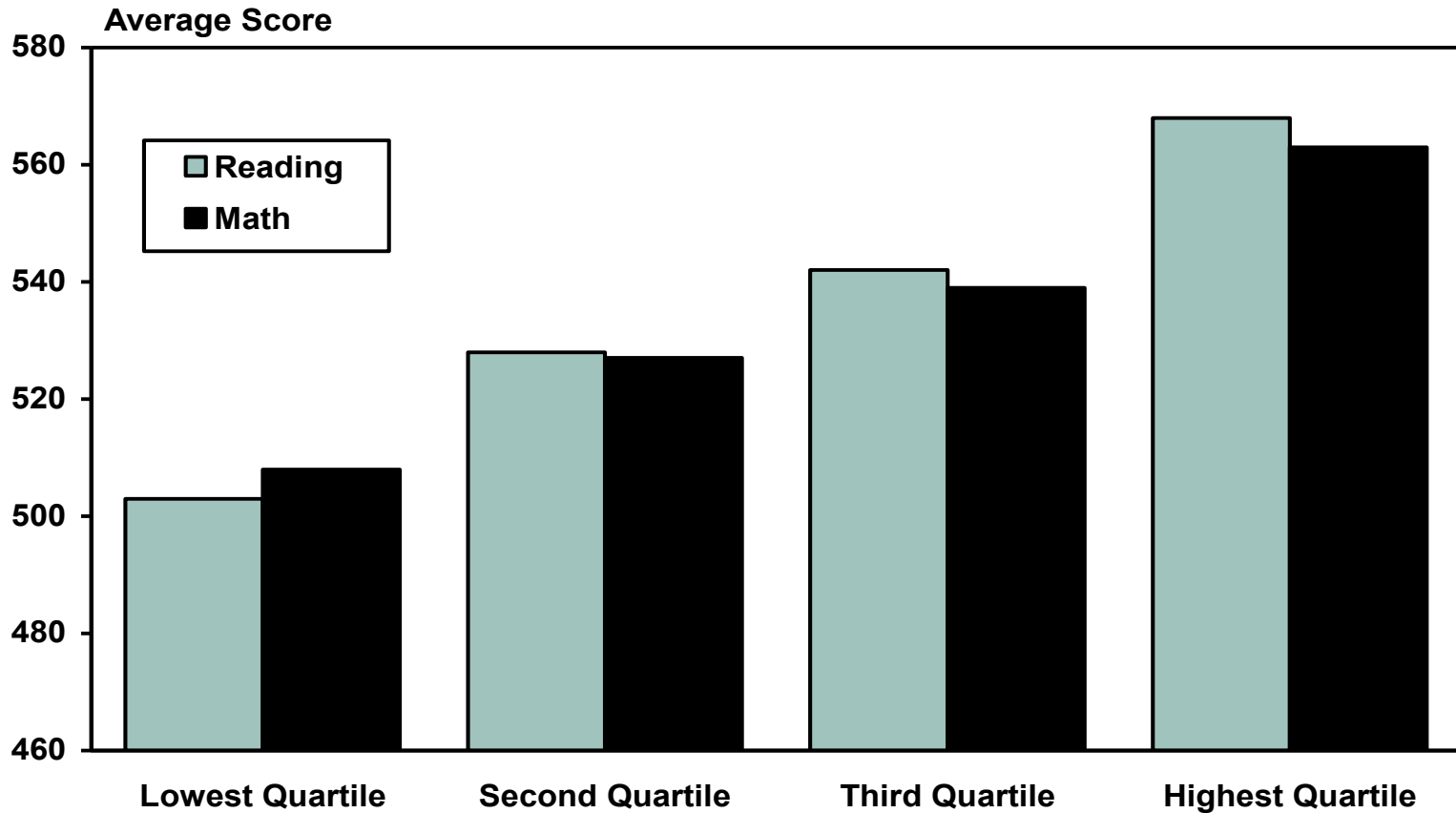
United Nations Educational, Scientific and Cultural Organization (UNESCO)

# SIGNIFICANT REGIONAL DIFFERENCES EXIST



# DISADVANTAGED YOUTHS TEND TO UNDERPERFORM

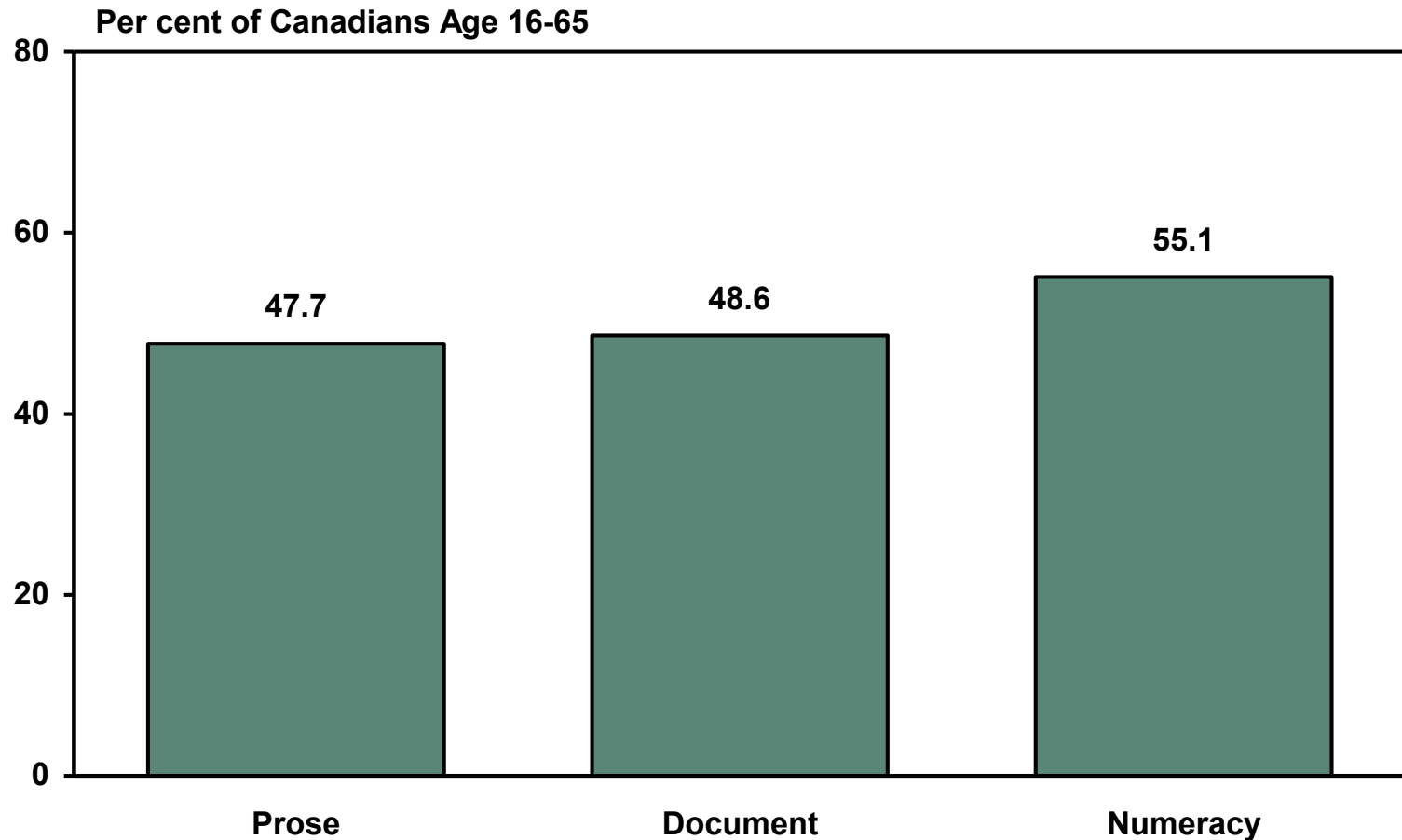
## PERFORMANCE BY FAMILY SOCIO-ECONOMIC STATUS



Source: Statistics Canada, PISA 2000

# ADULT LITERACY IS EVEN WEAKER

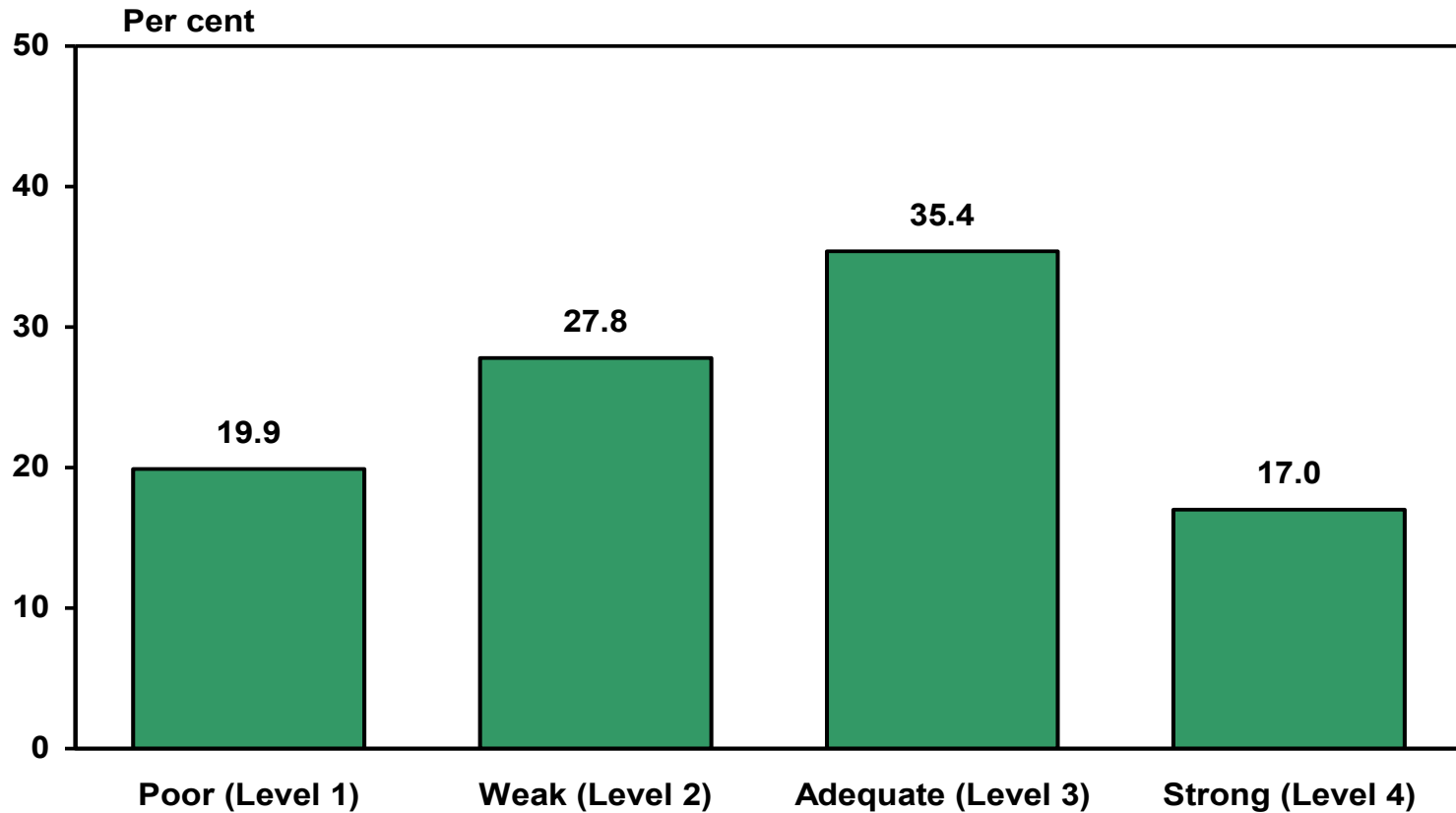
## SHARE OF CANADIAN ADULTS WITH INADEQUATE LITERACY



Source: IALSS 2003, Statistics Canada

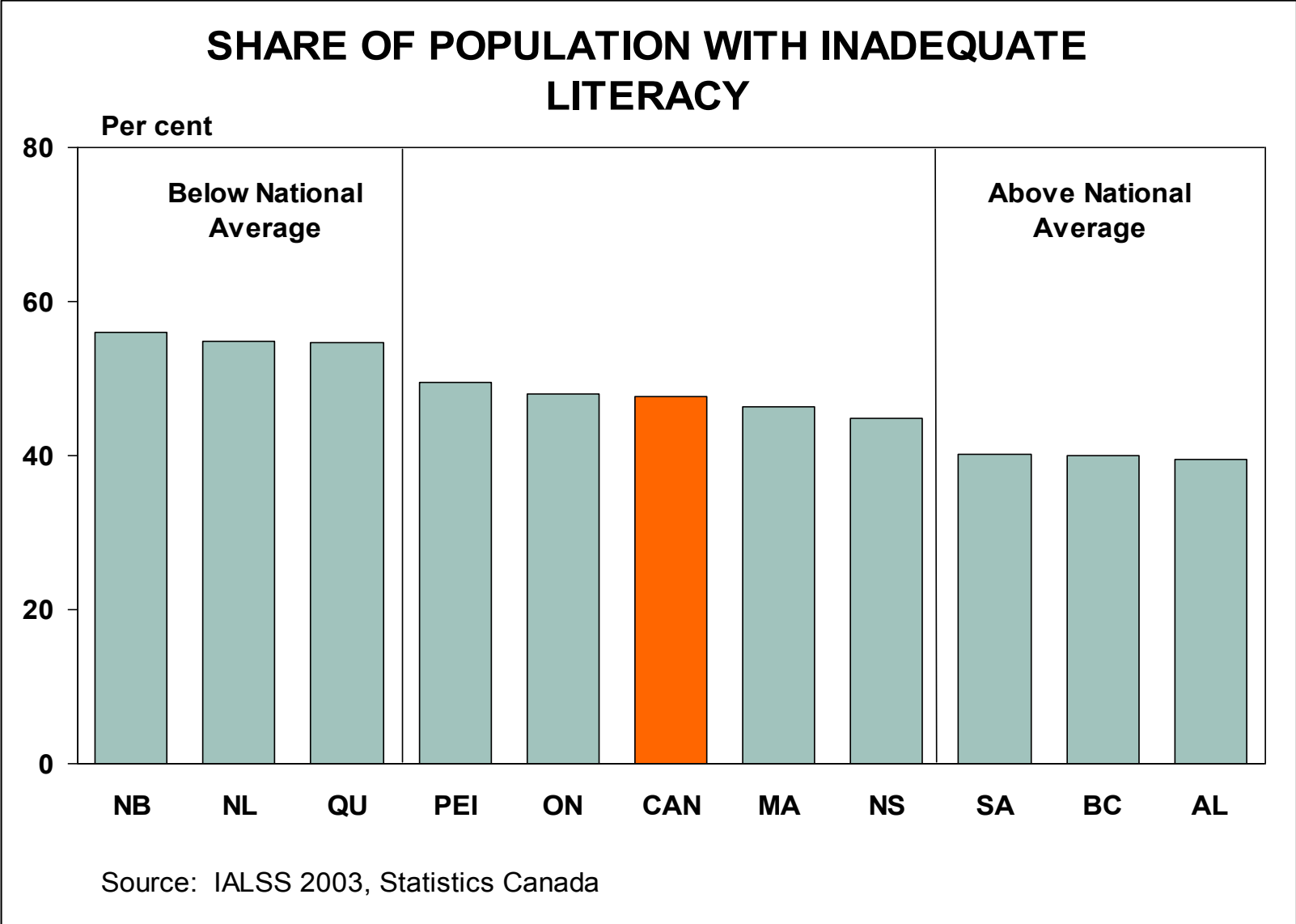
# 2 IN 10 HAVE POOR LITERACY 3 IN 10 HAVE WEAK LITERACY

## CANADIAN ADULT PROSE LITERACY (2003)



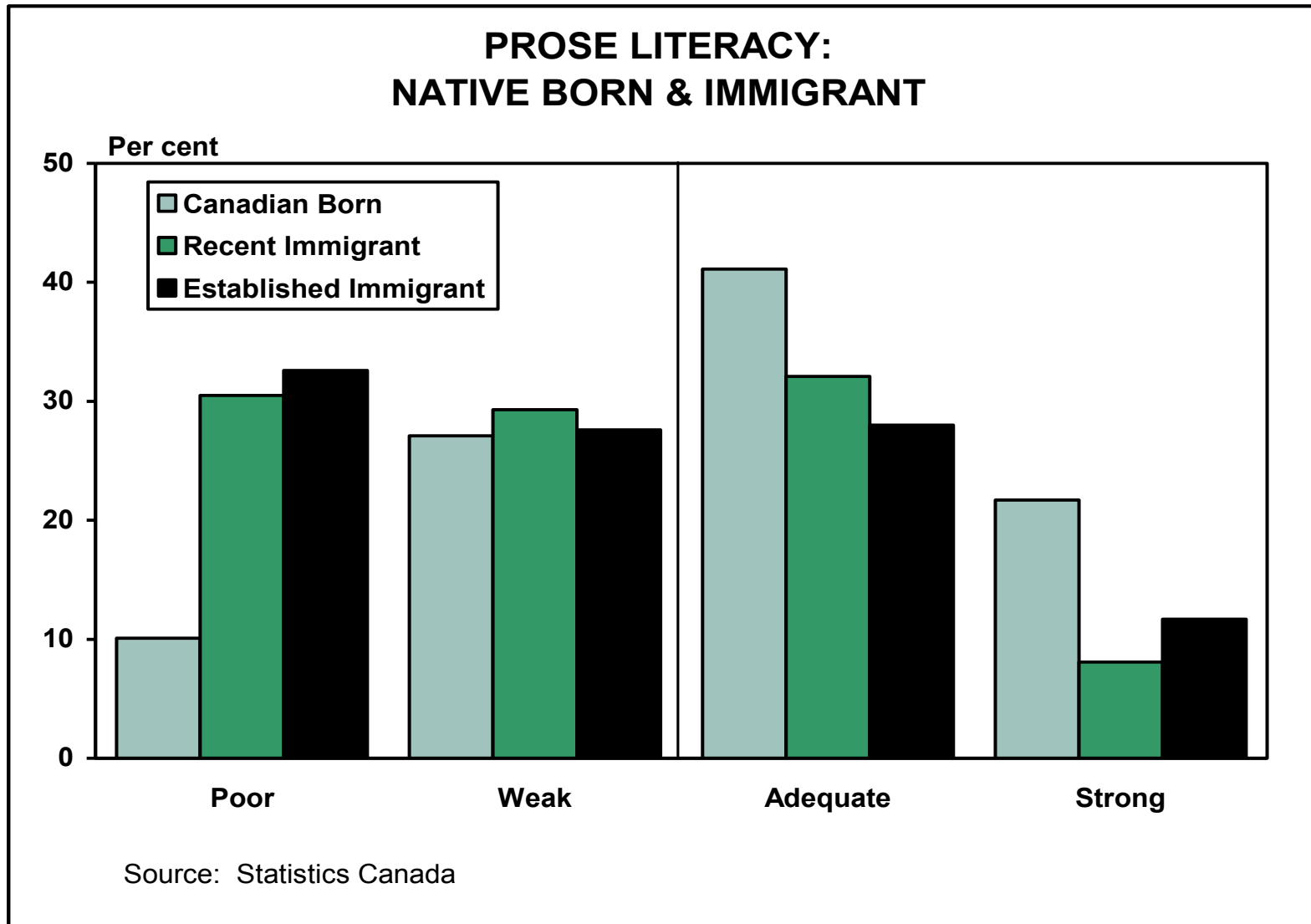
Source: IALSS 2003, Statistics Canada

# REGIONAL DIFFERENCES ARE EVIDENT

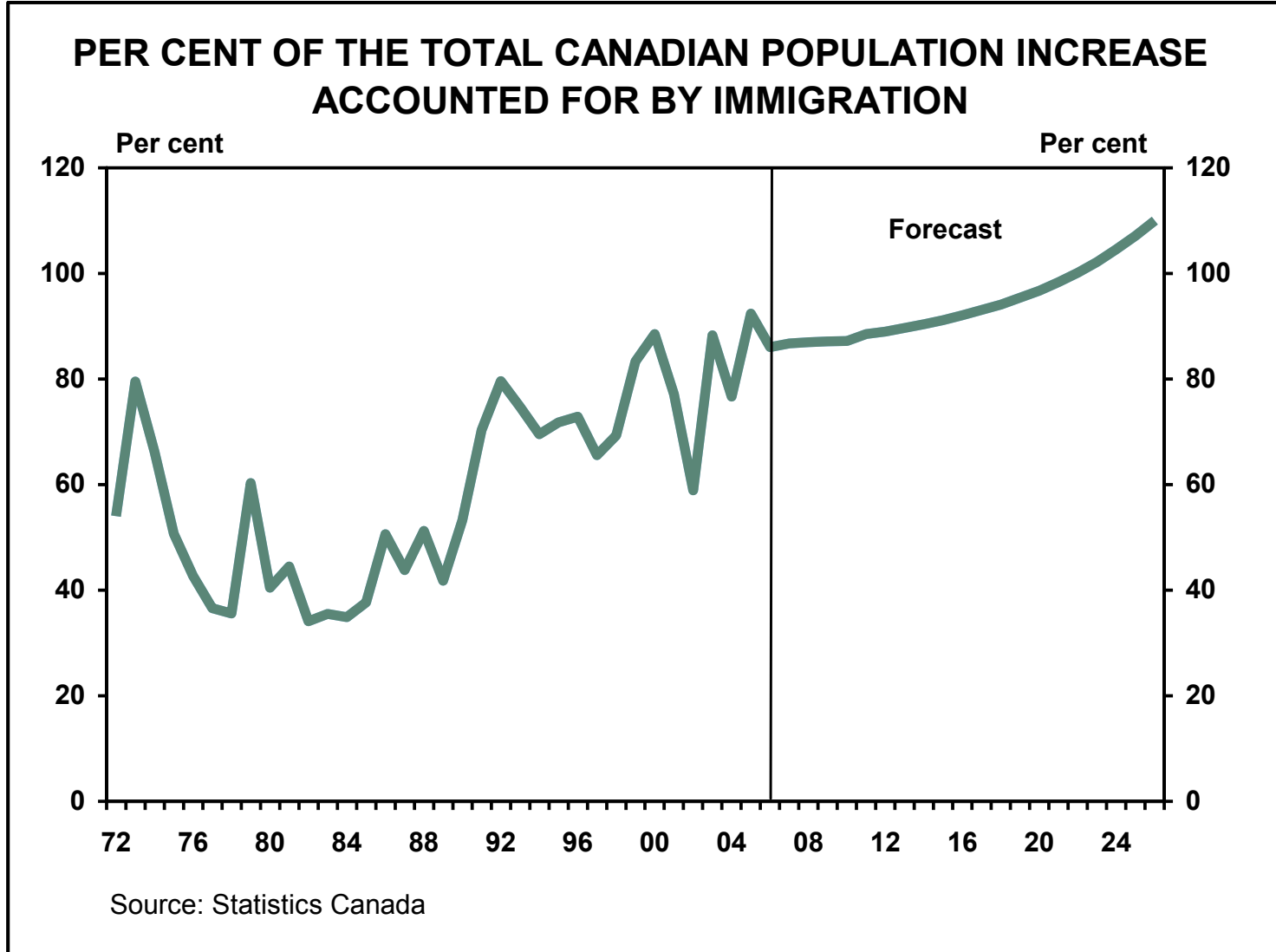




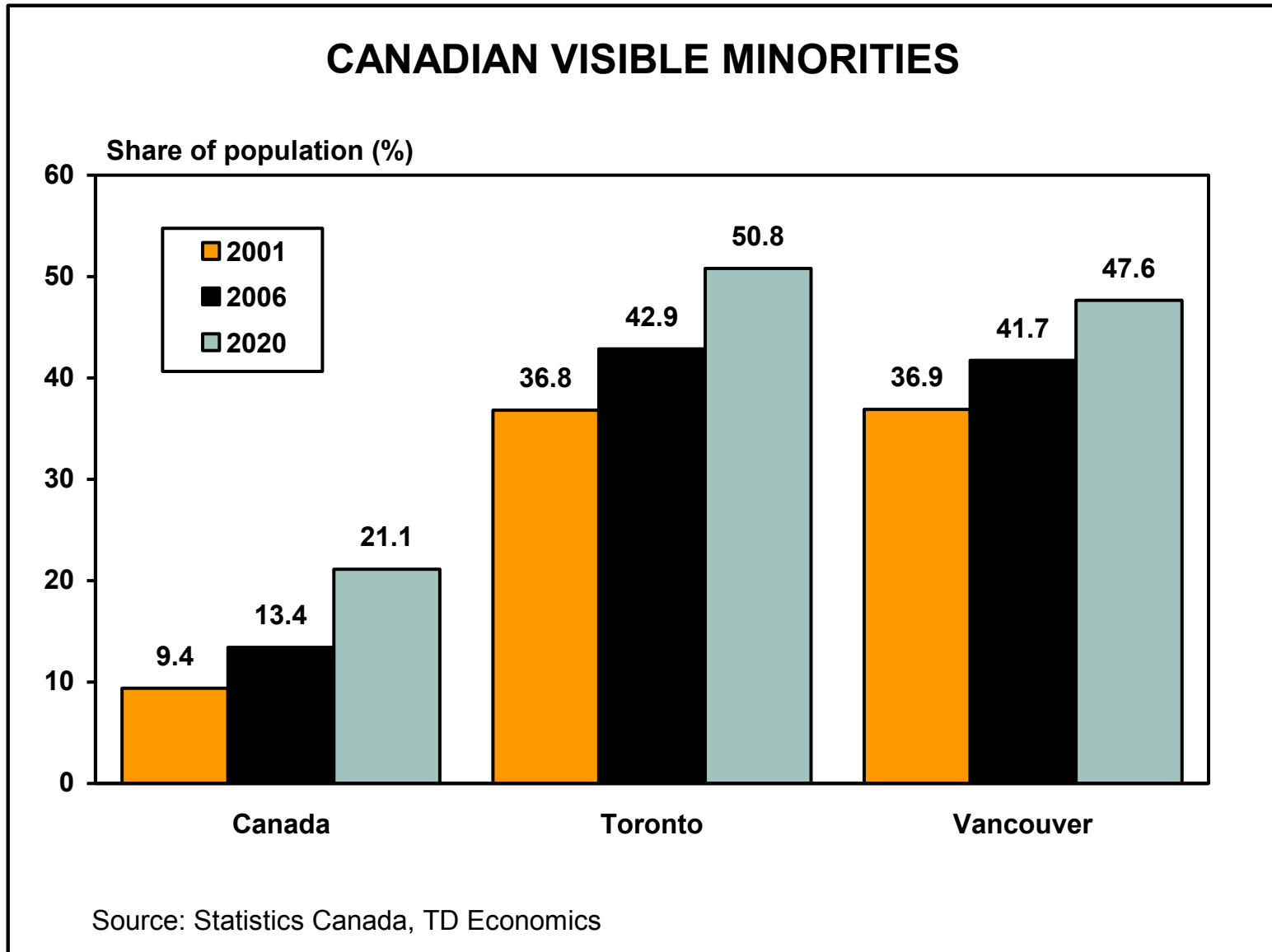
# IMMIGRANT LITERACY IN ENGLISH/FRENCH IS A MAJOR CHALLENGE



# IMMIGRATION WILL DRIVE POPULATION GROWTH

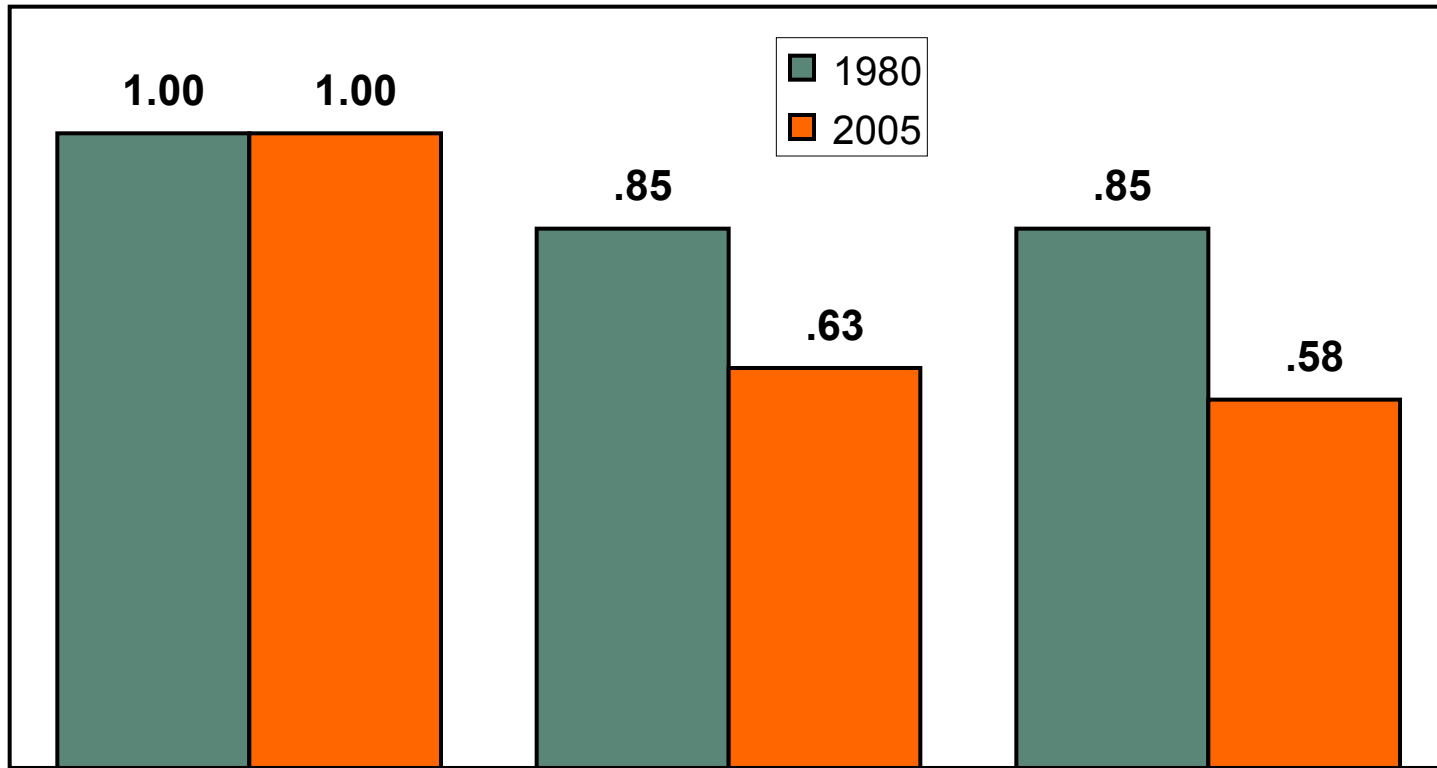


# VISIBLE MINORITIES BECOMING MAJORITIES



# INCOME DISPARITY IS A PROBLEM

## EMPLOYMENT INCOME DISPARITY

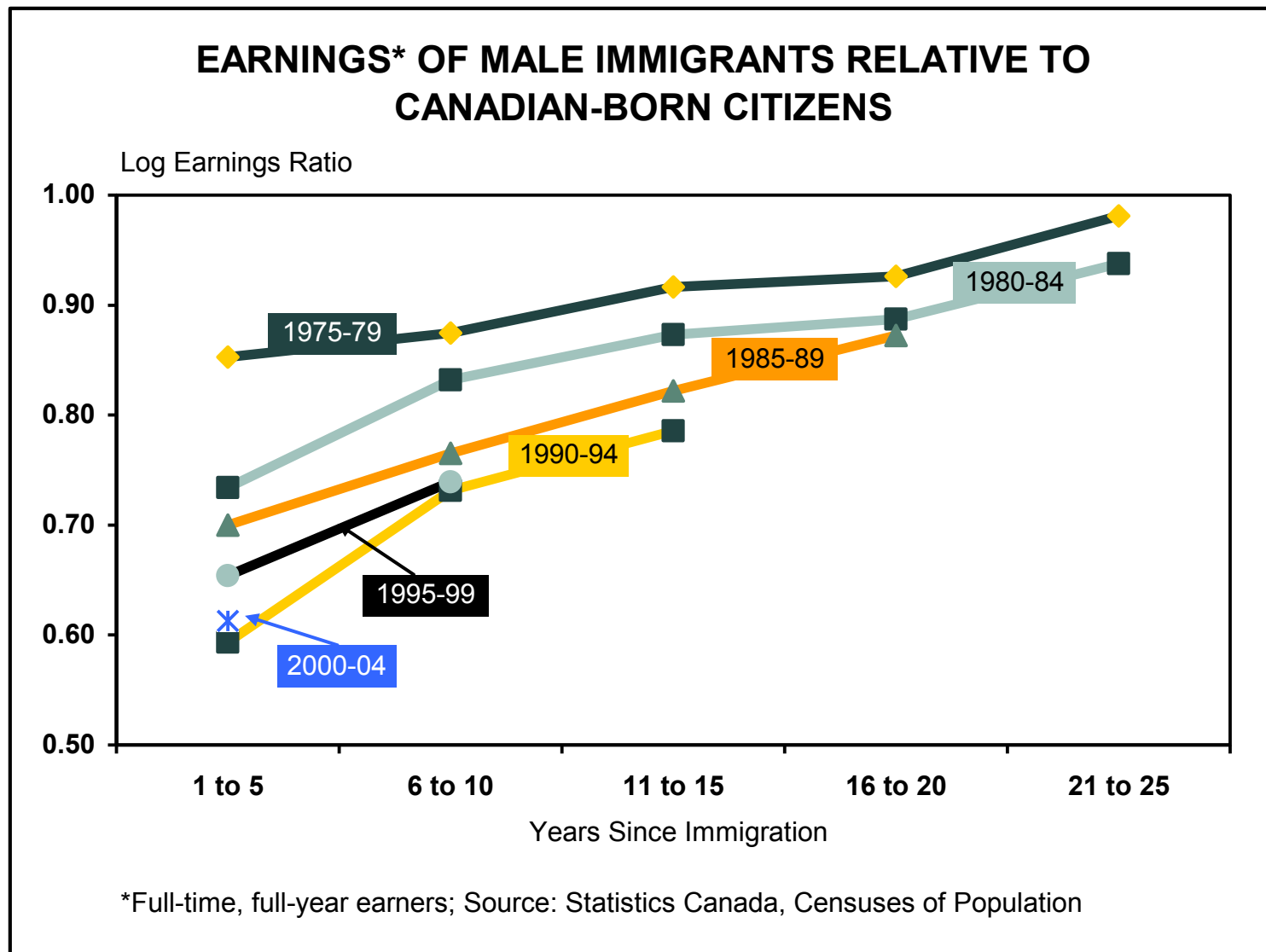


Canadian Born

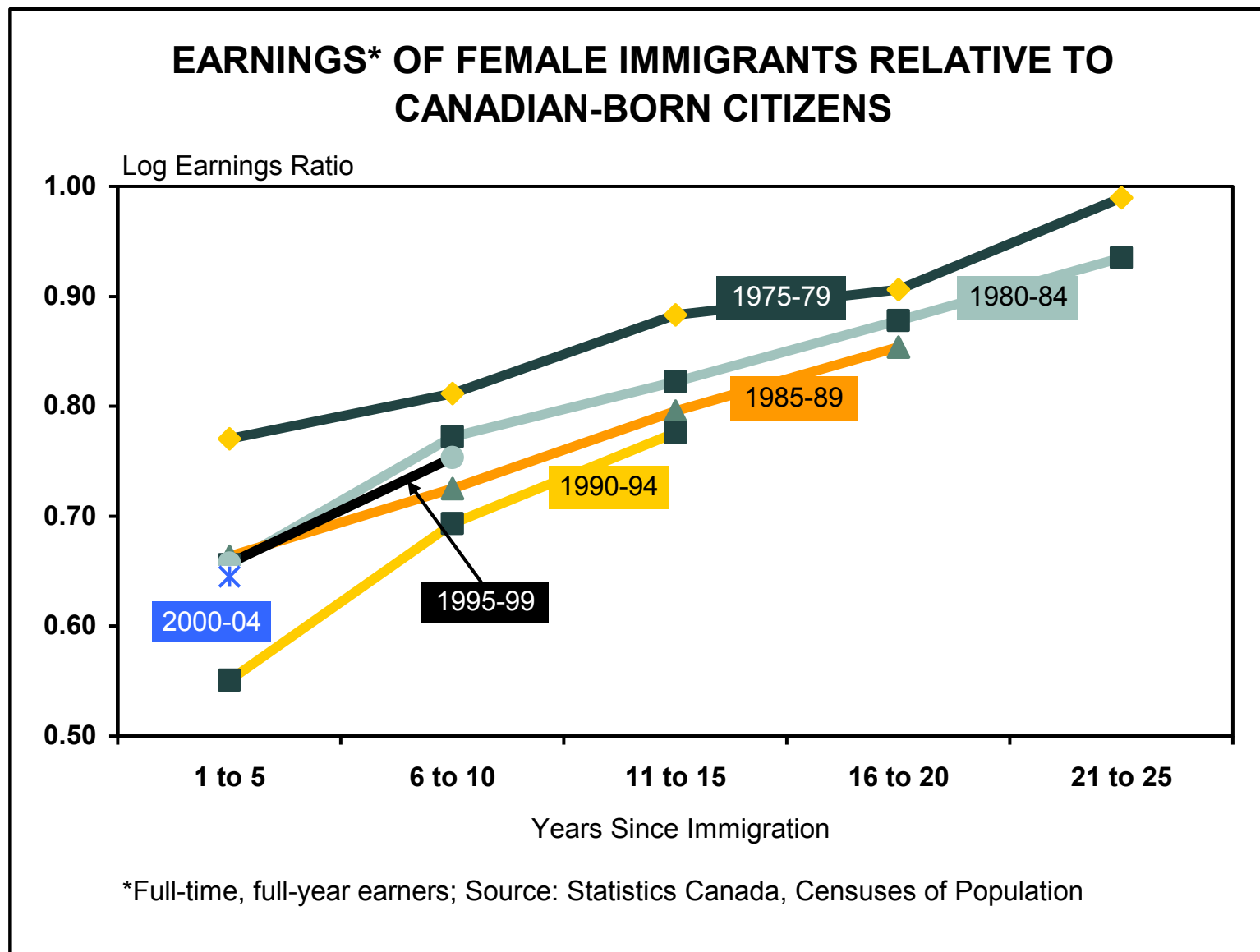
Immigrant Men

Immigrant Women

# GROWING INCOME GAP RAISES QUESTIONS ABOUT HOW NEWCOMERS ARE FARING

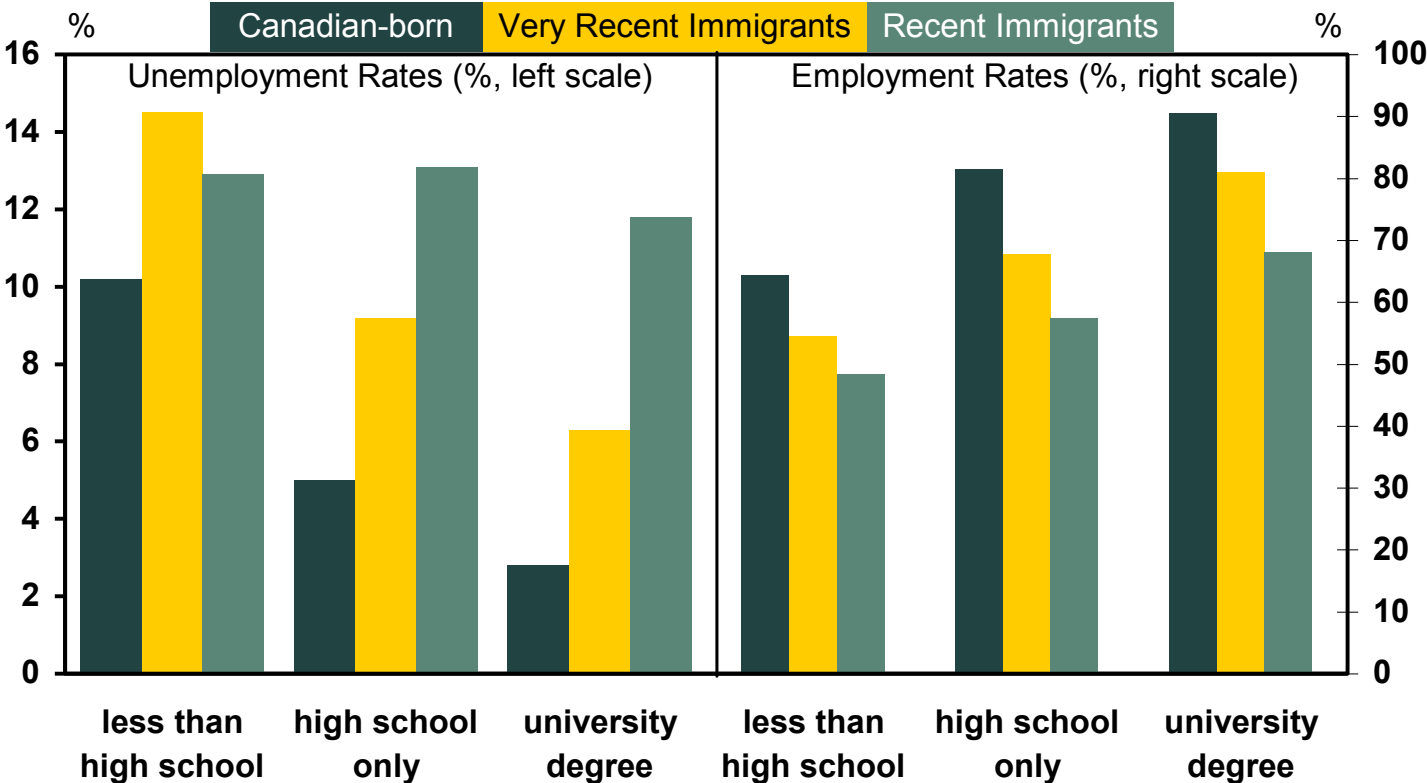


# EARNINGS DIFFERENTIAL WIDENING AND BECOMING PERSISTENT



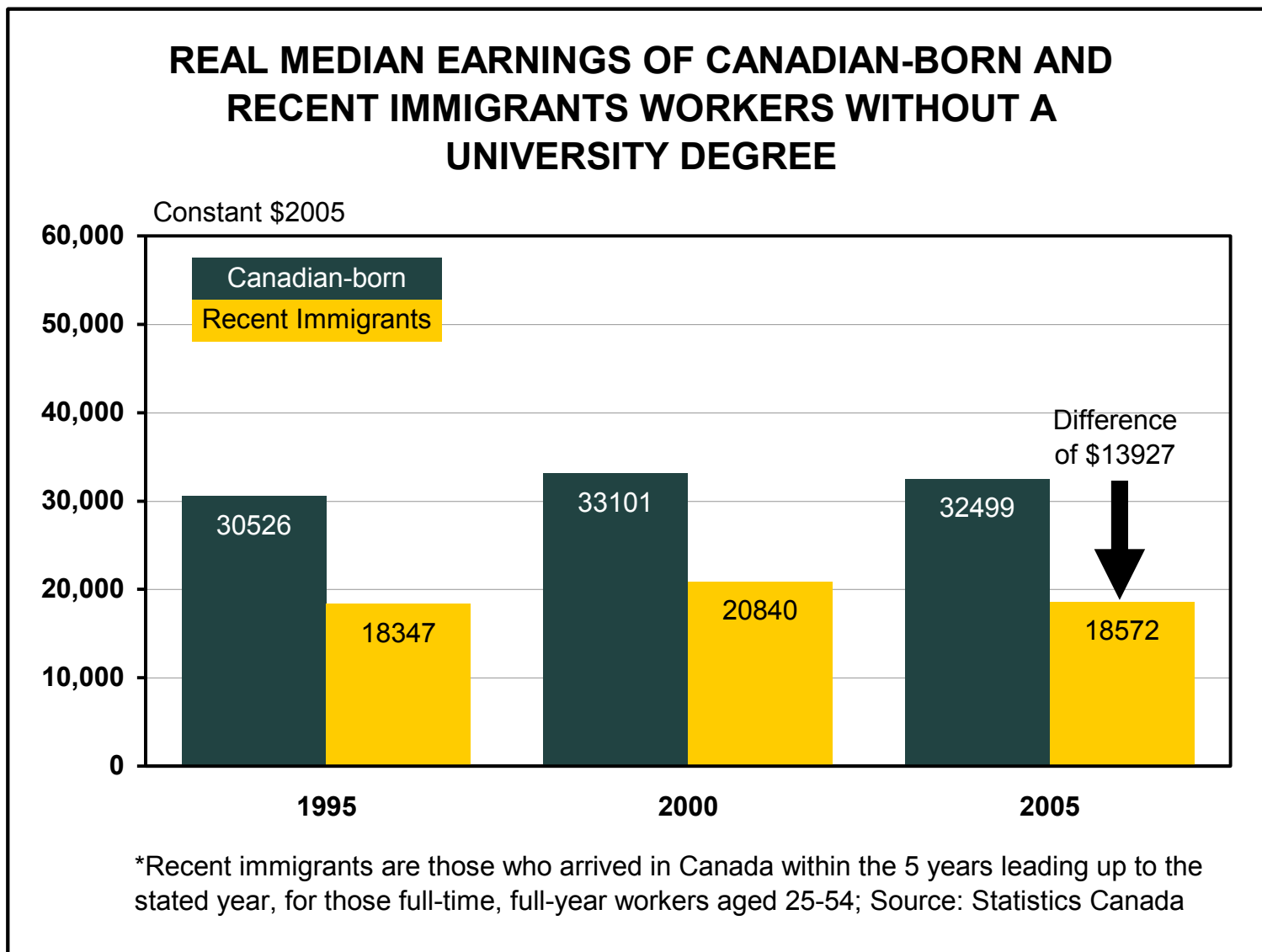
# LABOUR OUTCOMES SUGGEST FOREIGN EDUCATION NOT BEING PROPERLY VALUED

**LABOUR FORCE STATISTICS BY EDUCATIONAL ATTAINMENT AND IMMIGRANT TYPE, 2006**



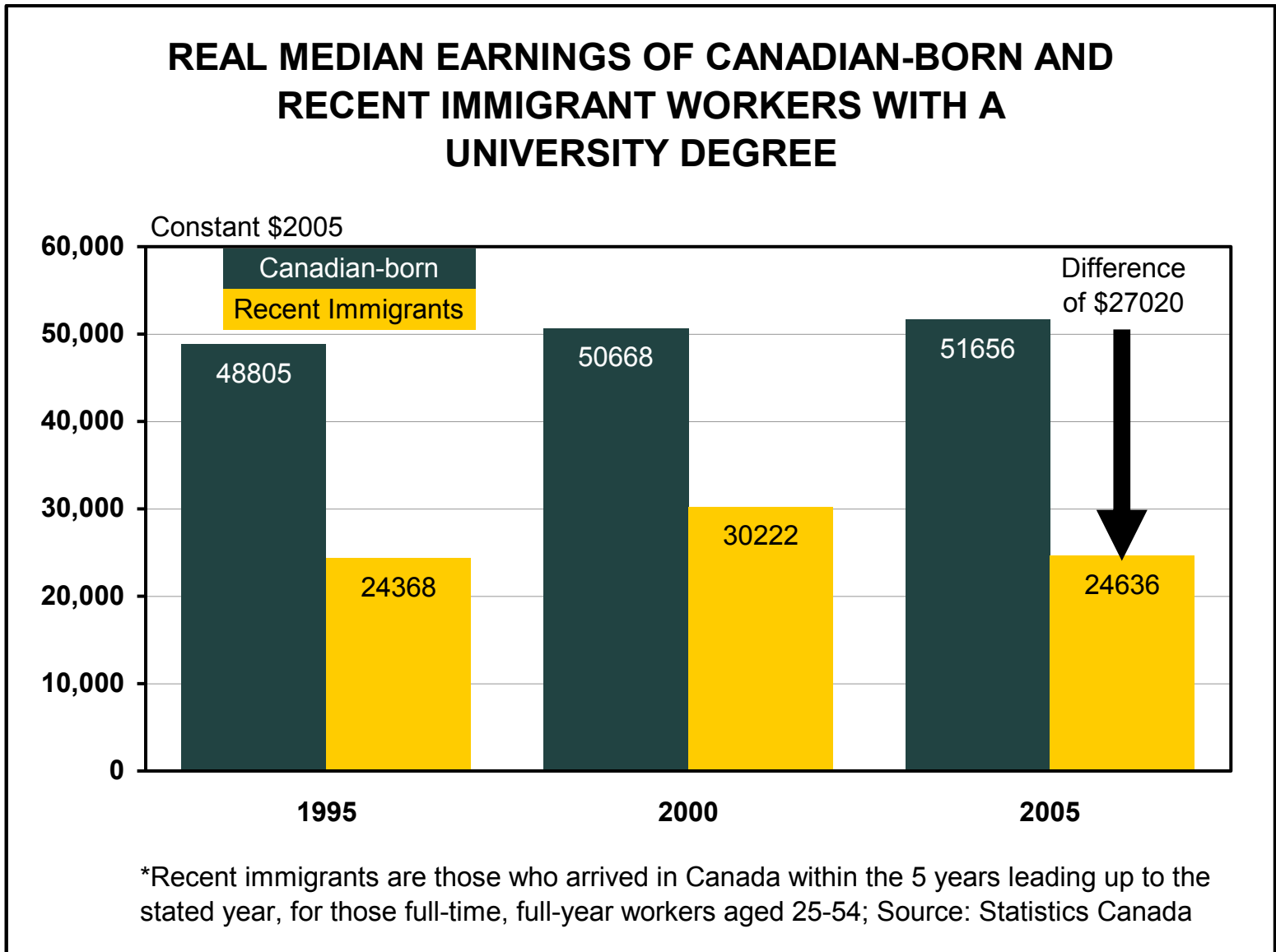
'Very Recent' refers to those who arrived in Canada for 5 years or less, 5-10 years for 'recent', for those aged 25-54 only; Source: Statistics Canada

# NEWCOMERS WITHOUT UNIVERSITY DEGREE EARN \$14K LESS





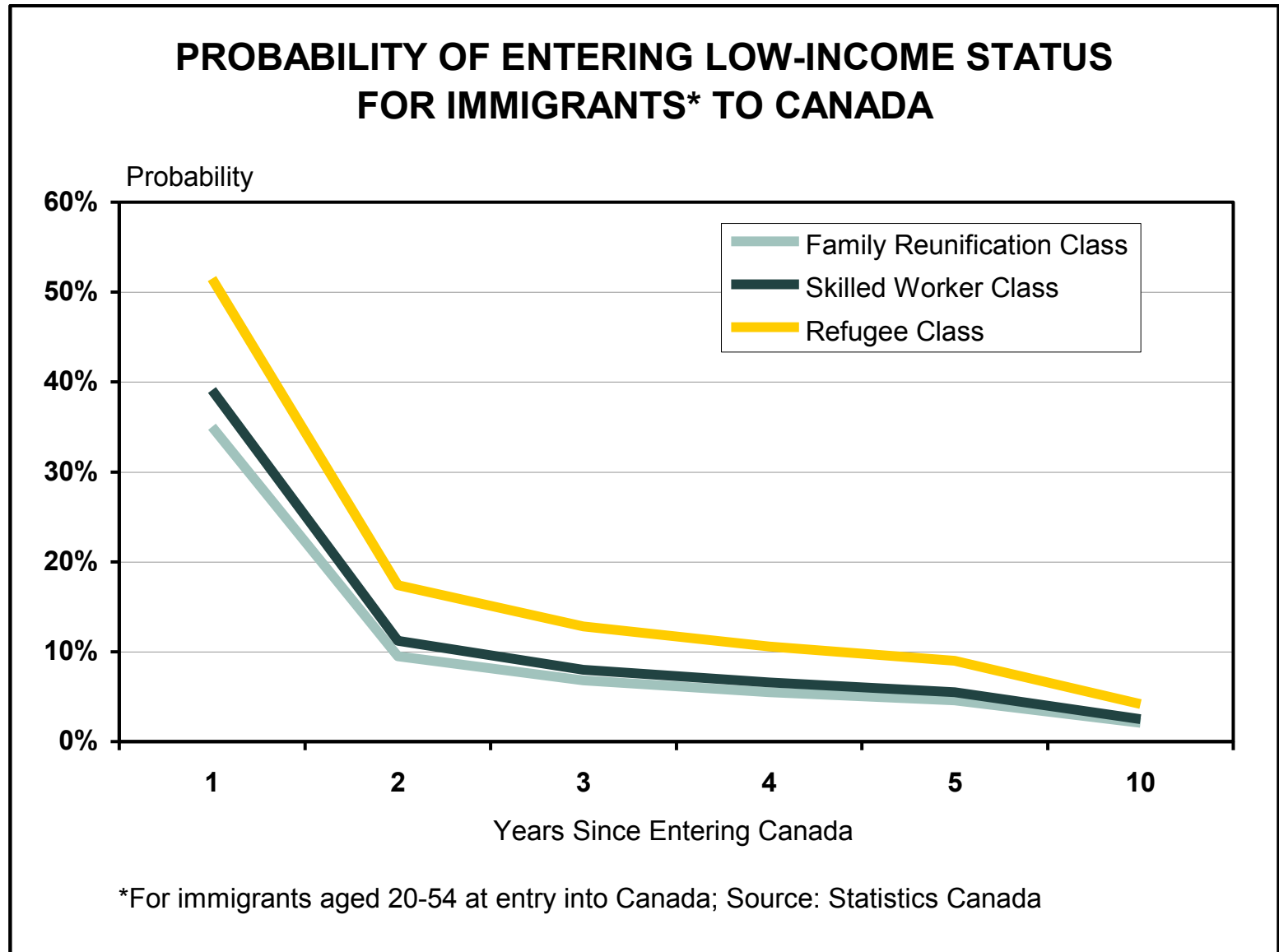
# NEWCOMERS WITH A UNIVERSITY DEGREE EARN \$27K LESS



# POOR LABOUR MARKET OUTCOME INCREASES POVERTY

- Share of foreign-born families below Low Income Cutoff (LICO)
- 1980: 24.6%
- 1990: 31.3%
- 2000: 35.8%

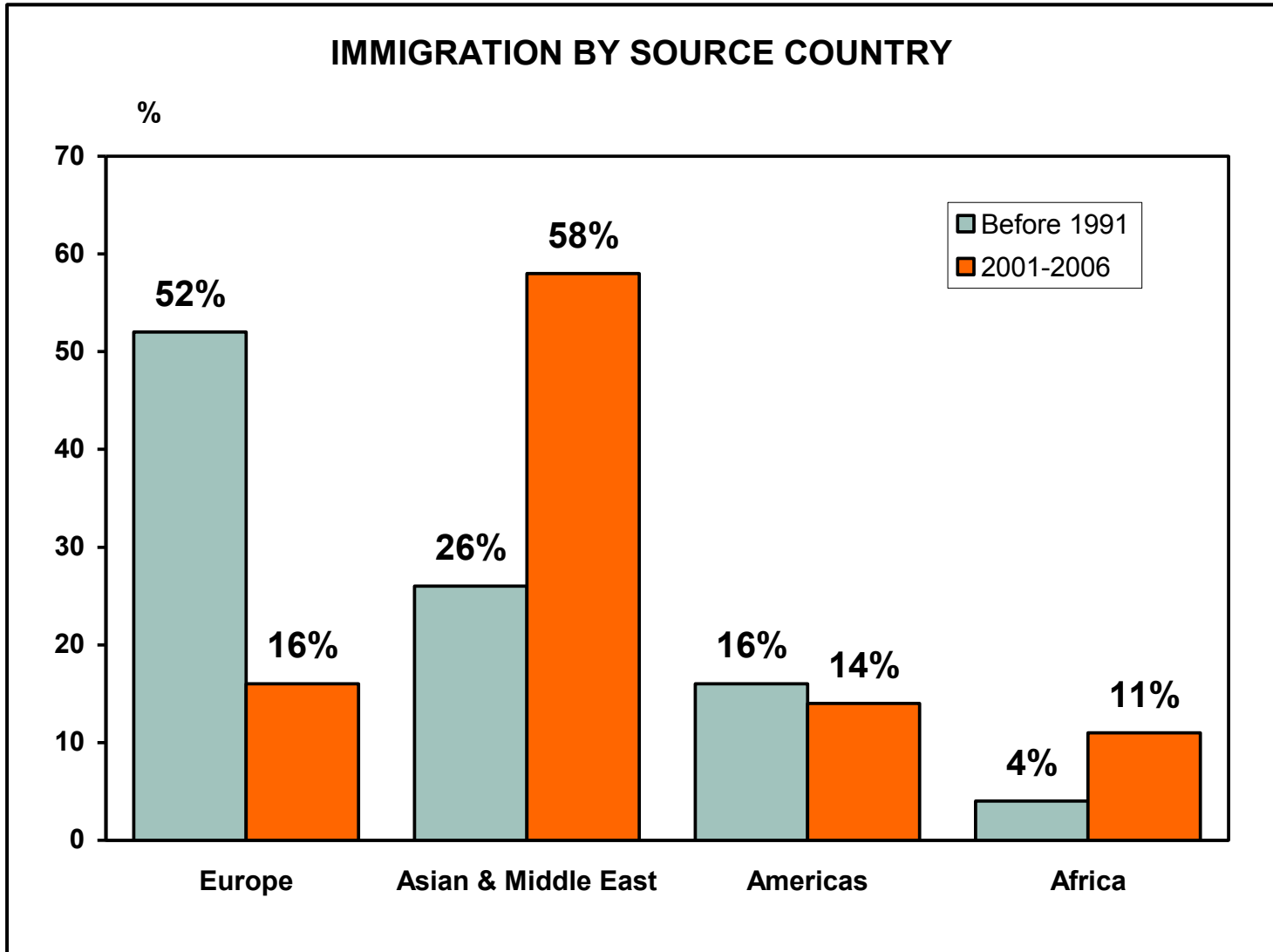
# ENTRY CLASS DOES NOT MATERIALLY CHANGE RISK OF POVERTY



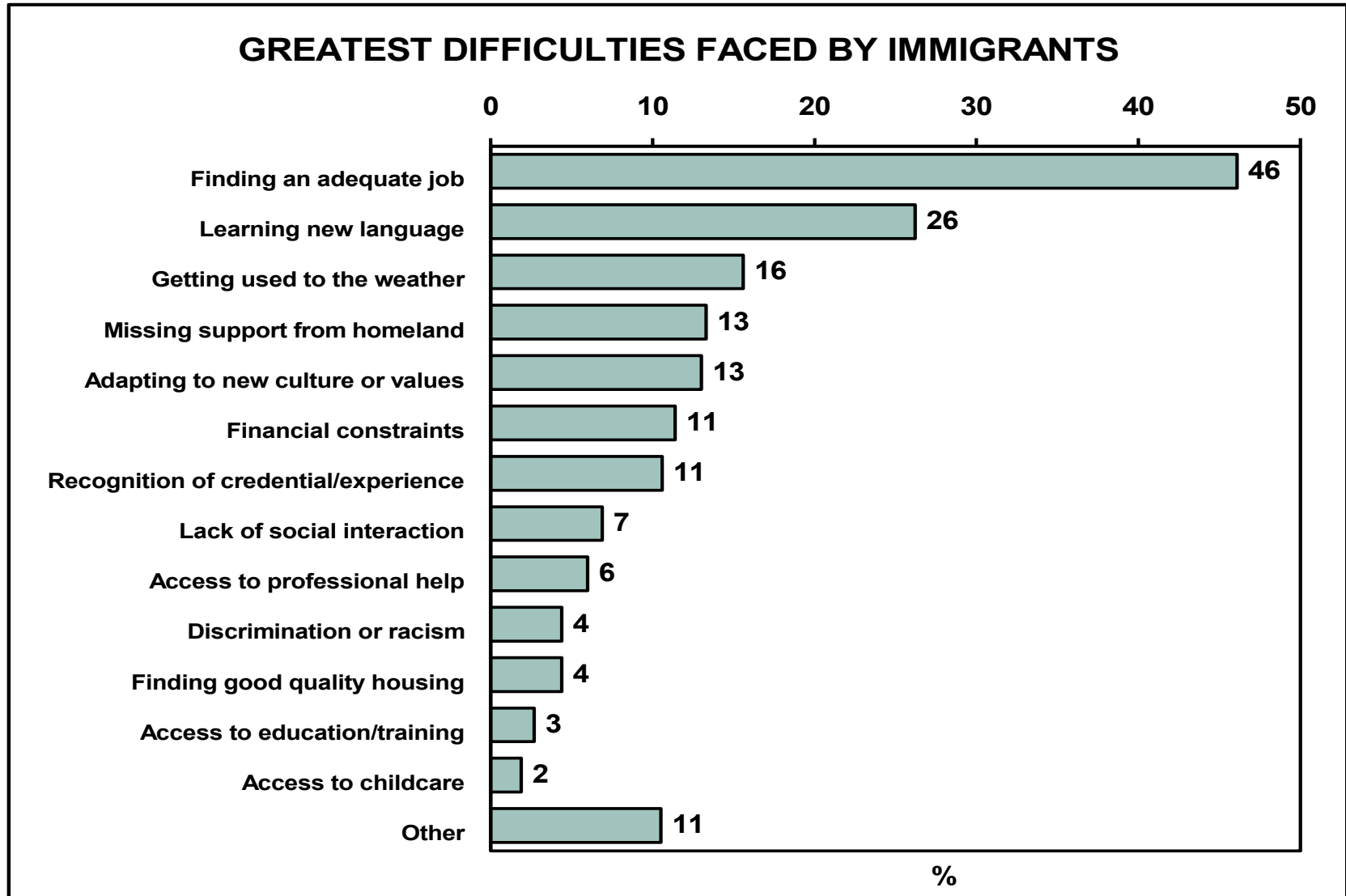
# WHY THE PROBLEM?

- Outcome is clearly unacceptable from a social and an economic perspective
- Economy is likely losing \$3.4 billion to \$5 billion a year due to underemployment of immigrants
- Problem has been recognized and heavily investigated. Statistics Canada released 64 research reports on immigration issues between 2002 and 2006
- We will make the case that weak proficiency in Canada's official languages plays a role

# IS OFFICIAL LANGUAGE/LITERACY PART OF THE PROBLEM?

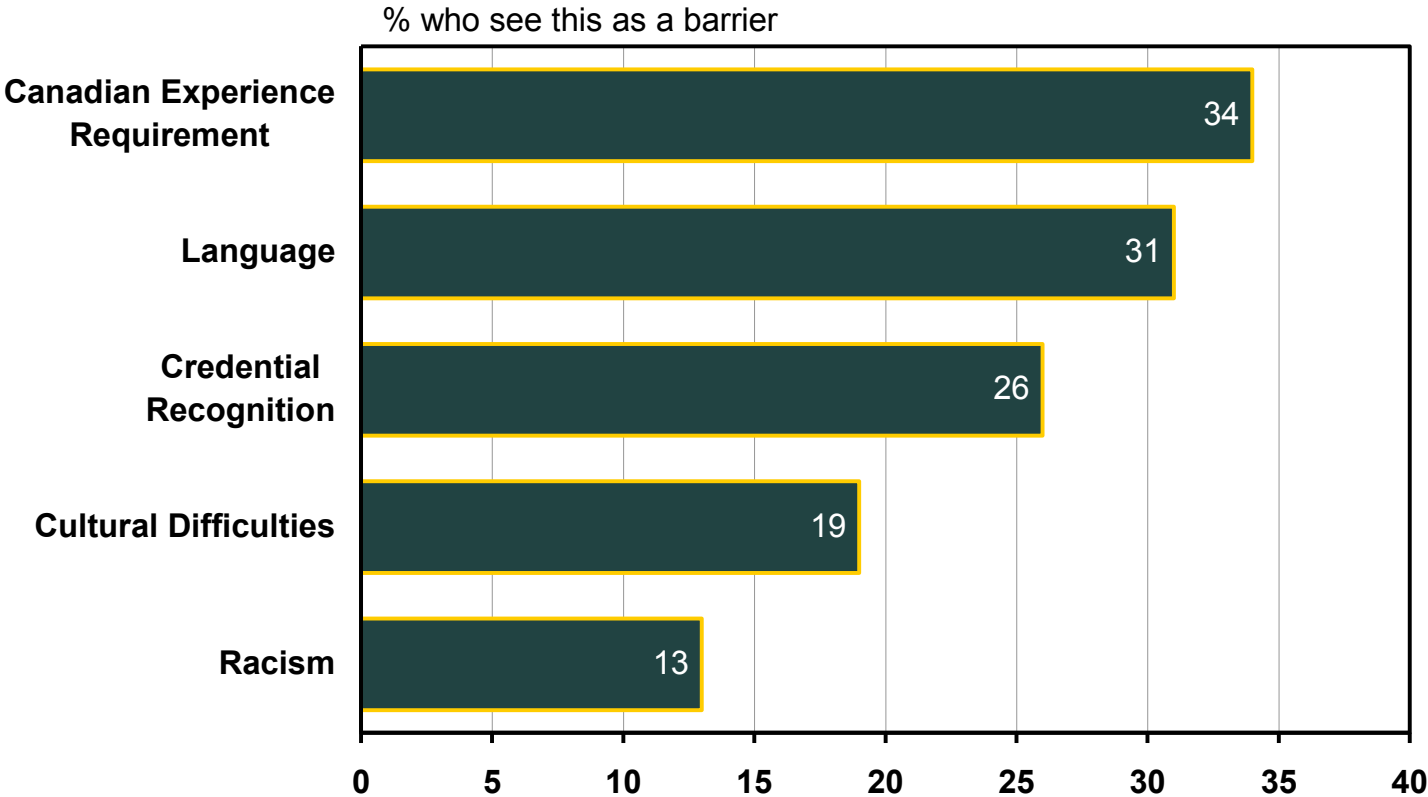


# SURVEYS OF NEWCOMERS SUGGEST LANGUAGE PROFICIENCY IS A MAJOR CHALLENGE



# DIFFERENT SURVEYS GENERATE SAME OUTCOMES

## RECENT IMMIGRANTS\* PERCEPTIONS OF BARRIERS TO ENTRY INTO THE WORKFORCE, TORONTO 2003-06



\*In Canada within 2-5 years of the survey;  
Source: Institute for Research on Public Policy

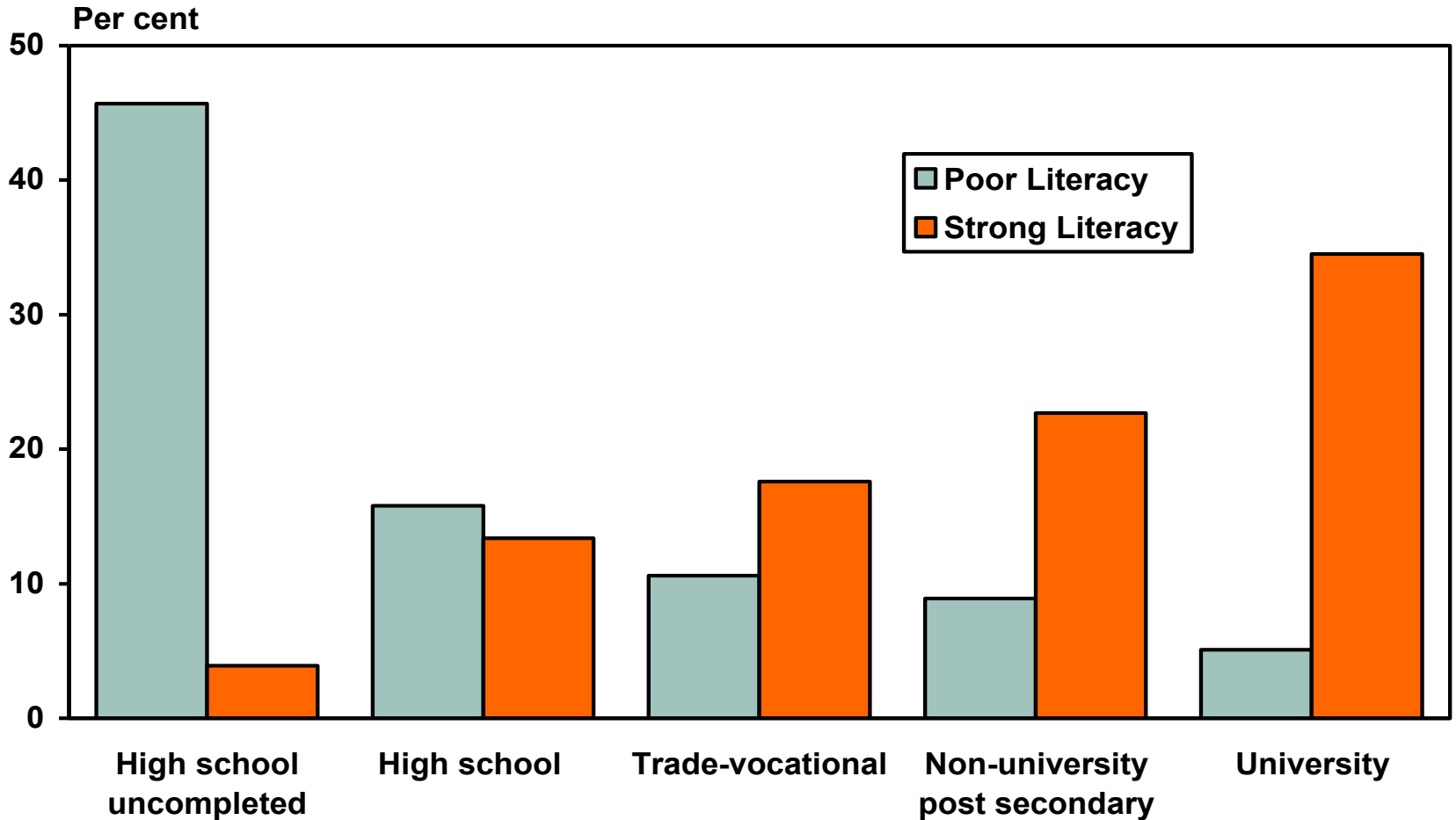
# ACADEMIC DEBATE

- Some academic studies suggest that raising the literacy of immigrants to the same of Canadian individuals would close 2/3 of earning gap
- Statistics Canada: 1/3 of decline in entry earnings may be explained by changing origin of newcomers
- 2/3 explained by other factors including:
  - Declining returns to foreign experience
  - Weaker labour market returns to all entry workers
  - Strong competition from high educated Canadian workers and weaker recognition of foreign credentials
  - Poor experience of newcomers in Information Technology jobs post 2001



# LITERACY & EDUCATION ARE A VIRTUOUS CIRCLE

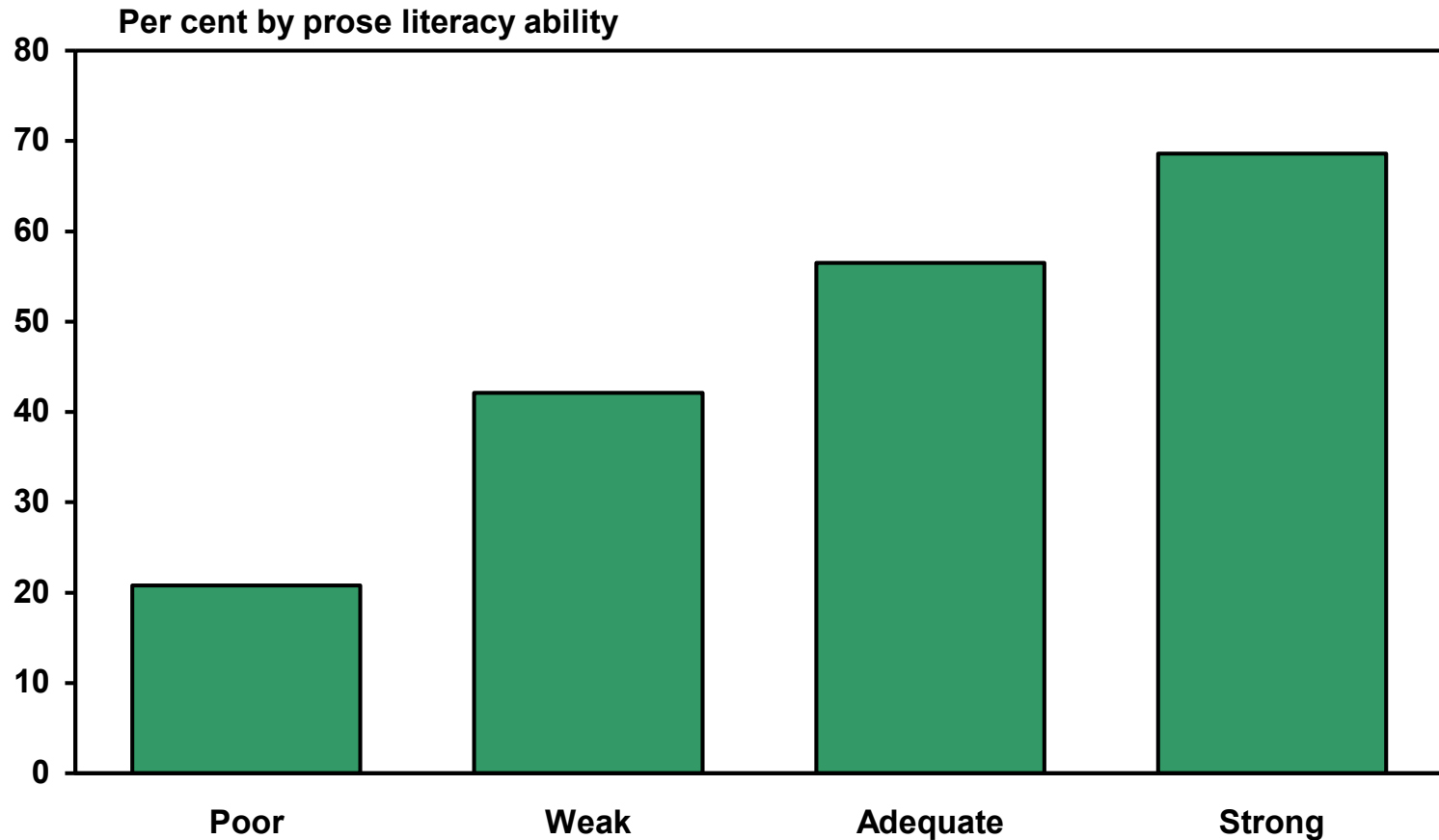
## PROSE LITERACY BY EDUCATION ATTAINMENT



Source: Statistics Canada

# LITERACY ENCOURAGES LIFE LONG LEARNING

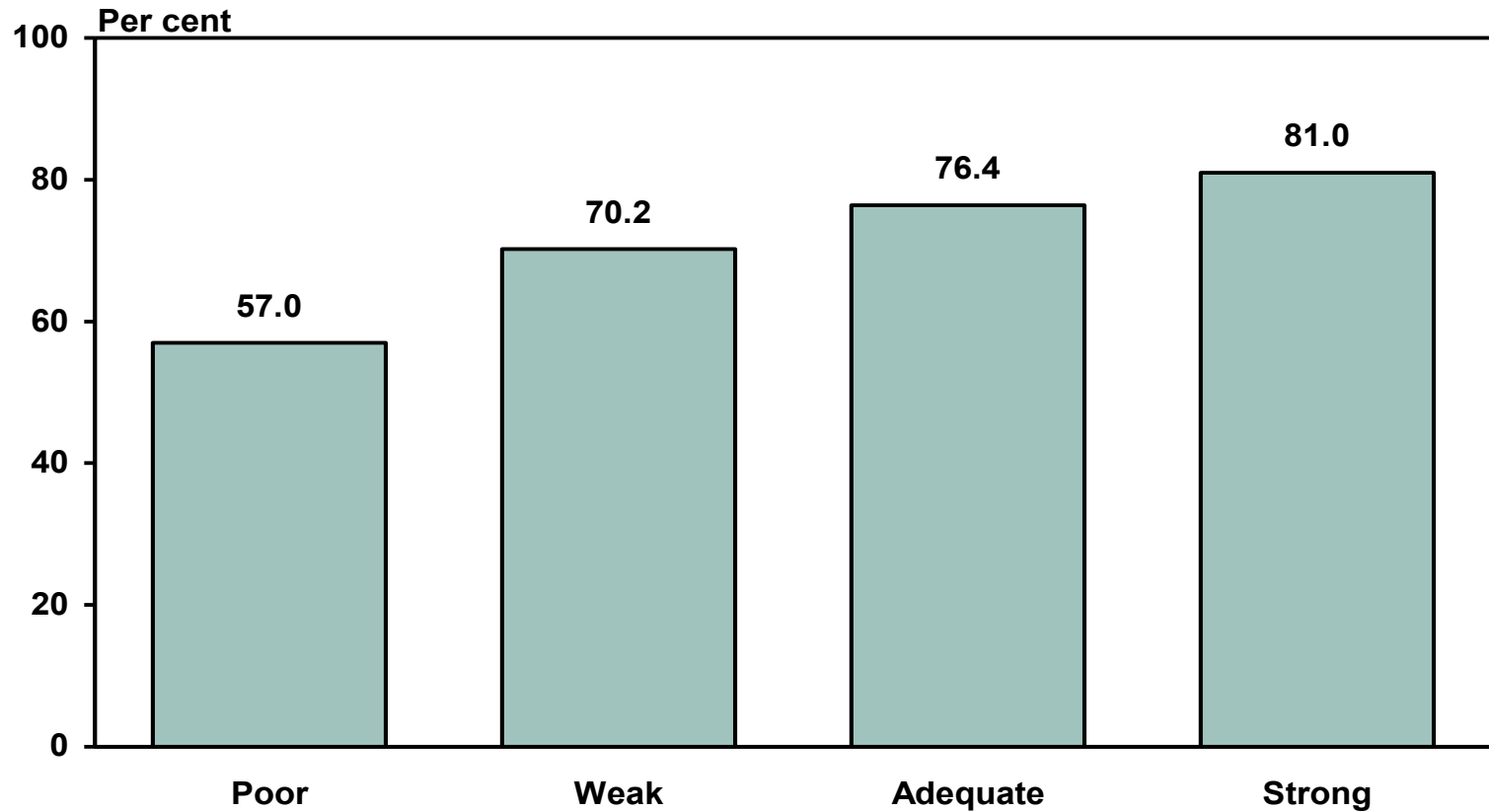
## CANADIANS AGE 16 TO 65 THAT PURSUED ADULT EDUCATION OR TRAINING



Source: Statistics Canada

# HIGHER LITERACY BOOSTS EMPLOYMENT OPPORTUNITIES

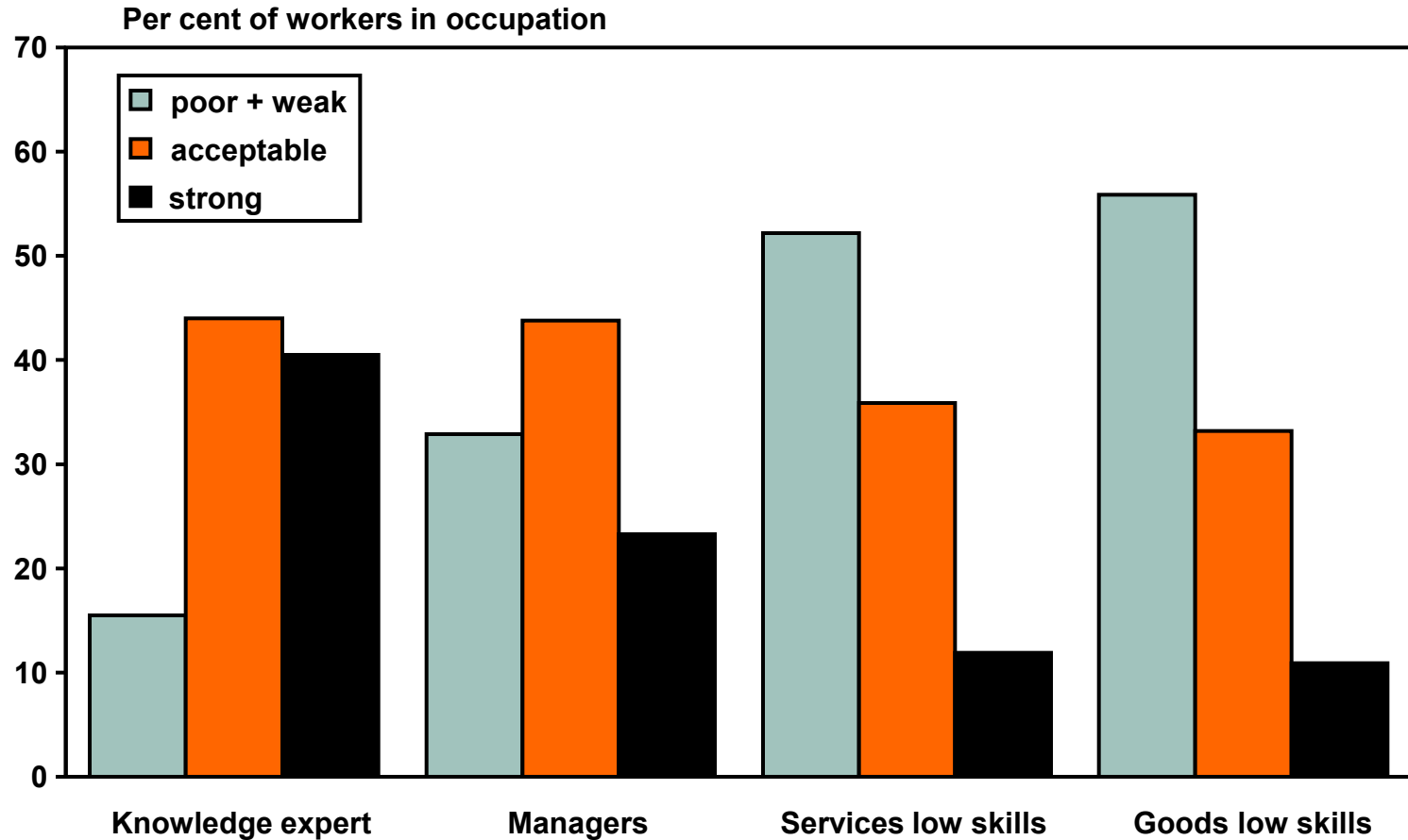
## EMPLOYMENT RATE BY LITERACY PROFICIENCY



Source: Statistics Canada

# LITERACY LEADS TO EMPLOYMENT IN HIGHER SKILLED POSITIONS

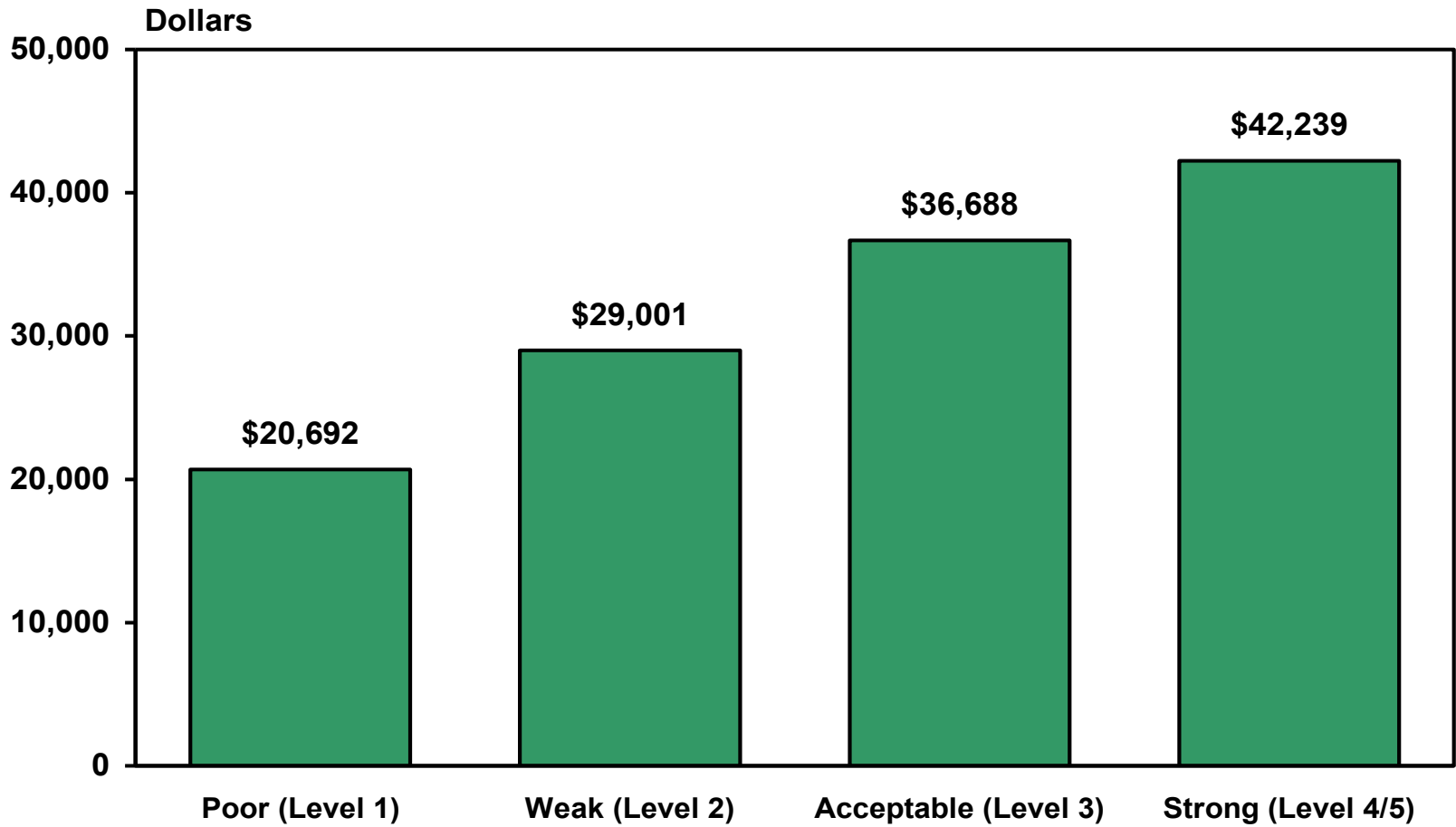
## PROSE LITERACY IN SELECTED OCCUPATIONS



Source: Statistics Canada

# ALL OF WHICH RAISE PERSONAL INCOME

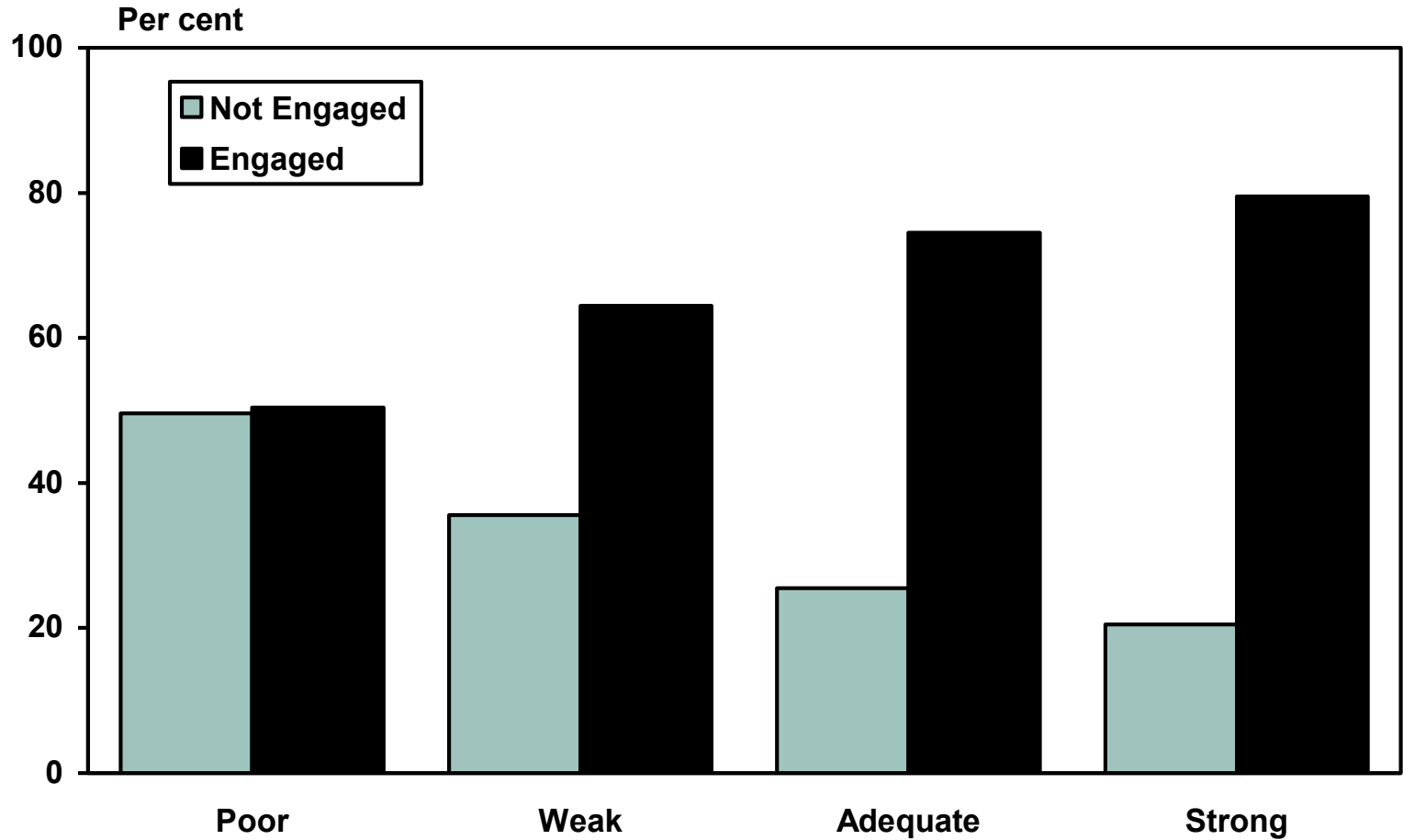
## PERSONAL INCOME BY PROSE LITERACY PROFICIENCY



Source: Statistics Canada

# LITERACY BOOSTS CIVIC PARTICIPATION

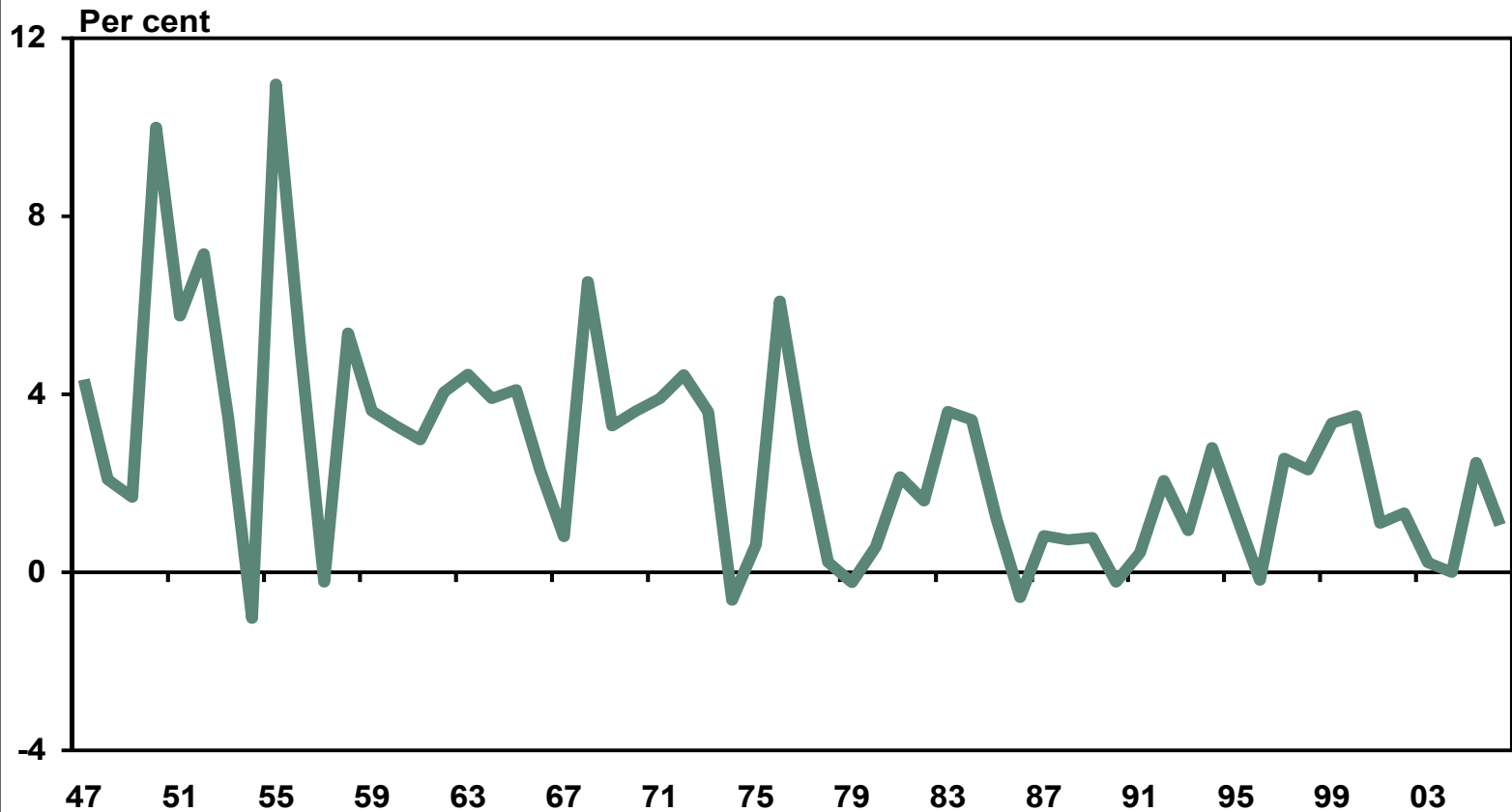
## CIVIC ENGAGEMENT BY PROSE LITERACY ABILITY



Source: Statistics Canada

# #1 ECONOMIC CHALLENGE IS WEAK PRODUCTIVITY

**BUSINESS SECTOR PRODUCTIVITY  
GROWTH RATE (1947-2006)**

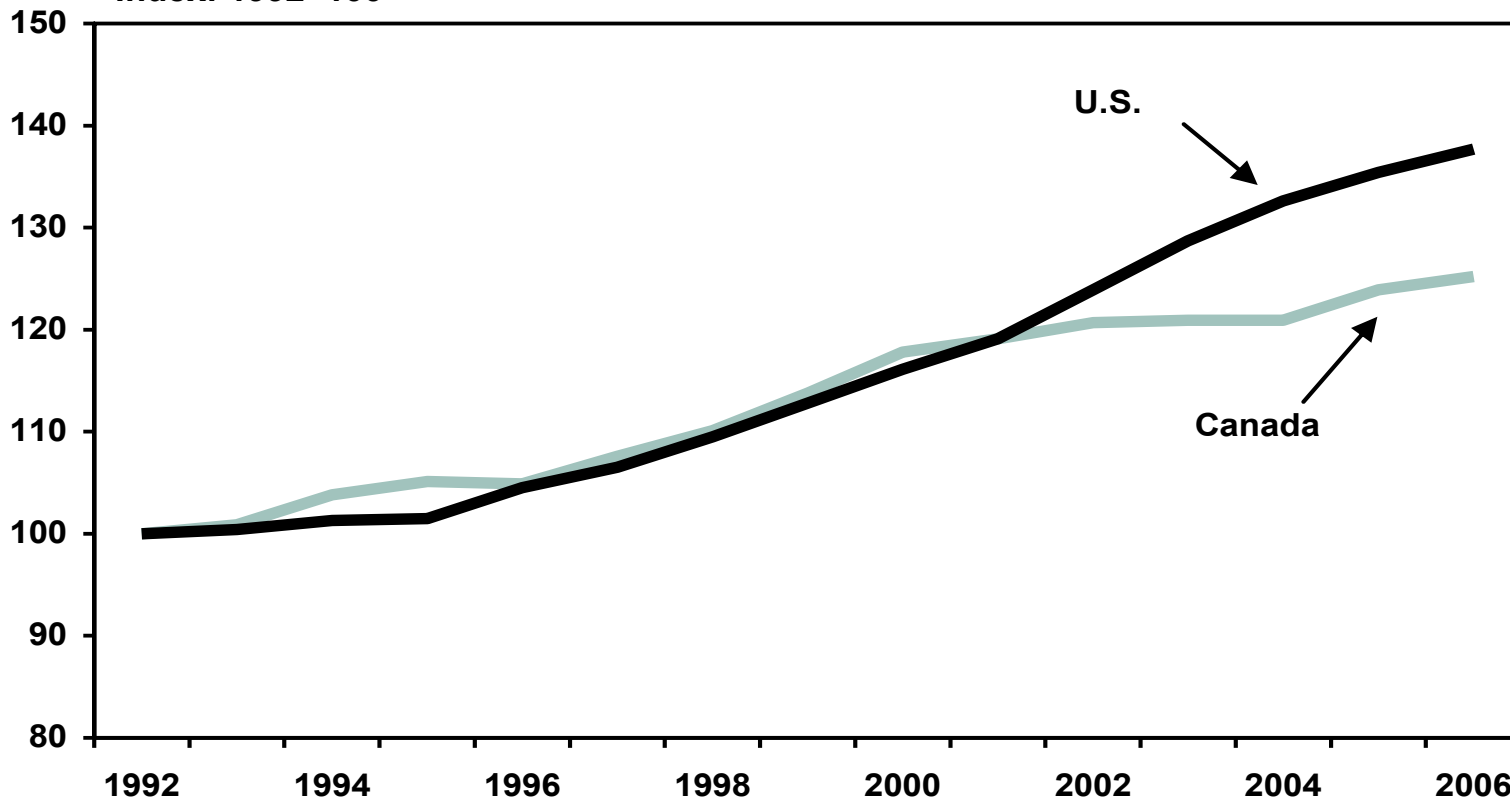


Source: Centre for the Study of Living Standards

# POOR PRODUCTIVITY LEADS TO A LOWER STANDARD OF LIVING

## BUSINESS SECTOR PRODUCTIVITY LEVEL

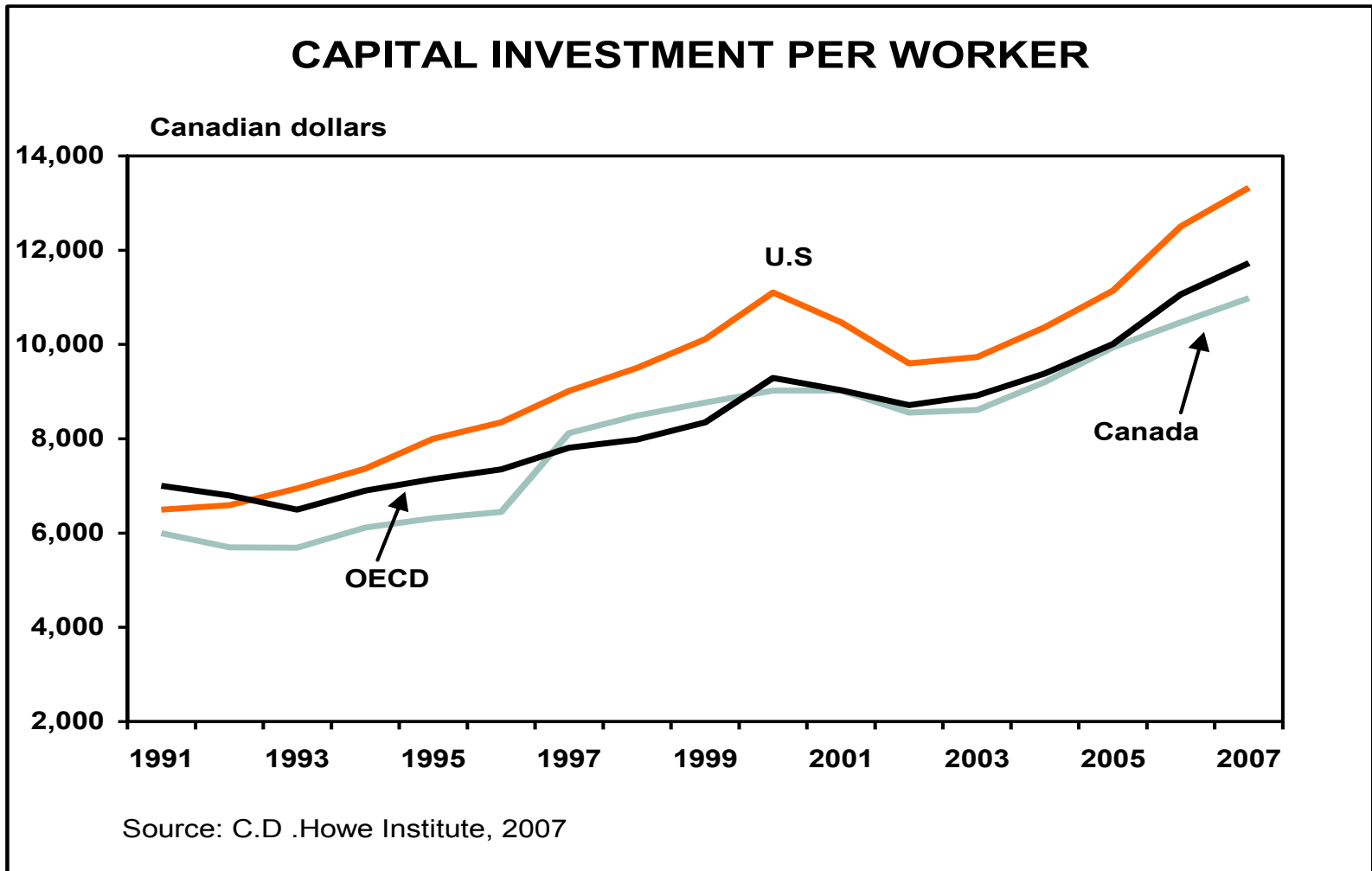
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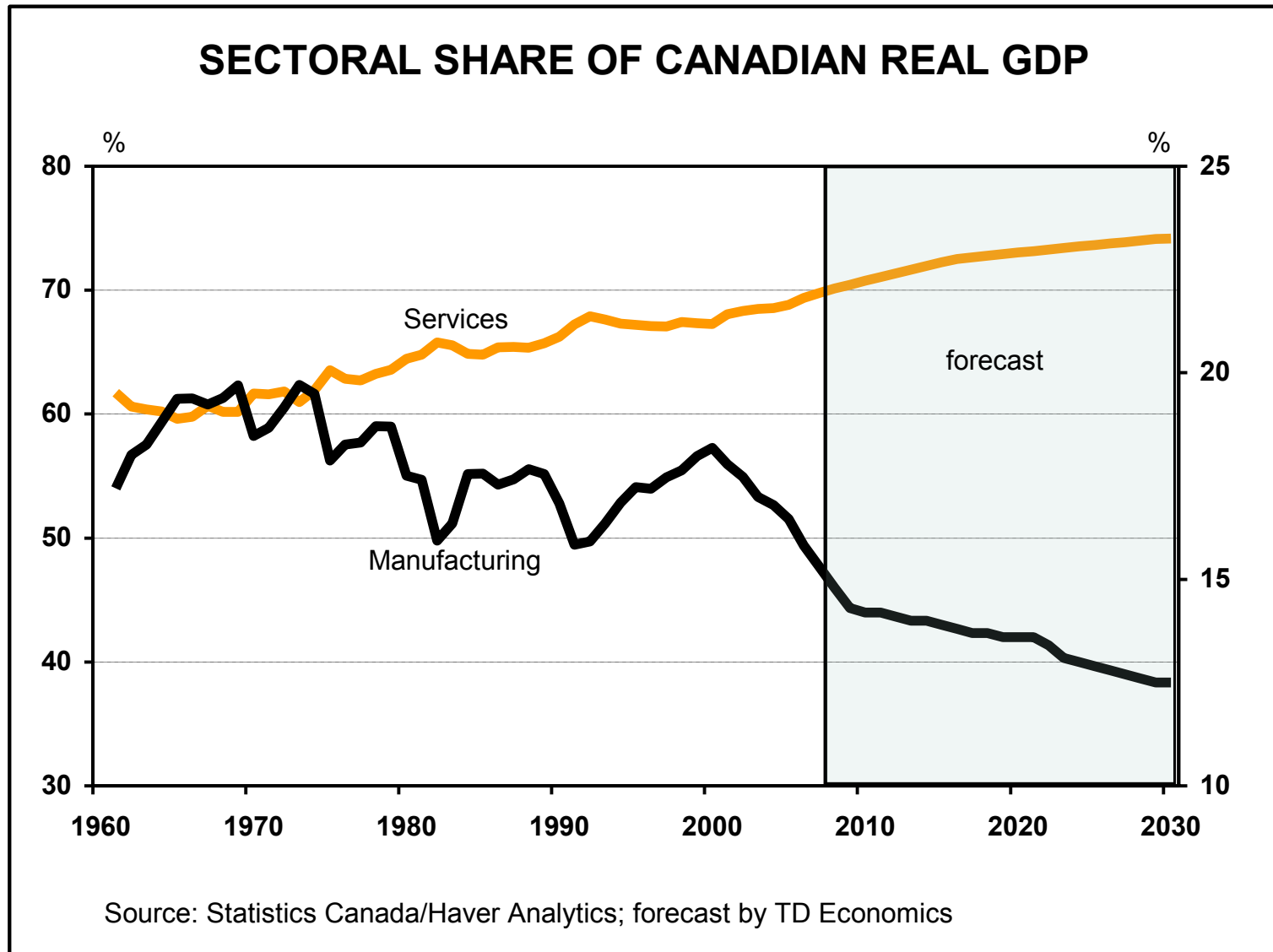
Source: CSLS database



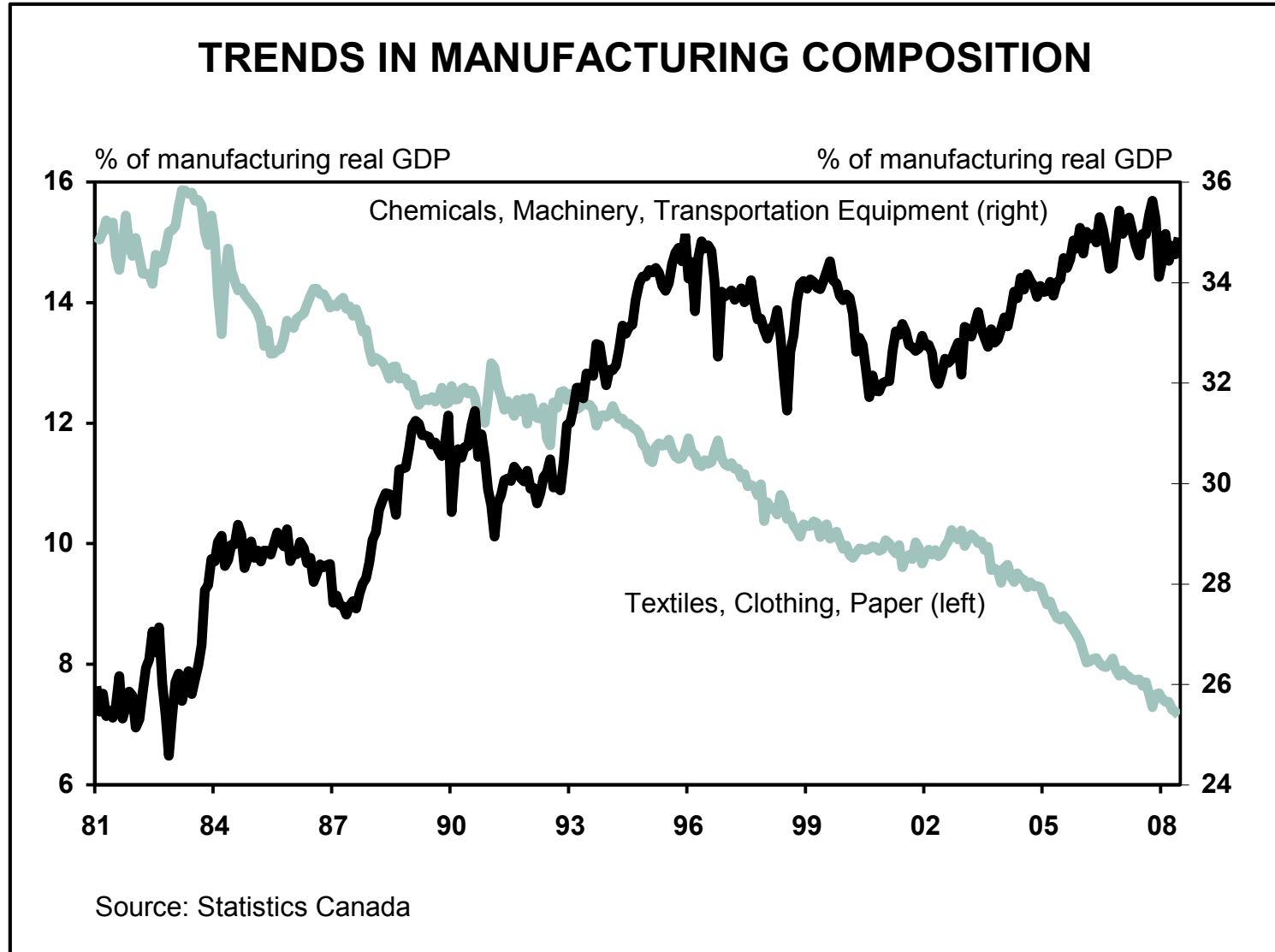
# BUSINESS INVESTMENT HAS BEEN DISAPPOINTING, RAISING NEED FOR HIGHER LABOUR PRODUCTIVITY



# ECONOMIC CHANGES REQUIRE A MORE SKILLED WORKFORCE

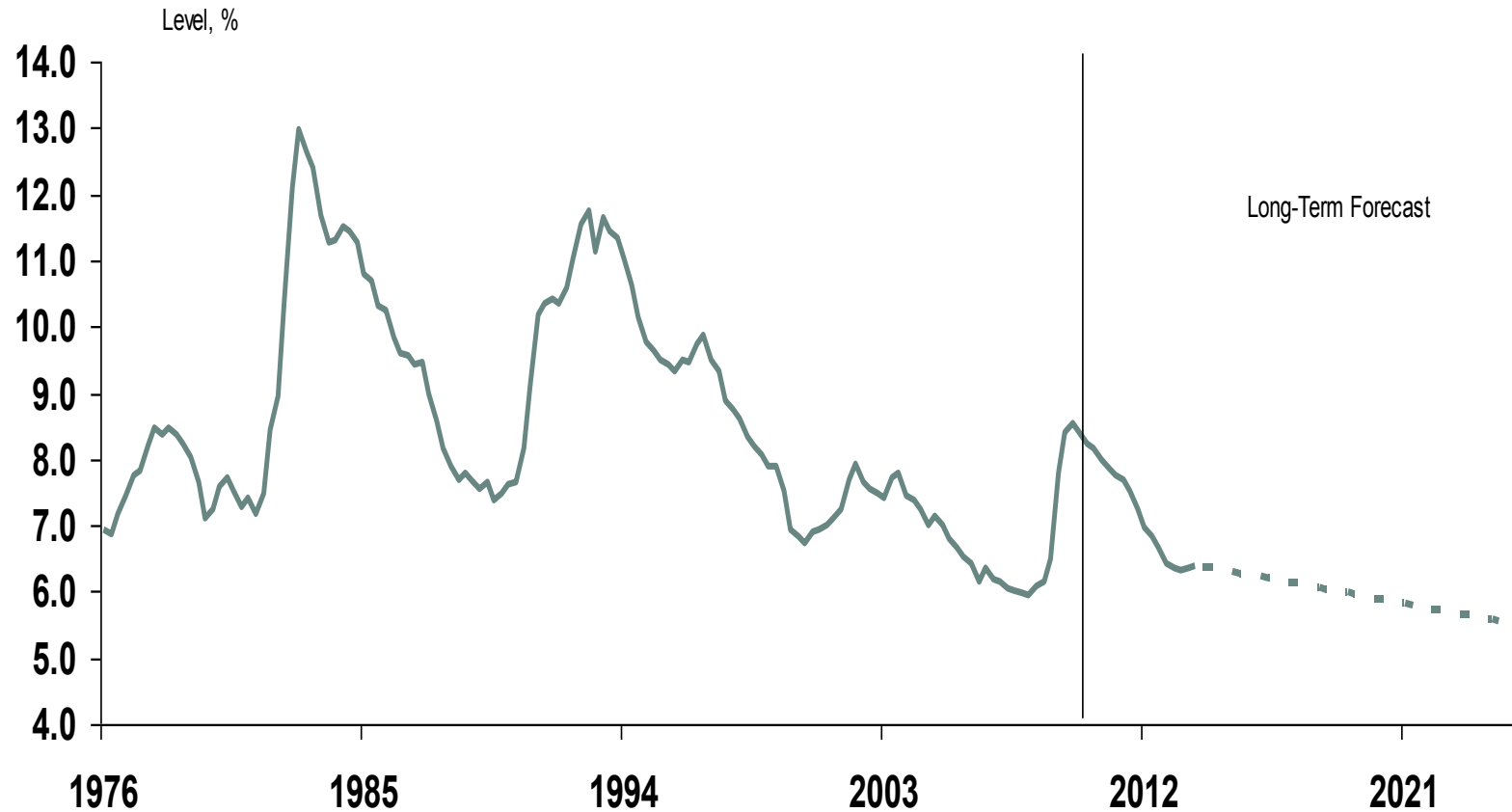


# MANUFACTURING SHIFTING TOWARDS HIGHER VALUE-ADDED PRODUCTS



# DEMOGRAPHICS POINTS TO FUTURE LABOUR SHORTAGES

## CANADIAN UNEMPLOYMENT RATE



Source: Statistics Canada/Haver Analytics, Forecasted by TD Economics as of June 2010

# ECONOMIC BENEFITS OF HIGHER LITERACY

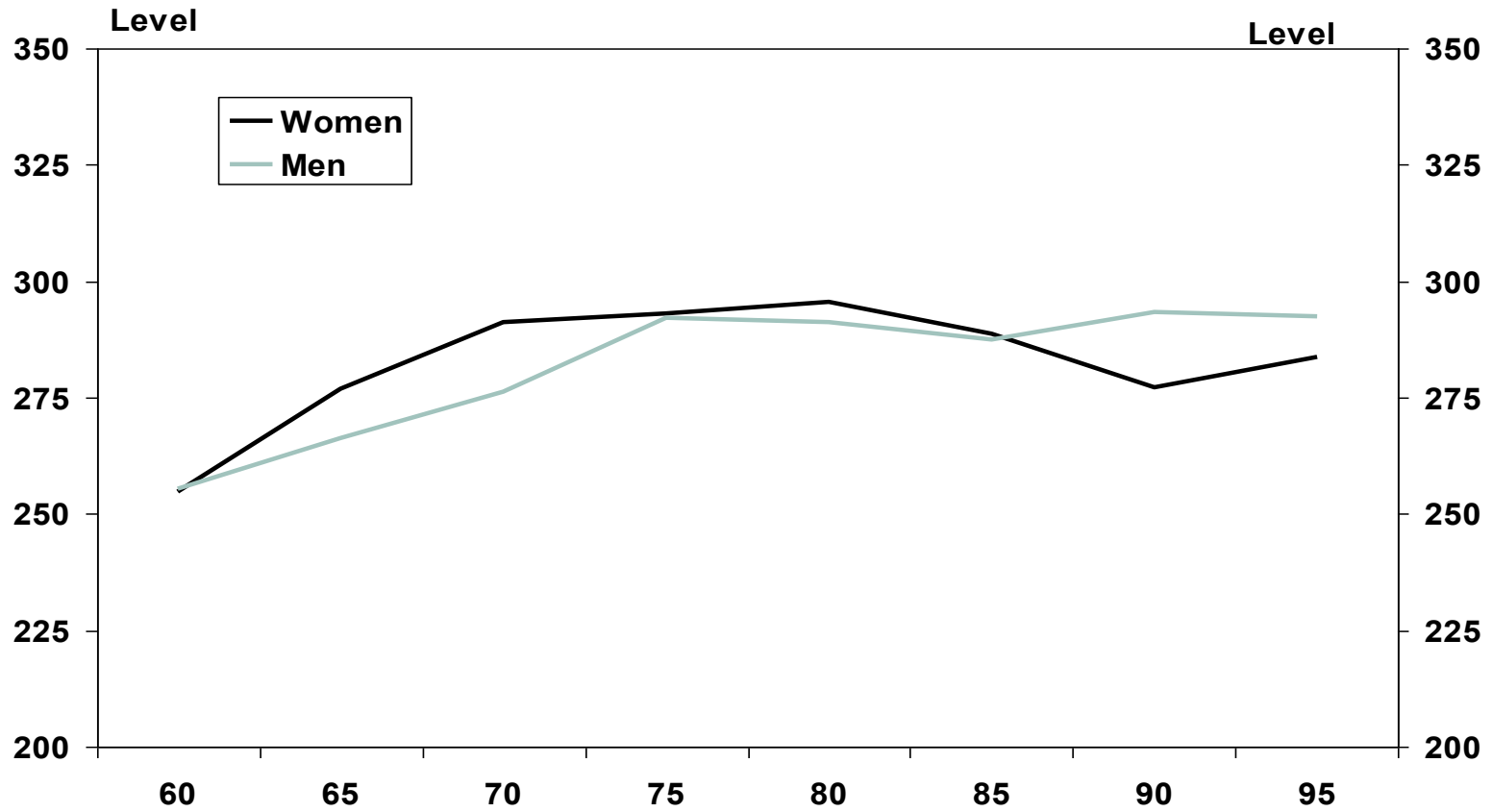
- Raising literacy scores of those with poor and weak by one level could create as many as 800,000 additional jobs – 3.5 years worth of annual job creation
- It could also lower the national unemployment rate by more than 1 percentage point
- A Statistics Canada survey found that lifting literacy scores by 1% could lift labour productivity by 2.5% and raise output per capita by 1.5%
- This suggests that a 1% increase in literacy could boost national income by \$32 billion
- Raising literacy scores to adequate could create a payoff of \$80-\$100 billion

# **BUSINESS BENEFITS OF HIGHER LITERACY**

- Increased output and profitability
- Lower error rates
- Increased ability to do on-the-job training
- Better team performance
- Improved labour relations
- Increased quality of work
- Reduced time per task
- Better health and safety records
- Better employee and customer retention

# NO SIGNS OF IMPROVEMENT: SUGGESTS CURRENT SYSTEM IS NOT WORKING

## AVERAGE LITERACY SCORE



Source: Statistics Canada

# CONCLUSION

- Higher literacy brings sustainable gains to individuals, businesses, economy, society, and democracy
- Raising literacy can help alleviate a wide range of socio-economic problems, such as poverty
- Demographic pressures mean that Canada must address the weak literacy skills of newcomers
- It is hard to identify one single issue that can have such a far-ranging impact
- Literacy should be a key public policy initiative
- Businesses need to become champions of literacy, as it can raise productivity and profitability





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