

Canada's Colour Coded Income Inequality

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ISBN 978-1-77125-478-6

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ACKNOWLEDGMENTS

The authors would like to thank Igluka Ivanova, David Macdonald and Anthony Morgan for their thoughtful comments on an earlier version of this paper.

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Canada's Colour Coded Income Inequality

Executive Summary

Canada's population is increasingly racialized. The 2016 census counted 7.7 million racialized individuals in Canada. That number represented 22% of the population, up sharply from 16% just a decade earlier.

Unfortunately, the rapid growth in the racialized population is not being matched by a corresponding increase in economic equality. This paper uses 2016 census data to paint a portrait of income inequality between racialized and non-racialized Canadians. It also looks at the labour market discrimination faced by racialized workers in 2006 and 2016.

Racialized workers are more likely to be active in the workforce than non-racialized workers, either working or trying to find work, but this does not result in better employment outcomes for them. From 2006 to 2016, there was little change to the patterns of employment and earnings inequality along racial and gender lines in Canada.

Overall in 2016, the racialized population had an unemployment rate of 9.2% compared to the non-racialized rate of 7.3%. Racialized women had the highest unemployment rate at 9.6%, followed by racialized men at 8.8%, non-racialized men at 8.2%, and non-racialized women at 6.4%.

In 2015, racialized men earned 78 cents for every dollar that non-racialized men earned. This earnings gap remained unchanged since 2005.

Labour market discrimination continues to be gendered and racialized. Racialized women earned 59 cents for every dollar that non-racialized men earned, while non-racialized women earned 67 cents for every dollar that non-racialized men earned. Little progress was made in reducing this gap over the 10-year period.

This paper also looked at differences in income from wealth between the racialized and non-racialized population. The racialized gap in capital gains is clear: 8.3% of the racialized population over the age of 15 reported capital gains, compared to 11.9% of the non-racialized population. And the average amount of capital gains of non-racialized Canadians (\$13,974) is 29% higher than the average amount for racialized Canadians (\$10,828).

Investment income shows a similar pattern: 25.1% of the racialized population over the age of 15 reported investment income, compared to 30.8% of the non-racialized population. The average investment income for the non-racialized population (\$11,428) is 47% higher than the average for the racialized population (\$7,774).

These data provide a glimpse of the likely differences in wealth between racialized and non-racialized Canadians.

These aspects of income inequality, from both employment and wealth, are also visible in the inequality in family incomes. The data show that racialized individuals are more likely to be in families in the bottom half of the income distribution (60%) than non-racialized individuals are (47%).

This paper also explores the relationship between race, immigration and employment incomes.

We saw that non-racialized immigrants do better in the Canadian labour market, and do better sooner, than racialized immigrants do. Moreover, income inequality between racialized and non-racialized Canadians extends to the second and third generations—and beyond. Clearly, immigration is not the only issue.

Among prime-age (25–54 years old) workers, racialized immigrant men earned 71 cents for every dollar that non-racialized immigrant men earned. Racialized immigrant women earned 79 cents for every dollar that non-racialized immigrant women earned. These gaps continue into the second generation and beyond. Second-generation racialized men earned 79 cents for every dollar that second-generation non-racialized men earned. Second-generation racialized women earned 96 cents for every dollar that second-generation non-racialized women earned.

Our analysis also illustrates the importance of understanding the distinct barriers in the labour market faced by different racialized groups. Both men

and women who identified as Black had higher labour force participation rates than their non-racialized counterparts. However, they also had higher unemployment rates and bigger wage gaps than the average for all racialized workers. Men who identified as Filipino had much lower unemployment rates than the average for racialized workers and yet had a larger earnings gap, while women who identified as Filipino had lower unemployment rates and a smaller earnings gap than the racialized average.

Addressing the labour market discrimination faced by racialized workers will require a deeper understanding of racism and the different ways it is manifested in the labour market. That understanding needs to be used to shape policy.

Taken together, the data point to an unequivocal pattern of racialized economic inequality in Canada. In the absence of bold policies to combat racism, this economic inequality shows no signs of disappearing.

Introduction

In previous reports, we examined the labour market experiences of racialized* workers in Canada and in Ontario specifically, drawing on 2006 census data. Our analyses revealed a disturbingly colour-coded labour market. We described how racialized workers experienced higher unemployment rates, lower earnings and employment segregation in the labour market.¹ We also revealed the gendered dimension of the racialized labour market experience: racialized women face greater barriers to work, and well-paid work, than racialized men, non-racialized women and non-racialized men.

In a recent report we used 2016 census data to assess whether Ontario has made progress in addressing systemic racism in the labour market.² The employment and income gaps between racialized and non-racialized

* The term racialized is used to acknowledge “race” as a social construct and as a way of describing a group of people. Racialization is the process through which groups come to be designated as different and, on that basis, subjected to differential and unequal treatment. In the present context, racialized groups include those who may experience differential treatment on the basis of race, ethnicity, language, economics and religion (Canadian Race Relations Foundation, 2008). This paper uses data on visible minority status from the 2006 and 2016 censuses. Visible minority status is self-reported and refers to the visible minority group to which the respondent belongs. The Employment Equity Act defines visible minorities as “persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour.” Census respondents were asked: “Is this person...white, Chinese, South Asian, Black, Filipino, Latin American, Southeast Asian, Arab, West Asian, Japanese, Korean, other (specify).” The data on visible minority status do not include Indigenous peoples.

workers remain firmly in place, as does the ubiquitous discrimination faced by racialized women.

Public policy researchers are increasingly adopting an intersectional approach to understanding discrimination. This approach considers the cumulative and combined impact of the distinct forms that discrimination takes. For example, discrimination could be based on combinations of gender, race, class, sexuality, immigration status, disability, or other social and political identities. Qualitative research has greatly increased our knowledge on this topic. But quantitative research on discrimination faces several challenges related to how socioeconomic data is collected and how it is made publicly available. In this report, we were able to use census data to look at how race and gender affect individuals' success—and progress—in the labour market. However, it's important to note that the census variables used in this paper do not include data for Indigenous peoples. As a result, the racism they experience in the labour market is not captured here. This is a gap in our research.

The absence of bold policies to combat racism helps to explain the persistence of labour market inequalities in this country. But to better understand the longer-term impact of racism on economic outcomes, we extended our analysis beyond labour market outcomes. Using census data recently made publicly available, we were able to extend our focus in this paper to include income from wealth to get a more complete picture of economic inequality.

How does wealth fit into the picture? Employment income is the sole or main source of income for most Canadians, and labour market policies play a major role in improving or worsening income inequality. But labour markets are part of a broader political–economic context, where past and current policies have favoured some population groups over others. This history of wealth accumulation for some but not others is a crucial contributor to racialized economic inequality today.

Unlike other countries, Canada does not have publicly available data on net wealth by racialized group. However, data on investment income and capital gains are available. Drawing on this data, we show that non-racialized Canadians are more likely to receive income from wealth than racialized Canadians. Non-racialized Canadians are also likely to have higher incomes from wealth than racialized Canadians.

This paper also looks at measures of inequality and poverty, comparing racialized and non-racialized individuals. The impact of racial discrimination is evident in these measures. The data point to an unequivocal pattern of racialized economic inequality in Canada.

The racialized population in Canada

Canada is one of the world's most racially diverse nations and the makeup of its population continues to change. The 2016 census counted 7.7 million racialized individuals in Canada, representing 22% of Canada's population and up steeply from 16% in 2006.

Of the racialized groups in Canada, the largest is made up of those who identify as South Asian, followed by those who identify as Chinese and those who identify as Black. These three groups account for just over 60% of Canada's racialized population (see *Table 1*).

TABLE 1 Racialized population, composition: Canada, 2016

South Asian	1,924,635	25.1%
Chinese	1,577,060	20.5%
Black	1,198,545	15.6%
Filipino	780,125	10.2%
Latin American	447,320	5.8%
Arab	523,235	6.8%
Southeast Asian	313,260	4.1%
West Asian	264,300	3.4%
Korean	188,710	2.5%
Japanese	92,920	1.2%
Visible minority, n.i.e.	132,090	1.7%
Multiple visible minorities	232,375	3.0%
Total racialized	7,674,580	100.0%

Source Statistics Canada, 2016 Census. Catalogue Number 98-400-X2016211.

Labour market status: participation, unemployment and employment

This section examines participation, unemployment and employment for racialized and non-racialized Canadians in 2016.

The **participation rate** measures the share of the population that is currently active in the labour force, including those who are employed and those who are looking for work. (Retired workers, stay-at-home parents and people with conditions that prevent them from working are examples of people not active in the labour force.) The **unemployment rate** measures the percentage of that active population who don't have a job and who are

looking for work. The **employment rate** is a broader measure that looks at the share of the total population over the age of 15 that is employed.

Racialized workers are more likely to be active in the labour force, either working or trying to find work

Table 2 shows that racialized Canadians are more likely to be active in the labour force than non-racialized Canadians, with participation rates of 66.5% and 64.8%, respectively. This is true for both men and women. Racialized women have a higher participation rate (61.9%) than non-racialized women (60.8%), and racialized men have a higher participation rate (71.5%) than non-racialized men (69.1%).

Racialized workers are more likely to be unemployed

Despite these high participation rates, racialized men and women have higher unemployment rates than their non-racialized peers. Racialized women have the highest unemployment rate at 9.6%, followed by racialized men at 8.8%. In contrast, the unemployment rate for non-racialized men is 8.2%, and for non-racialized women it is 6.4%. Overall, the racialized population has an unemployment rate of 9.2% compared to the non-racialized population's rate of 7.3%.

TABLE 2 Employment, unemployment and participation rates: Canada, 2016

	Total		Women		Men	
	Racialized	Non-racialized	Racialized	Non-racialized	Racialized	Non-racialized
Participation rate	66.5	64.8	61.9	60.8	71.5	69.1
Employment rate	60.4	60.1	56.0	56.9	65.2	63.4
Unemployment rate	9.2	7.3	9.6	6.4	8.8	8.2

Source: Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016286.

Counter to the pattern in other indicators, racialized men have a *higher* employment rate than non-racialized men (65.2% compared to 63.4%).

The higher employment rate for racialized men appears to be age-related. When the employment rate is disaggregated by age, non-racialized men had higher employment rates for all age groups below age 55. But the employment rate for racialized men between 55 and 64 was 5.9 percentage points higher than for non-racialized men in that age group.

This higher employment rate for older racialized men may reflect less access to pension income and lower lifetime earnings, i.e., many in this group may not be able to afford to retire. Their sharply higher employment rate, compared to non-racialized workers in the same age group, is in stark contrast to the lower employment rates experienced by racialized prime-age workers and youth. Prime-age racialized men continue to have less access to employment than non-racialized men.

Getting worse: labour market changes from 2006 to 2016

Whether racialized or non-racialized, men or women, all groups of workers under consideration here saw a deterioration in labour market outcomes from 2006 to 2016. Over that period, non-racialized men experienced the sharpest changes in employment and unemployment rates. The employment rate of non-racialized men dropped by 4.3 percentage points, compared to a 2.1 percentage point drop for racialized men, a 0.9 percentage point drop for non-racialized women, and a 0.2 percentage point drop for racialized women.

The unemployment rate of non-racialized men increased by 1.9 percentage points, compared to an increase of one percentage point for racialized men and a 0.3 percentage point increase for both non-racialized and racialized women (see *Table 3*).

A couple of factors contributed to the differences related to racialization and gender in the trend over this period. First, the non-racialized population is, as a group, older than the racialized population, contributing to the drop in the employment population ratio. Second, non-racialized men are overrepresented in the manufacturing and resource industries.³ Manufacturing employment has been experiencing a long decline since it peaked in 2003.⁴ More recently, the sharp drop in oil and other resource prices between 2014 and 2016 has reduced

TABLE 3 Employment, unemployment and participation rates: Canada, 2006 and 2016

	Racialized				Non-racialized			
	Men		Women		Men		Women	
	2006	2016	2006	2016	2006	2016	2006	2016
Participation rate	73.1	71.5	62.0	61.9	72.2	69.1	61.5	60.8
Employment rate	67.3	65.2	56.2	56.0	67.7	63.4	57.8	56.9
Unemployment rate	7.8	8.8	9.3	9.6	6.3	8.2	6.1	6.4

Source: Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016286 and 2006 Census Catalogue no. 97-562-XCVB2006013.

employment in those industries as well.⁵ Because job losses hit these industries hard, non-racialized men were proportionally harder hit by job losses.

With the shortest distance to fall, racialized women saw the smallest deterioration in labour market outcomes. And despite the more rapid deterioration for non-racialized men, the gendered racial hierarchy in the labour market, in terms of access to work, did not change from 2006 to 2016. Racialized women still had the highest unemployment rate and the lowest employment rate.

Differences in labour market status by racialized group

There are sharp differences in labour market experiences by racialized group. These differences highlight the need for further research, beyond the scope of this paper.

Table 4 shows the range of labour market experiences. Men who identify as Filipino and Latin American have labour force participation rates that are 10 percentage points higher than those who identify as non-racialized. Men who identify as Chinese have a labour force participation rate that is almost six percentage points lower. Women who identify as Filipino have a labour force participation rate that is almost 16 percentage points higher

TABLE 4 Employment, unemployment and participation rates by racialized group: Canada, 2016

	Men			Women			Total		
	Participation rate	Employment rate	Unemployment rate	Participation rate	Employment rate	Unemployment rate	Participation rate	Employment rate	Unemployment rate
Non-racialized population	69.1	63.4	8.2	60.8	56.9	6.4	64.8	60.1	7.3
All racialized groups	71.5	65.2	8.8	61.9	56.0	9.6	66.5	60.4	9.2
South Asian	74.5	68.8	7.7	59.6	52.9	11.1	67.1	61.0	9.2
Chinese	63.3	58.5	7.7	55.9	51.4	8.1	59.4	54.7	7.9
Black	72.2	63.0	12.8	66.1	58.0	12.2	69.0	60.4	12.5
Filipino	78.9	74.3	5.8	76.5	72.9	4.7	77.5	73.5	5.2
Latin American	78.6	71.8	8.6	67.3	60.8	9.7	72.7	66.0	9.1
Arab	69.6	61.3	12.1	51.4	43.3	15.6	61.1	52.9	13.5
Southeast Asian	71.6	65.4	8.6	65.2	60.1	7.9	68.2	62.6	8.2
West Asian	70.7	63.7	9.9	55.3	48.3	12.5	63.1	56.1	11.0
Korean	66.7	61.2	8.3	56.0	51.2	8.5	60.9	55.8	8.4
Japanese	67.6	63.1	6.7	58.7	55.2	6.1	62.4	58.4	6.4
Visible minority, n.i.e.	73.1	67.1	8.1	65.1	59.2	9.1	68.8	62.9	8.6
Multiple visible minorities	72.3	65.1	9.9	66.2	60.1	9.2	69.1	62.5	9.5

Source: Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016286.

than non-racialized women, while women who identify as Arab have a labour force participation rate that is nine percentage points lower.

And not all racialized groups experience higher unemployment rates compared to non-racialized workers. Men who identify as South Asian, Chinese, Filipino or Japanese have lower unemployment rates than those who identify as non-racialized. However, all other men who identify as racialized have higher unemployment rates, in some cases dramatically so: those who identify as Black or Arab have unemployment rates above 12%. Women from all racialized groups, except those who identify as Filipino or Japanese, have higher unemployment rates than women who identify as non-racialized. Women who identify as Arab have the highest unemployment rate: at 15.6%, it is more than twice the unemployment rate of non-racialized women. Women who identify as West Asian or Black have unemployment rates above 12%.

Income from employment: racialized gaps persist

Table 5 shows the persistent gap in employment incomes between racialized and non-racialized workers.⁶ It also shows clearly that there is a gendered dimension to the racialized income gap. Racialized women earn 59 cents for

TABLE 5 Employment income by racialized group: Canada, 2015

	Average employment income		Earnings gap: same gender		Earnings gap: non-racialized men
	Men	Women	Men	Women	Women
Non-racialized	56,920	38,247	1.00	1.00	0.67
All racialized groups	44,423	33,304	0.78	0.87	0.59
South Asian	46,974	32,336	0.83	0.85	0.57
Chinese	49,470	37,785	0.87	0.99	0.66
Black	37,817	31,900	0.66	0.83	0.56
Filipino	41,563	34,065	0.73	0.89	0.60
Latin American	42,651	30,044	0.75	0.79	0.53
Arab	42,154	28,548	0.74	0.75	0.50
Southeast Asian	41,656	31,537	0.73	0.82	0.55
West Asian	40,405	28,982	0.71	0.76	0.51
Korean	41,229	29,765	0.72	0.78	0.52
Japanese	59,824	37,196	1.05	0.97	0.65
Visible minority, n.i.e.	44,583	35,294	0.78	0.92	0.62
Multiple visible minorities	44,582	34,044	0.78	0.89	0.60

Source: Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016213.

every dollar that non-racialized men earn. Racialized men earn 78 cents for every dollar that non-racialized men earn. The gap narrows when comparing the incomes of racialized and non-racialized women, with racialized women earning 87 cents for every dollar that non-racialized women earn.

Table 5 includes data for full-time and part-time workers. We have not limited our analysis to full-time, full-year workers because labour market discrimination includes access to full-time employment, hours worked, and the frequency and duration of unemployment. Comparing the income gap for all workers captures these differences in access to employment as well as the differences in employment income.

Once again, the data by racialized group show significant differences in incomes. Men who identify as Black have lower average incomes than other men. They earn just 66 cents for every dollar that non-racialized men earn.

Comparisons of full-time, full-year workers show a similar pattern (see Appendix *Table 13*).⁷

Comparing trends in earnings from 2005 to 2015

Census data gives us a snapshot of racialized inequality in Canada’s labour market. It also tells us whether we are making any progress in closing the earnings gap. Unfortunately, we are not really. The overall earnings gap between racialized and non-racialized men and racialized and non-racialized women has remained virtually unchanged since 2006. And the earnings gap between both racialized and non-racialized women and men has narrowed only slightly.

Trends in the earnings gap vary by racialized group. While it remained in the double digits for men in all racialized groups except those who identify as Japanese, it narrowed for those who identify as South Asian, Chinese, Latin American, West Asian and Korean. The gap widened for those who

TABLE 6 Average earnings gap, with non-racialized men: Canada, 2005 and 2015

	2005	2015
Non-racialized men	1.00	1.00
Racialized men	0.78	0.78
Non-racialized women	0.63	0.67
Racialized women	0.56	0.59

Sources 2016 census Catalogue number 98-400-X2016213 and 2006 Census Catalogue Number 97-563-X2006060, and authors' calculations.

identify as Black, Arab, South East Asian and the census category of “multiple visible minorities.”

The earnings gap between women in all racialized groups and non-racialized men shrunk, except for women who identify as Arab or Japanese (see Appendix *Table 14*). Further research is needed to understand the differences in these outcomes.

Is the earnings gap just part of the immigrant experience?

A common narrative revolves around the notion that the discrimination that racialized workers face in the Canadian labour market is part of the immigrant experience and that it is common to all immigrants. Everyone who comes to this country struggles, the story goes, especially at first, but the sacrifice is worth it because succeeding generations reap the benefits of that sacrifice and integrate rapidly—and with great success—into the labour market.

This narrative is not supported by the data. Labour market experiences are very clearly different for racialized and non-racialized immigrants. Non-racialized immigrants do better in the Canadian labour market, and sooner, than racialized immigrants do. Income inequality between racialized and non-racialized Canadians extends beyond the immigrant experience. It affects second and third generations—and beyond.

Table 7 shows employment income for prime-age (25–54) racialized and non-racialized workers by generational status. Racialized immigrant men earned 71 cents for every dollar that non-racialized immigrant men earned. Racialized immigrant women earned 79 cents for every dollar that non-racialized immigrant women earned.

Although it is smaller, that gap in employment income also holds true for Canadian-born racialized workers compared to non-racialized workers.

TABLE 7 Average employment income by generation, prime-age workers: Canada, 2015

	Racialized		Non-racialized		Earnings gap: same gender		Earnings gap: non-racialized men	
	Men	Women	Men	Women	Men	Women	Racialized women	Non-racialized women
First generation	49,786	36,127	69,838	45,803	0.71	0.79	0.52	0.66
Second generation	60,039	48,713	75,582	50,590	0.79	0.96	0.64	0.67
Third generation or more	60,399	42,904	66,208	44,698	0.91	0.96	0.65	0.68

Source Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016210.

Second-generation racialized men earned 79 cents for every dollar that second-generation non-racialized men earned. Second-generation racialized women earned 96 cents for every dollar that second-generation non-racialized women earned. The gap only begins to shrink markedly for those Canadians who Statistics Canada categorizes as third-generation or beyond. However, the number of third-generation racialized immigrant Canadians is relatively small—just under 125,000 people, as compared to more than one million second-generation and five million first-generation immigrants.

For first-generation Canadians, the earnings gap varies substantially by racialized group. The largest earnings gap is observed for immigrants who identified as West Asian (they earned 67 cents for every dollar that non-racialized immigrants earned), while the smallest gap is for those who identified as “multiple visible minorities” (they earned 82 cents for every dollar that non-racialized immigrants earned).

The earnings gap for second-generation racialized Canadians was much more dispersed. The wage gap remained in the double digits for the majority of racialized groups, but it narrowed significantly for those who identify

TABLE 8 Average employment income ratios by generation and racialized group, prime-age workers: Canada, 2015

	First generation	Second generation	Third generation or more
All racialized groups	0.74	0.86	0.93
South Asian	0.76	0.94	0.96
Chinese	0.81	1.03	1.03
Black	0.68	0.69	0.74
Filipino	0.70	0.81	0.77
Latin American	0.71	0.63	0.64
Arab	0.69	0.85	1.00
Southeast Asian	0.71	0.72	0.80
West Asian	0.67	0.70	0.77
Korean	0.68	1.01	1.53
Japanese	0.72	1.00	1.24
Visible minority, n.i.e.	0.76	0.80	0.79
Multiple visible minorities	0.82	0.79	0.89
Non-racialized	1.00	1.00	1.00

Source Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016210 and authors' calculations.

as South Asian. Second-generation Canadians who identified as Chinese, Korean or Japanese earned about the same as non-racialized Canadians.

There is a lot of variability in income levels by racialized group between first generations and third-and-beyond generations. Two groups, those who identified as Korean or Japanese, had average earnings that were 53% and 24% higher, respectively, than the earnings of non-racialized Canadians. What stands out is that those who identified as Black, Latin American or Filipino consistently had a large earnings gap despite the length of time their families had been in Canada.

The variations in labour market outcomes by racialized group suggest that different groups in the labour market face significantly different barriers. These barriers need to be explored and better understood, and policy responses need to be tailored to them if they are to be effective.

The racialized gap in income from wealth

The accumulation of wealth provides financial security. It provides peace of mind. It gives people the freedom to make choices such as leaving a job or pursuing further education. It provides a source of income in times of need, such as illness or job loss. It makes borrowing money easier—and cheaper—because it provides access to lower-interest lines of credit or serves as collateral for other loans. Wealth enables people to support family members in times of need. When wealth is held as housing, it provides both shelter and a form of savings. Wealth is also a crucial component of retirement security, whether it takes the form of employer-sponsored pension plans or other forms of savings. As a source of future income, wealth plays an important role in economic security and quality of life. Wealth also makes riskier investments possible, opening the door to greater wealth accumulation.

Wealth inequality is therefore a core aspect of economic inequality. While employment income analyses show labour market inequality at a given time, wealth captures access to and accumulation of resources over time, providing an insight into both short-term and long-term impacts of policies that have marginalized, and continue to marginalize, some population groups.

Data on net wealth by racialized group is available in the United States. It reveals a substantial wealth gap between racialized and non-racialized Americans—considerably wider than the income gap.⁸ Unfortunately, data on net wealth is not available by racialized group in Canada. Although Statistics Canada's Survey of Financial Security collects information on the value of

all major financial and non-financial assets and on the money owing on mortgages, vehicles, credit cards, student loans and other debts, this data is not broken down by racialized group.⁹ This thwarts both analyses of racial wealth inequality and the development of policies that would address it.

For now, the closest we can get to exploring racial wealth inequality in Canada is through the 2016 census, which provides information by racialized group about income from sources that are linked to net wealth, namely, capital gains and investment income. Of course, one year of data on income from assets is not an accurate measure of wealth. Some individuals with greater assets might not take any income from those assets in any given year; individuals with more wealth might also have lower income from their assets than those with less wealth in any given year, for a number of reasons.

In the absence of data on assets and debt, we examined the trends in income from wealth by racialized group, as they provide us a glimpse of wealth inequality.

Distribution of capital gains and investment income

Capital gains and losses result from the sale of assets such as real estate or publicly traded shares. The census data on capital gains measure the proceeds from the sale of the asset minus a measure of the cost to purchase it and expenses associated with the sale. Non-taxable capital gains or losses on the sale of a principal residence are excluded from these data.¹⁰ As a result, sales of the primary asset for most Canadians—their home—is excluded from this analysis.

The data on investment income include: interest payments on various forms of investments; dividends from both Canadian and foreign stocks; net rental income from real estate; mortgage and loan interest received; regular income from an estate or trust fund; interest from insurance policies; and net partnership income for a limited or non-active partner.¹¹

Census data show that a small share of Canadians reported capital gains or losses in 2015. The racialized gap is clear: 8.3% of the racialized population over the age of 15 reported capital gains, compared to 11.9% of the non-racialized population. The average amount of capital gains of non-racialized Canadians (\$13,974) was 29% higher than the average capital gains of racialized Canadians (\$10,828).

As would be expected, a larger share of Canadians had income from investments in 2015. Once again, the racialized gap is clear: 25.1% of the racialized population over the age of 15 reported investment income, compared

TABLE 9 Income from capital: Canada, 2015

	Capital gains		Investment income	
	Racialized	Non-racialized	Racialized	Non-racialized
Per cent reporting	8.3%	11.9%	25.1%	30.8%
Average	10,828	13,974	7,774	11,428

Source: Statistics Canada. 2016 Census Public Use Microdata File, calculations by the authors

to 30.8% of the non-racialized population. The average investment income for the non-racialized population (\$11,428) was 47% higher than the average for the racialized population (\$7,774).

Racialized inequality and poverty

The distribution of individuals by economic family income¹² is a useful measure of economic inequality. Notwithstanding the important feminist critique of the common assumption that income and wealth are equally shared within families,¹³ this distribution allows us to compare population groups with distinct histories and discuss their statuses within the national economic context.

Census data provides the distribution of racialized and non-racialized individuals by after-tax-adjusted family income deciles. This measure takes into account family size and all transfers and taxes. It is a measure of income that includes all measures in the tax and transfer system that reduce inequality. Even after taking these measures into account, Canada's racialized inequality remains evident.

The data show that 60% of racialized Canadians are in the bottom half of the distribution of economic family incomes, compared to 47% non-racialized families. The data show that all racialized groups are overrepresented in the bottom half of the income distribution, except for those who identify as Filipino or Japanese. The racialized groups most overrepresented in the bottom half are Arab, West Asian, Korean and Black.

This is not only a first-generation phenomenon. For the second generation, 57% of racialized individuals are in the bottom half of the income distribution as compared to 42% of non-racialized individuals. For those who have been in Canada for three generations or longer, the overall share of the racialized population in the bottom half of the income distribution

TABLE 10 Distribution of population by racialized group by economic family income deciles: Canada, 2015

	Non-racialized	All racialized groups	South Asian	Chinese	Black	Filipino	Latin American	Arab	Southeast Asian	West Asian	Korean	Japanese	Visible minority, n.i.e.	Multiple visible minorities
Bottom half	47%	60%	57%	56%	67%	50%	64%	75%	60%	72%	68%	46%	55%	52%
Bottom decile	9%	15%	11%	18%	17%	6%	15%	26%	12%	25%	25%	11%	13%	12%
Second decile	9%	12%	12%	12%	15%	9%	13%	17%	13%	17%	15%	7%	12%	10%
Third decile	10%	12%	12%	10%	14%	11%	13%	14%	12%	13%	12%	9%	10%	10%
Fourth decile	10%	11%	12%	8%	12%	12%	12%	10%	11%	10%	9%	9%	11%	10%
Fifth decile	10%	10%	11%	8%	10%	13%	11%	8%	11%	7%	8%	10%	10%	10%
Top half	53%	40%	43%	44%	33%	50%	36%	25%	40%	28%	32%	54%	45%	48%
Sixth decile	10%	9%	10%	8%	9%	13%	10%	7%	10%	7%	7%	10%	11%	10%
Seventh decile	10%	9%	9%	8%	8%	12%	9%	5%	9%	6%	7%	9%	10%	10%
Eighth decile	11%	8%	8%	8%	7%	11%	8%	5%	8%	5%	6%	10%	10%	10%
Ninth decile	11%	8%	8%	10%	6%	9%	6%	4%	7%	5%	6%	11%	9%	10%
Top decile	11%	7%	8%	10%	4%	5%	4%	4%	6%	5%	6%	14%	6%	8%

Source Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016212.

TABLE 11 Share of population by generation by racialized group in the bottom half of family income distribution: Canada, 2015

	First generation	Second generation	Third generation or more
Racialized	62%	57%	47%
South Asian	58%	55%	33%
Chinese	61%	44%	28%
Black	67%	67%	66%
Filipino	52%	47%	37%
Latin American	63%	67%	71%
Arab	76%	73%	57%
Southeast Asian	61%	58%	50%
West Asian	71%	74%	66%
Korean	72%	55%	25%
Japanese	59%	47%	29%
Visible minority, n.i.e.	56%	53%	58%
Multiple visible minorities	56%	51%	44%
Non-racialized	50%	42%	48%

Source Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016212.

is 47%, as compared to 48% of the non-racialized population. However, there remain wide variations among racialized groups, with some of those groups remaining greatly overrepresented in the bottom half of the income distribution. For example, 71% of those who identify as Latin American and 66% of those who identify as Black or West Asian are found in the bottom half of the distribution.

The low-income measure (LIM) is another commonly used measure of inequality, and one that is often used as a proxy for poverty rates. The LIM captures the share of the population living on an income that is less than half of the median income of the total population.

Using this measure, *Table 12* shows a much higher prevalence of poverty among racialized communities in Canada. In 2015, 20.8% of racialized Canadians had incomes below the LIM (after tax), compared to 12.2% of non-racialized Canadians. All racialized groups except those who identified as Filipino had higher poverty rates than non-racialized Canadians. Those who identified as Arab, West Asian and Korean had poverty rates above 30%, or nearly three times higher than those of their non-racialized neighbours.¹⁴

TABLE 12 Share of population below LIM-AT by racialized group: Canada, 2015

	Total	Men	Women
Non-racialized	12.2	11.4	13.1
All racialized groups	20.8	20.5	21
South Asian	16.5	16.5	16.4
Chinese	23.4	23.2	23.6
Black	23.9	22.8	24.9
Filipino	7.4	7	7.7
Latin American	19.8	18.8	20.8
Arab	36.2	35.6	36.9
Southeast Asian	17.6	17.4	17.7
West Asian	34.7	34.3	35.1
Korean	32.6	32	33.1
Japanese	12.9	12.2	13.4
Visible minority, n.i.e.	18.5	17.7	19.2
Multiple visible minorities	16.7	16.3	17.1

Source: Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016211

Conclusion

Our analysis demonstrates the persistence of patterns of employment and income inequality along racial and gender lines in the Canadian labour market.

The data also underline the importance of understanding the distinct barriers faced by different racialized groups. There are clear examples in this paper that illustrate these differences. The bottom line is that labour market discrimination has many facets, which need to be better understood so that anti-racism policies become more effective. This requires further research aimed at understanding the different barriers racialized people in Canada face, with a view to designing policy to address them.

This paper also examines gaps in income from wealth between racialized and non-racialized Canadians. Racialized Canadians are less likely than non-racialized Canadians to receive income from capital gains and from investments. And average incomes from these sources for non-racialized Canadians are considerably higher than the average for racialized Canadians.

Economic inequality is not a passing socio-economic phenomenon. Much to the contrary, economic inequality tends to reproduce and entrench itself. The racialized labour market outcomes that this and previous reports have documented are one result of this process. The complete story includes decades and decades of policies that supported some communities while neglecting or marginalizing others.

Analyses that look at wealth data provide insights into the long-term impacts of accumulation and exclusion within societies, but this data is not available in Canada. The little data that is available—annual income from wealth—suggest wealth inequality is as marked as employment income inequality.

The Canadian Centre for Policy Alternatives has long advocated for policies that tackle economic inequality, including progressive taxation, taxation of wealth, and measures to address tax loopholes and tax havens. It has advocated for employment legislation that protect and adequately remunerate workers by raising minimum labour market standards like the minimum wage and addressing precarious employment conditions. It has also advocated for policies that would address systemic racism and sexism, like pay equity and employment equity. All of these policies are required to stop the deepening of economic inequality in Canada.

Appendix

TABLE 13 Employment income by racialized group, full-time, full year: Canada, 2015

	Average employment income		Earnings gap: same gender		Earnings gap: non-racialized men
	Men	Women	Men	Women	Women
Non-racialized	76,853	56,515	1.00	1.00	0.74
All racialized groups	62,990	51,173	0.82	0.91	0.67
South Asian	66,643	51,839	0.87	0.92	0.67
Chinese	70,810	58,984	0.92	1.04	0.77
Black	54,464	49,631	0.71	0.88	0.65
Filipino	54,251	44,915	0.71	0.79	0.58
Latin American	57,442	44,898	0.75	0.79	0.58
Arab	63,062	49,272	0.82	0.87	0.64
Southeast Asian	55,887	44,621	0.73	0.79	0.58
West Asian	59,500	49,456	0.77	0.88	0.64
Korean	59,130	48,297	0.77	0.85	0.63
Japanese	86,789	61,241	1.13	1.08	0.80
Visible minority, n.i.e.	60,253	51,643	0.78	0.91	0.67
Multiple visible minorities	65,157	53,403	0.85	0.94	0.69

Source: Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016356.

TABLE 14 Average employment earnings by racialized group, constant 2015 dollars:
Canada, 2005 and 2015

	2005		2015		Earnings gap: same gender		Earnings gap: women to non- racialized men		2005	2015
	Women	Men	Women	Men	Women	Men	Women	Men		
Total racialized	29,821	41,800	33,304	44,423	0.88	0.78	0.87	0.78	0.56	0.59
South Asian	28,512	43,675	32,336	46,974	0.84	0.81	0.85	0.83	0.53	0.57
Chinese	32,696	45,251	37,785	49,470	0.97	0.84	0.99	0.87	0.61	0.66
Black	29,753	36,679	31,900	37,817	0.88	0.68	0.83	0.66	0.55	0.56
Filipino	31,809	39,033	34,065	41,563	0.94	0.73	0.89	0.73	0.59	0.60
Latin American	24,612	36,900	30,044	42,651	0.73	0.69	0.79	0.75	0.46	0.53
Arab	27,564	40,471	28,548	42,154	0.82	0.75	0.75	0.74	0.51	0.50
Southeast Asian	25,881	40,430	31,537	41,656	0.77	0.75	0.82	0.73	0.48	0.55
West Asian	25,124	35,700	28,982	40,405	0.74	0.67	0.76	0.71	0.47	0.51
Korean	24,953	35,993	29,765	41,229	0.74	0.67	0.78	0.72	0.47	0.52
Japanese	37,018	64,413	37,196	59,824	1.09	1.20	0.97	1.05	0.69	0.65
Visible minority, n.i.e.	30,689	41,901	35,294	44,583	0.91	0.78	0.92	0.78	0.57	0.62
Multiple visible minorities	32,275	44,916	34,044	44,582	0.95	0.84	0.89	0.78	0.60	0.60
Non-racialized	33,820	53,630	38,247	56,920	1.00	1.00	1.00	1.00	0.63	0.67

Sources 2016 census Catalogue number 98-400-X2016213 and 2006 Census Catalogue Number 97-563-X2006060 , and authors' calculations

Notes

1 See Block S. and Galabuzi G.E. (2011) *Canada's Colour Coded Labour Market*. Canadian Centre for Policy Alternatives. See also Block S. (2010) *Ontario's Growing Gap: The Role of Race and Gender in Ontario's Racialized Income Gap*. Canadian Centre for Policy Alternatives.

2 Block S. and Galabuzi G.E. (2018) *Persistent Inequality: Ontario's Colour-coded Labour Market*. Canadian Centre for Policy Alternatives.

3 Non-racialized men accounted for 41% of total employment; 71% of employment in mining, quarrying and gas extraction; 85% of employment in forestry and logging; and 56% of employment in manufacturing.

4 Léonard, A. (2015) *Employment Trends, Seasonality and Cycles in Canada* (Background Paper). Publication No. 2015-14-E. Library of Parliament.

5 Statistics Canada (2017) Labour in Canada: Key Results from the 2016 Census. <https://www150.statcan.gc.ca/n1/daily-quotidien/171129/dq171129b-eng.htm>. Household incomes in Canada: Key Results from the 2016 Census. <https://www150.statcan.gc.ca/n1/daily-quotidien/170913/dq170913a-eng.pdf>

6 The census collects data on labour market experience in 2016 and incomes for 2015. The definition of employment income is “all income received as wages, salaries and commissions from paid employment and net self-employment income from farm or non-farm unincorporated business and/or professional practice during the reference period.”

7 Full-time, full-year refers to individuals who worked more than 30 hours per week for 49 weeks or more.

8 Sullivan, L. et al. (2016) *The Racial Wealth Gap: Why Policy Matters*. Demos and IASP.

9 Statistics Canada (2016) Survey of Financial Security Detailed Information for 2016. <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2620#a1>

10 Statistics Canada (2016) Census of Population Data Dictionary. <https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/az1-eng.cfm#I>

11 Ibid.

12 Statistics Canada defines economic family as a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law union, adoption or a foster relationship.

13 For a recent analysis that shifts the focus from inequality between households to distribution within couples, see Grabka, M.M., Marcus, J. and Sierminska, E. “Wealth distribution within couples.” *Review of Economics of the Household* (2015) 13: 459.

14 In 2018, the Government of Canada adopted the market basket measure (MBM) as the country’s official poverty line. The Canadian Income Survey (CSI), the main data source for the MBM, does not include data on racialized groups. As a result, official poverty reduction reports don’t include rates for racialized groups for the time being. An ongoing review of the MBM is intended to address this and other important limitations.



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