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THE INCOME GAP BETWEEN ABORIGINAL PEOPLES AND THE REST OF CANADA

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Growing Gap  **.ca**

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Executive Summary

THIS STUDY BREAKS NEW GROUND by examining data from Canada's last three censuses — 1996, 2001 and 2006 — to measure the income gap between Aboriginal peoples and the rest of Canadians.

Not only has the legacy of colonialism left Aboriginal peoples disproportionately ranked among the poorest of Canadians, this study reveals disturbing levels of income inequality persist as well.

In 2006, the median income for Aboriginal peoples was \$18,962 — 30% lower than the \$27,097 median income for the rest of Canadians. The difference of \$8,135 that existed in 2006, however, was marginally smaller than the difference of \$9,045 in 2001 or \$9,428 in 1996.

While income disparity between Aboriginal peoples and the rest of Canadians narrowed slightly between 1996 and 2006, at this rate it would take 63 years for the gap to be erased.

Ironically, if and when parity with other Canadians is reached, Aboriginal peoples will achieve the same level of income inequality as the rest of the country, which is getting worse, not better.

The study reveals income inequality persists no matter where Aboriginal peoples live in Canada. The income gap in urban settings is \$7,083 higher in urban settings and \$4,492 higher in rural settings. Non-Aboriginal people working on urban reserves earn 34% more than First Nation workers. On rural reserves, non-Aboriginal Canadians make 88% more than their First Nation colleagues.

The study also reveals income inequality persists despite rapid increases in educational attainment for Aboriginal people over the past 10 years, with one exception.

Aboriginal peoples with university degrees have overcome much of the income gap between them and the rest of Canadians.

The income gap between Aboriginal peoples and the rest of Canadians who have earned a Bachelor's degree diminished from \$3,382 in 1996 to just \$648 by 2006.

But there remains a significant gap in the number of Aboriginal peoples obtaining a Bachelor's degree — 8% of Aboriginal peoples have a bachelor degree or higher — and the rest of Canadians — 22%.

Below the Bachelor's degree level, Aboriginal peoples consistently make far less than the rest of Canadians with the same level of education.

Within the Aboriginal population, new and significant trends are emerging between men and women. Aboriginal women are finishing secondary school and obtaining university degrees at a higher rate than Aboriginal men.

Aboriginal women are also earning median incomes closer to those of Aboriginal men — a trend that isn't being replicated in the general Canadian population.

Perhaps most startling, Aboriginal women who have obtained at least a Bachelor's degree actually have higher median incomes than non-Aboriginal Canadian women with equivalent education. This is the only segment of Aboriginal society that exceeds the median incomes of their non-Aboriginal counterparts.

That said, educational attainment among Aboriginal peoples still lags well behind averages for the Canadian population as a whole. Non-Aboriginal Canadians are far more likely to complete high school and to get a university degree and the gap between the groups is growing.

Those without a secondary school diploma form 32% of the Aboriginal population, more than twice the rate of the rest of Canadians (15%).

The 28% of non-Aboriginal women who have a university degree or higher is double the rate for Aboriginal women and the situation is even worse for Aboriginal men, where only 8% have a university degree or higher, which is less than a third the 25% rate for non-Aboriginal men.

At least some portion of the overall inequality in median incomes between Aboriginal and non-Aboriginal people can be attributed to this disparity in educational attainment.

Despite new strides made by Aboriginal women attaining university degrees, there has been a limited reduction in income disparity between Aboriginal peoples and the rest of Canadians in the past 10 years.

But the findings in this study suggest reason for hope. Parity with other Canadians is a real possibility for First Nations, Inuit and Métis people. Wiping out Aboriginal poverty and closing the income gap between Aboriginal peoples and the rest of Canadians is a possibility, within our lifetime.

The situation demands new approaches and solutions that come from Aboriginal peoples themselves. The market, alone, will not resolve the income differences between Aboriginal peoples and the rest of Canadians. Higher educational attainment, alone, is not the silver bullet. A more comprehensive approach to the problem

is needed. It starts by acknowledging the legacy of colonialism lies at the heart of income disparities for Aboriginal peoples.

From a strictly economic perspective, there are direct costs to maintaining large populations in poverty and there are lost opportunity costs from lower productivity.

The 1996 Report of the Royal Commission on Aboriginal Peoples estimated “the cost of doing nothing” — by which the authors meant the costs of failing to fundamentally change federal government policy toward Aboriginal peoples — at \$7.5 billion annually¹. This figure included \$5.8 billion in lost productivity and the remainder in increased remedial costs due to poor health, greater reliance on social services and similar program expenditures.

More recently, the Centre for the Study of Living Standards said:

“Should the Aboriginal population’s levels of educational attainment and labour market outcomes reach non-Aboriginal 2006 levels, federal and provincial governments would benefit from an a total of \$3.5 billion (2006 dollars) in additional tax revenue in the year 2026. Considering both fiscal savings and increased tax revenues, the government balance would improve by \$11.9 billion (2006 dollars) in Canada in 2026. It is estimated that the cumulative benefit for the consolidated Canadian government of increased Aboriginal education and social well-being is up to \$115 billion over the 2006–26 period.”².

Investing a portion of these recoverable funds to address the underlying causes of poverty among Aboriginal peoples should result in significant improvement over the status quo, both for the country’s economy and for the quality of life among Aboriginal peoples in Canada.

Investment is, however, only part of the answer. The challenges are complex and solutions require an understanding of the different environments in which solutions would be implemented as well as the root causes of the observable data. To invest effectively, one must understand current conditions in their historical context. Though demanding, poverty among Aboriginal peoples in Canada must be understood within its historical context.

Introduction

THIS PAPER IS THE FIRST of its kind.

It focuses on three groups of people — First Nations, Inuit and Métis peoples³ — whose earnings are so far behind the incomes of the rest of Canadians that catching up to the level of income inequality faced by the general population would be a significant step forward.

Part of a project aimed at better understanding income inequality, the Canadian Centre for Policy Alternatives (CCPA) has published a series of articles on the growing gap between Canadians. These studies have demonstrated with hard data what most of us instinctively knew to be true: the income gap between the wealthiest Canadians and the rest of us has been growing at an alarming rate⁴. This paper uncovers even more troubling trends for Canada's Aboriginal peoples.

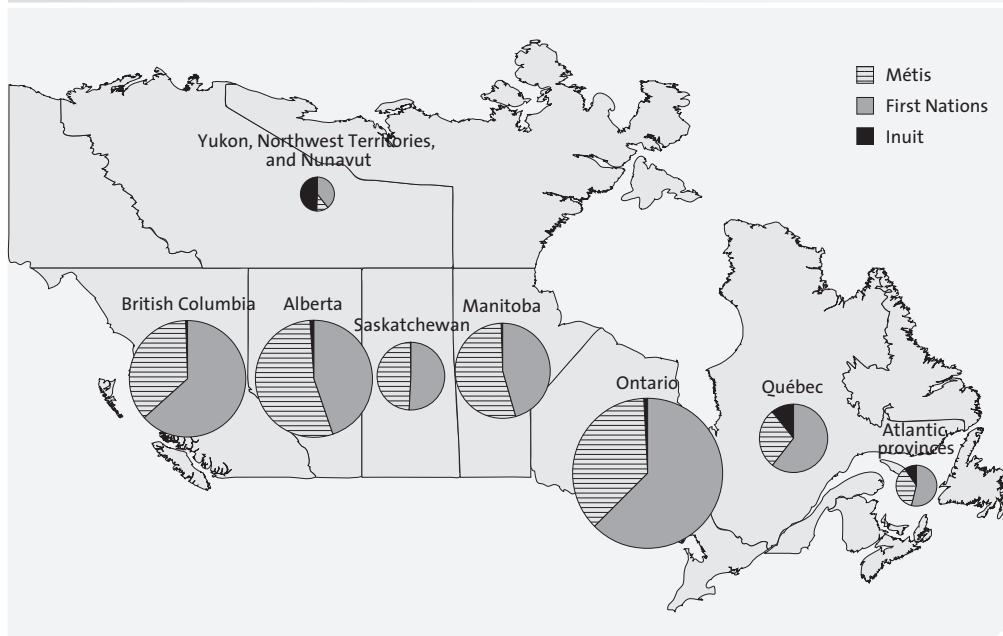
Aboriginal peoples are among the poorest in Canada. As this paper reveals, Aboriginal peoples also experience far greater income inequality than the rest of Canadians. They experience significantly higher rates of unemployment and lower rates of educational attainment than the rest of Canadians. And they experience higher rates of suicide, substance abuse, imprisonment and other social ills. This comes at enormous cost, both social and economic, to Aboriginal peoples and to Canada generally.

In this paper, we look at Aboriginal peoples' income data, where they live, their level of education, their gender and other variables.⁵ The results show significant and troubling levels of income inequality. They also offer clues to policy interventions that could not only help close the gap between Aboriginal peoples and the rest of Canadians but could also help wipe out poverty for Aboriginal peoples within our lifetime.

TABLE 1 Over 15 population with Employment Income by Census Year

	1996	2001	2006
Total—Aboriginal and non-Aboriginal identity population	14,996,115	16,415,780	18,201,265
Total Aboriginal identity population	290,390	408,645	538,295
First Nations	182,210	229,860	283,685
Métis	89,455	146,535	214,810
Inuit	16,140	18,935	22,590
Multiple Aboriginal identity	2,590	13,315	17,210
Non-Aboriginal identity population	14,705,725	16,007,135	17,662,975

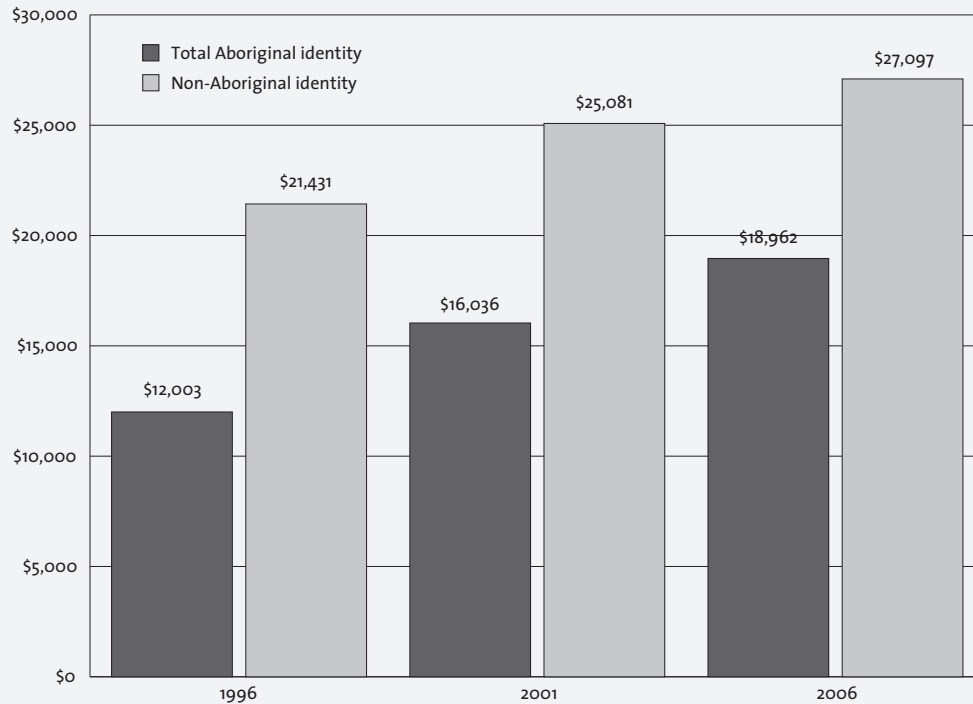
TABLE 2 Breakdown of Aboriginal Population by Province (2006)



The Statistics Canada data used for this paper has been aggregated for the purpose of clarity into the following groups:

- Non-Aboriginal Canadians — Canadian citizens not self-identifying with any Aboriginal group;
- Métis — those who self-identify as Métis only;
- Inuit — those who self-identify as Inuit only;
- First Nations — those who self-identify as North American Indians only;

TABLE 3 Median Employment Income for Aboriginal and Non-Aboriginal Populations by Census Year



- Total Aboriginal Identity population — all those, including First Nations, Inuit, Métis and others self-identifying as having Aboriginal identity, including the 3% of respondents who self-identified in more than one of these Aboriginal categories.

Figures for each of these identified groups are set out in Table 1.

As Table 2 shows, there are specific areas of geographic concentration for the Inuit and Métis. First Nations, while spread across the country, have higher concentrations in Ontario and British Columbia, which is also true of First Nation reserves.

There is a large disparity in employment incomes between Aboriginal and non-Aboriginal people in Canada. Based on the most recent data available, median incomes for Aboriginal peoples in 2006 still had not reached the \$21,431 median income level non-Aboriginal Canadians achieved in 1996.

Table 3 shows that, in 2006, the median income for Aboriginal peoples was \$18,962, while median income for the rest of Canadians was \$27,097. The difference of \$8,135 that existed in 2006, however, was smaller than the difference of \$9,045 from 2001 or \$9,428 from 1996.

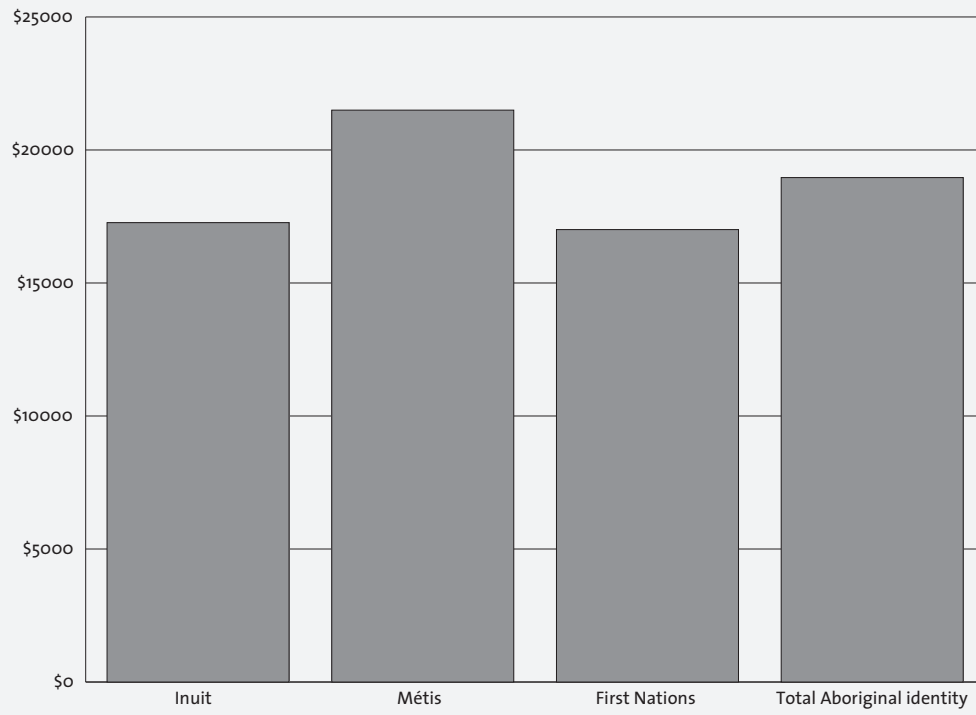
If the rate of diminishment of the income gap between 1996 and 2006 continues, it will take 63 years for the Aboriginal population to catch up to the rest of Canada. The findings in this paper indicate how Canada could close the Aboriginal income gap in a far shorter period of time.

Examining the Aboriginal income gap

AS TABLE 4 INDICATES, there is a significant disparity among the groups making up the total Aboriginal population, with the Métis doing better than Inuit or First Nations. One of the factors at play may be the people now self-identifying as Métis for the census. There has been a dramatic rise in this population, going well beyond birth rates⁶. The likelihood is that Canadians who had previously not self-identified as Aboriginal in the census are now doing so, with Métis being the most popular choice of label as it expresses mixed heritage. It would, therefore, not be surprising if that group were more integrated into the mainstream economy over time because of urban residency, access to equivalent programs and services, and greater choices and opportunities. Whatever the reason, Canada's Métis population experiences median incomes closer to the Canadian average than to other Aboriginal groups.

The census provides insufficient data to conclude with any certainty why the differences in median incomes exist. The conclusion to this paper references other studies that have shed some light on this question from a broader policy perspective. The data is sufficient, however, to disprove certain hypotheses that have been put forward concerning the income gap facing Aboriginal people.

TABLE 4 Median Employment Income by Aboriginal Identity (2006)



Location, location, location?

SIMILAR TO CRITICISMS aimed at Atlantic Canadians whose own low employment rates and higher poverty have been attributed to geographic location and a local “culture of dependency”⁷, it sometimes is suggested that because First Nations, Inuit and Métis people choose to live where there is little employment and have come to rely on government support for survival, they bring poverty upon themselves. A related notion is that this situation is exacerbated on First Nation reserves⁸.

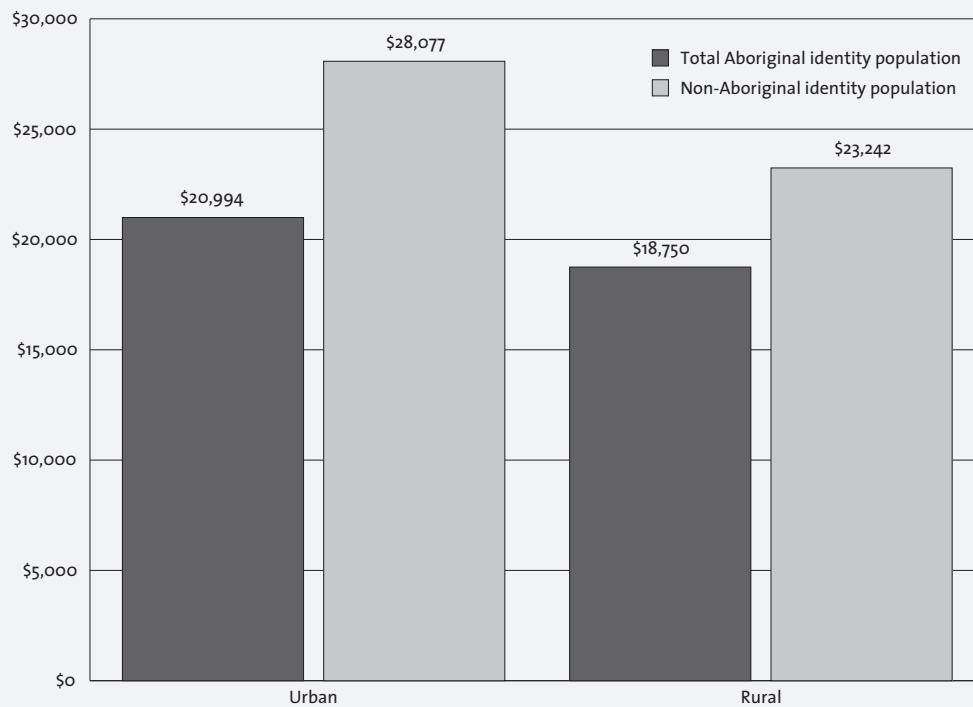
Often left out of the analysis are several important causal relationships, such as the decimation of traditional economies, the movement of Aboriginal peoples onto increasingly marginal land and the creation of reserves by the colonial administration. Purported to be a solution, assimilation instead decimated entire cultures that had other value, both economic and non-economic, without improving conditions for the people left in its wake.

Importantly, the location hypothesis also fails to explain the available data.

Employment earnings are lower in rural or isolated communities across Canada, reflecting a generalized income advantage for urban workers over rural workers. However, rural non-Aboriginal Canadians still make over \$2,000 a year more than urban Aboriginal workers, demonstrating that the income gap between Aboriginal workers and the rest of Canadians cannot be explained away by location.

It is also worth noting that Aboriginal people in rural communities and on reserve have non-monetary sources of income that are not captured in the census, such as food from gardening/farming and hunting/trapping. For example, the value of a moose — which would provide an average of 150 kilograms of usable meat — cannot be estimated in dollars because governments made selling wild game meat illegal¹⁰,

TABLE 5 Median Employment Income Rural/Urban (2006)⁹



eliminating a potential source of monetary income for Aboriginal peoples. However, the equivalent size of a side of beef would cost at least \$1,200.

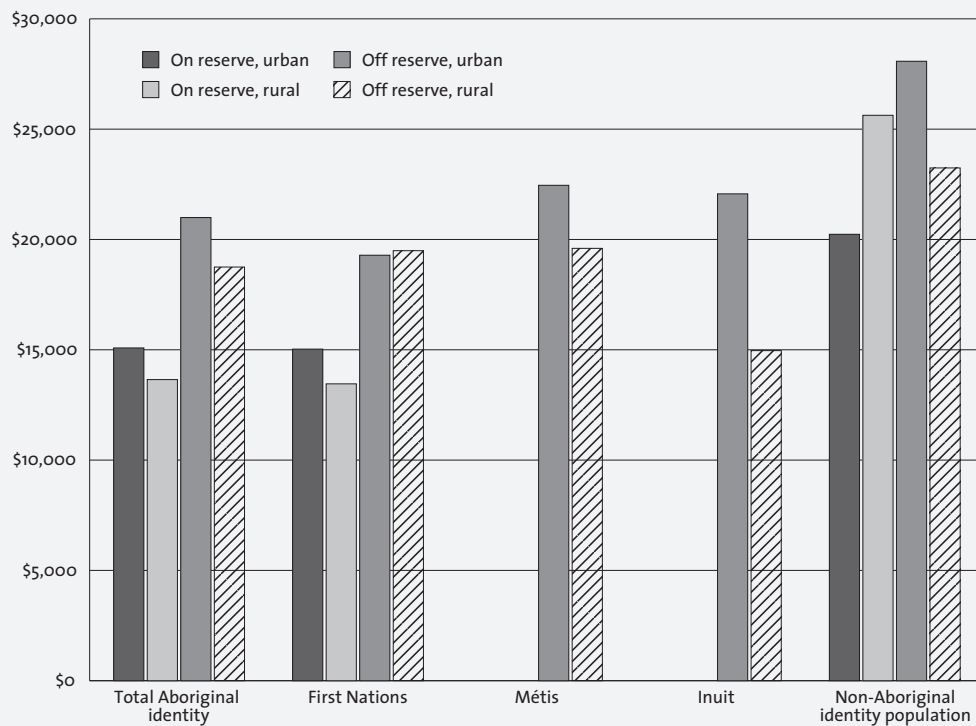
While this kind of non-monetary income might make up part of the disparity identified for those on-reserve or in rural and remote settings, it would not have a large impact on urban incomes.

Information on this point is limited, however, a study of the Mitchikabibikok Inik (Algonquins of Barriere Lake) is informative. The study, conducted in the early-1990s, found that only 23 of 450 people in this community had full-time employment. However, the study also found that “[t]he 90% unemployment rate is offset by reliance on the traditional economy... [I]n a given year, the land provided the community with 60,000 kgs of edible meat (780 kgs per household and 130 kgs per person). On average each household harvested meat at a value of \$6,623. Families burned an average of 10.5 face cords of wood, which gives a fuel value of \$48,000. In addition, non-meat resources from the bush added at least \$845 per household. The estimated value of goods taken by the Algonquin economy was \$575,245 a year from the land base.”¹¹

Unfortunately, such non-monetary income is diminishing over time with the destruction of the natural habitat that is its source and is increasingly threatened by environmental degradation, which often provides little or no compensatory benefit.

In addition, there is a higher cost of living that applies in urban over rural communities which consumes some of the income differential. It should be noted, though, that the cost of living in isolated (as opposed to rural) communities is higher again

TABLE 6 Median Income by Aboriginal Identity and Reserve Status (2006)¹³



due to the rising cost of transported food, a necessity resulting from the decline in traditional food sources.

The key data that is not explained by the location hypothesis lies in the significant disparities between Aboriginal and non-Aboriginal earnings, either within the urban environment or between those same groups in rural communities.

As can be seen from Table 5, employed non-Aboriginal Canadians have median earned incomes of \$7,083 higher, on average, than employed Aboriginal people in urban settings and \$4,492 higher, on average, in rural settings. Controlling for these variables, the data shows that location does not explain the income disparity that exists between Aboriginal and non-Aboriginal people in Canada.

Similarly, while First Nations workers on reserve do earn less than their cohorts off reserve, there remain significant earnings differences between First Nations workers and non-Aboriginal people when both live off reserve. The suggestion that there is something about First Nation reserves that creates the income disparity does not explain the disparity between non-Aboriginal Canadians and the Inuit or the Métis, as those groups do not have reserves.

In addition, where non-Aboriginal Canadians work on reserve, they do not suffer nearly the same level of income degradation experienced by First Nation workers. On urban reserves, non-Aboriginal people make up 44% of those working and earn 34% more than First Nation workers. On rural reserves, non-Aboriginal Canadi-

ans make up a much smaller 9% of the working population. However, they make a shocking 88% more than their First Nation colleagues¹². The data clearly shows that non-Aboriginal Canadians make more than their Aboriginal counterparts whether working on reserve, off reserve, or in urban, rural or remote communities.

Is education the silver bullet?

IT HAS BECOME increasingly popular to suggest that, in order to overcome poverty, Aboriginal people only need to stay in school longer.

While greater educational attainment among Aboriginal people would overcome some portion of existing income inequality — and increased support for education may be the single most important investment that can be made to improve the economic opportunities for Aboriginal people in Canada — education in itself will not redress ongoing inequalities.

It is true that educational attainment among Aboriginal people lags well behind averages for the Canadian population as a whole. Those without a secondary school diploma form 32% of the Aboriginal population, more than twice the rate in non-Aboriginal Canada (15%).

The 28% of non-Aboriginal women who have a university degree or higher is double the rate for Aboriginal women and the situation is even worse for Aboriginal men, where only 8% have a university degree or higher, which is less than a third the 25% rate for non-Aboriginal men.

At least some portion of the overall inequality in median incomes between Aboriginal and non-Aboriginal people can be attributed to these facts.

For men and women, Aboriginal or not, people in Canada generally have higher educational attainment in 2006 than they did 10 years earlier. However, this is happening in different ways, depending on identity and gender, as shown in Table 7.

As is occurring more broadly in Canadian society, Aboriginal women are finishing secondary school and obtaining university degrees at a higher rate than men. While it is important to recall the low rate of educational attainment among Abo-

TABLE 7 Percentage of Population By Educational Attainment (2006)

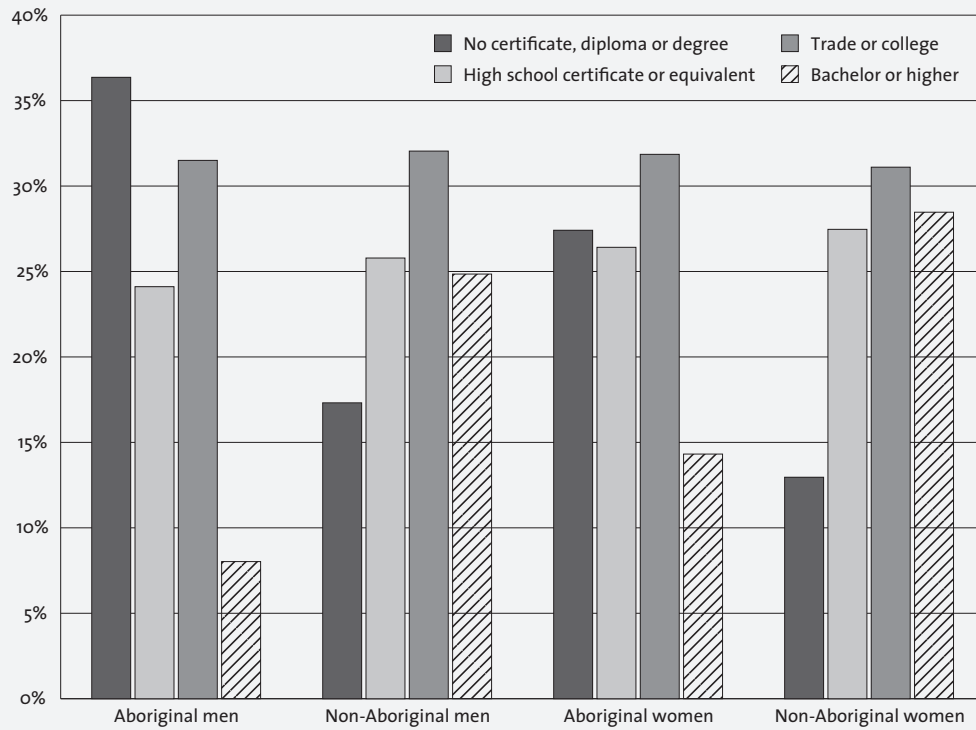
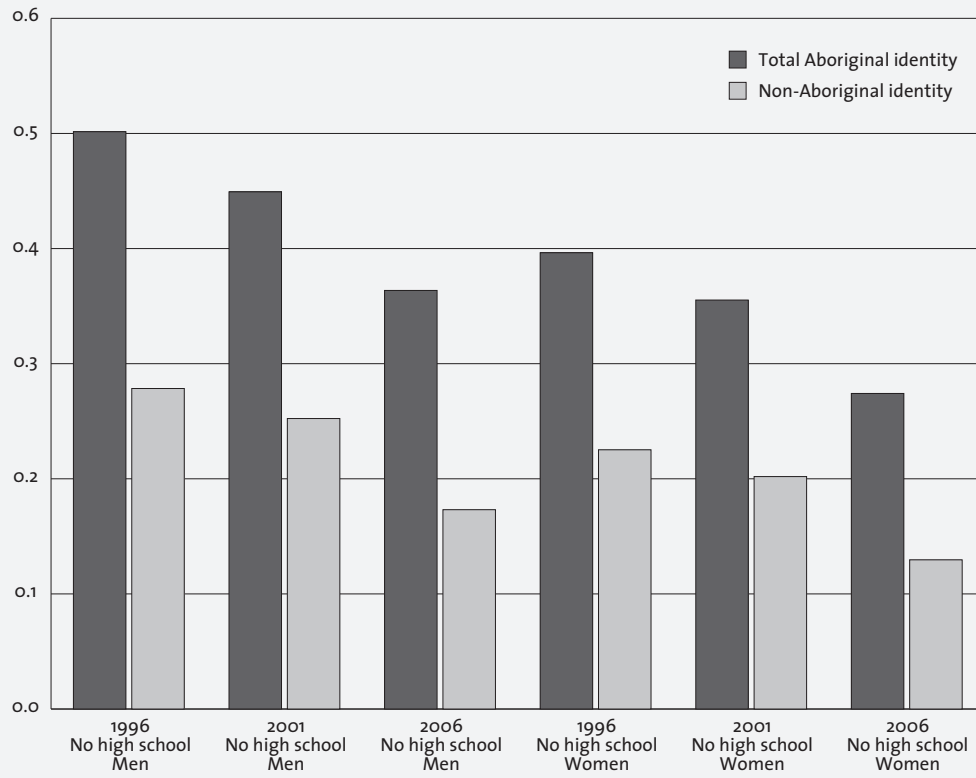


TABLE 8 Percentage Not Completing High School by Year and Identity



Aboriginal people generally, Aboriginal women are nearly twice as likely as Aboriginal men to obtain a university degree or higher. Interestingly, this is an even greater gender difference than exists in the non-Aboriginal population, where only slightly more women than men have a university degree or higher.

Despite the increased educational attainment for Aboriginal men and women, the disparity between the non-Aboriginal population is growing, not diminishing.

As Table 8 shows, in 1996, fully 50% of Aboriginal men had not completed high school, while that figure dropped to 36% by 2006. For Aboriginal women, 40% did not graduate high school in 1996 dropping to 27% by 2006.

These strong rates of growth in educational attainment exceed the rate of change between 1996 and 2006 for non-Aboriginal Canadians. The comparable change for non-Aboriginal men is from 28% to 17%. For non-Aboriginal women it went from 22% to 12%. While this represents a slower rate of change, the relative proportion of disparity between the groups continues to grow due to the vast difference in starting position.

Non-Aboriginal Canadians are still far more likely to complete high school and to get a university degree and the gap between the groups is growing¹⁴.

In the same 10 years, attainment of a Bachelor degree or higher by Aboriginal women rose from 9% to 14% and from 5% to 8% for Aboriginal men.

By contrast, non-Aboriginal men with a university degree or higher made up 19% of that population segment in 1996, rising to 25% in 2006, while university educated non-Aboriginal women made up 21% of that population in 1996 and 28% in 2006.

Aboriginal people not only started with a much smaller proportion of their population with higher education, they fell further behind in the last 10 years.

Although the continued and growing educational attainment gap is undoubtedly related to the disparity in incomes between the two groups, this is far from an adequate explanation of the income gap.

As Table 9 shows, Aboriginal people with university degrees have overcome much of the income differential with other Canadians. While comparable census data only goes back to 1996, the income differential for those with a Bachelor's degree diminished from \$3,382 at that time to just \$648 by 2006.

However, large differences persist in the incomes earned by Aboriginal people with education levels below a Bachelor's degree when compared to other Canadians with similar levels of education.

At the Master's or Bachelor's degree levels, Aboriginal people have essentially the same median incomes as non-Aboriginals. Below the Bachelor's degree level, Aboriginal people consistently make far less than non-Aboriginal Canadians with the same education level. For example, among those who have not completed secondary school (currently more than a third of Aboriginal males and over a quarter of Aboriginal females), Aboriginal people remain \$3,027 behind other Canadians. For those with an apprenticeship, trades certificate or diploma — which is the only level

TABLE 9 Median Employment Income by Education Level and Aboriginal Identity (2006)¹⁵

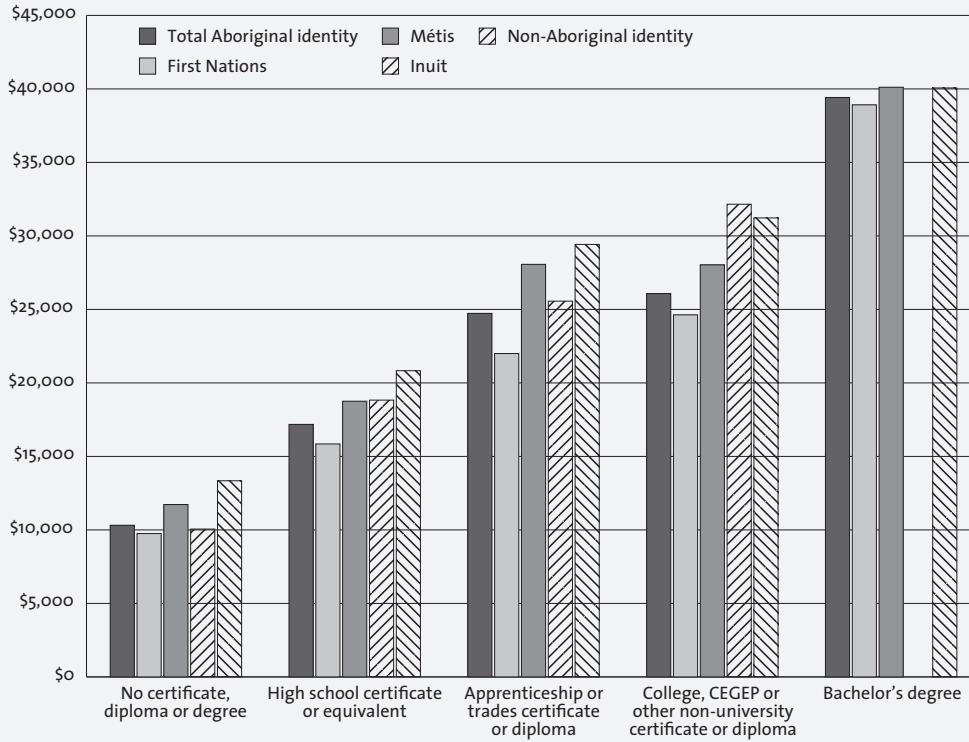
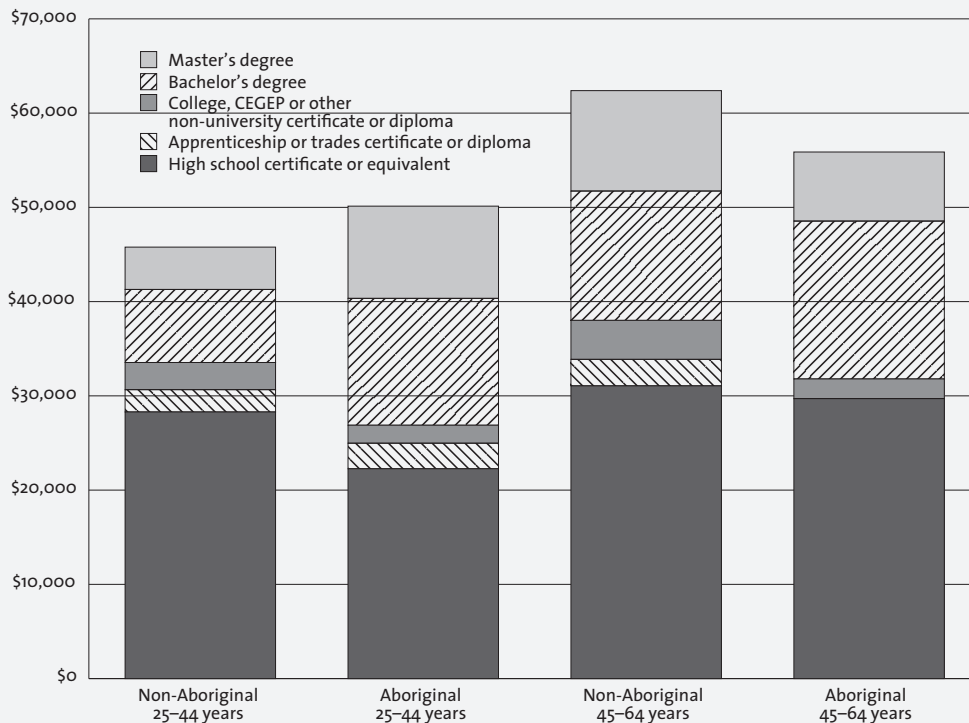


TABLE 10 Median Income by Age and Educational Attainment (2006)



of educational attainment where Aboriginal peoples are over-represented proportionate to their share of the population — the difference is \$4,692.

Aboriginal people between the ages of 25 and 44 also see a gain at the Bachelor's level. Table 10 illustrates how at the Bachelor's or Master's level, younger Aboriginal people are matching or exceeding the median incomes of non-Aboriginal Canadians. Interestingly, this gain at the university degree level is not observed in the 45- to 64-year-old age group.

Furthermore, the closing of the gap between Aboriginal and non-Aboriginal people aged 25 to 44 only occurred as of 2006. Prior to the most recent census, Aboriginal university degree holders made less than comparable non-Aboriginal Canadians.

There is little data to explain why this is occurring only now, although the coincidence between the performance of this age cohort and the termination of residential schools may provide a direction for future study.

Fundamentally, the higher proportion of non-Aboriginal Canadians with university degrees does not explain why those with college diplomas, trade certificates, high school and even those who did not finish high school, all earn more than Aboriginal people with those same levels of education.

Aboriginal people with university degrees are earning more than they have in the past and are employed at rates more closely resembling other Canadians, but it remains to be explained why Aboriginal people must get a Bachelor's degree before they can expect incomes and employment rates similar to other Canadians with no greater qualifications.

Clearly, education is not the silver bullet to income equality. While education is a driver for income levels in all groups, Aboriginal and non-Aboriginal, no community is made up entirely of university degree-holders, nor should they be expected to be.

For equality to exist throughout the range of people who make up a community or a country, there must be jobs available across sectors, pay levels must be roughly equivalent and workforce entrants must be greeted without bias and suspicion. These conditions do not appear to pertain to Aboriginal peoples in Canada.

The Aboriginal gender gap

WITHOUT DOUBT, First Nations, Inuit and Métis women are among the poorest people in Canada.

Tragedies that have befallen Aboriginal women — for example, the high rates of victimization and violent crime, including more than 520 missing or murdered across Canada — rightly raise concern over the vulnerability that is created by their unique position at the bottom of income earners in the country.

This is a study of earned income, which means issues pertaining to poverty more generally are not addressed, such as the reliance on government transfers, high rates of single parenthood and many other factors that affect the experience of poverty by Aboriginal women.

Nonetheless, the data reveals recent success in educational attainment and employment incomes that should be a source of optimism. Recognizing that sexism exists in Aboriginal communities as it does in Canadian society more broadly, these remarkable results suggest the need for a more nuanced analysis of the situation.

In addition to the fact that Aboriginal women are outpacing Aboriginal men in educational attainment, there are two more important findings:

- Aboriginal women have median incomes closer to those of Aboriginal men than do non-Aboriginal women relative to non-Aboriginal men;
- Aboriginal women who have obtained a Bachelor's degree or higher enjoy higher median incomes than non-Aboriginal Canadian women with equivalent education.

TABLE 11 Median Income by Gender and Identity (2006)

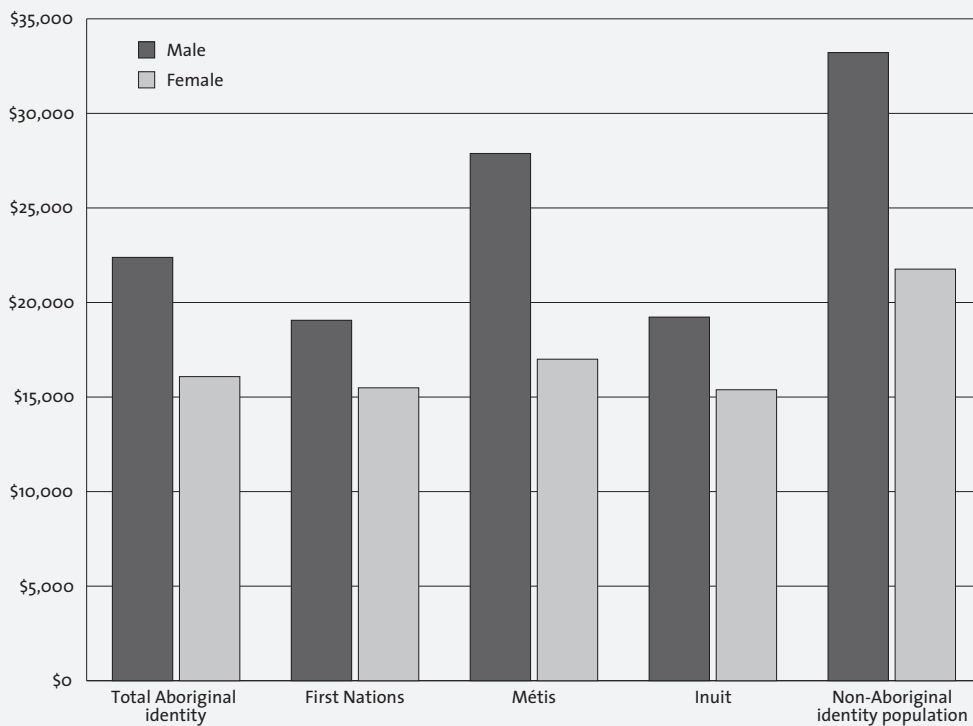


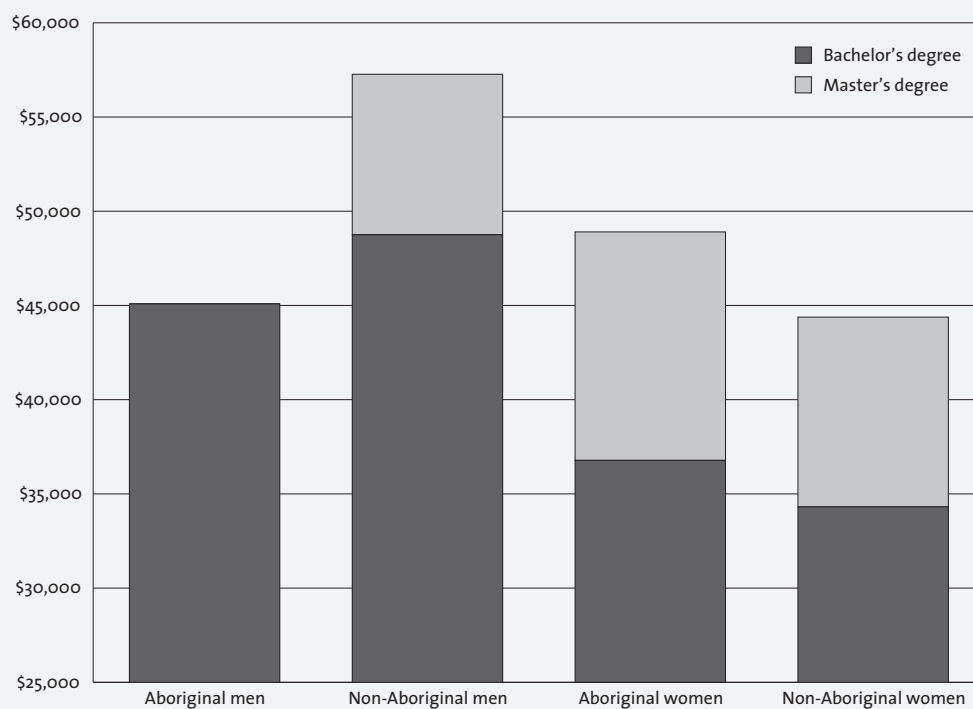
Table 11 shows the median income levels for men and women with different identities. What is particularly striking is that the income gap between Aboriginal men and women is much smaller than the income gap for non-Aboriginal men and women. The bottom line here is that there is more gender equality in income among Aboriginal people than within the non-Aboriginal Canadian population. Unfortunately, that greater equality also comes with lower median incomes.

While the above data demonstrate gender discrimination stereotypes about Aboriginal communities are inaccurate, Table 12 displays the truly remarkable fact that income inequality between Aboriginal and non-Aboriginal people in Canada is entirely eliminated for women with university degrees.

An Aboriginal woman with a Bachelor's degree now earns \$2,471 more than her non-Aboriginal counterpart. The gap is widened further once an Aboriginal woman obtains her Master's degree, at which point she makes \$4,521 more. Throughout this entire study, this is the only instance where Aboriginal people, under any circumstances, make more than their non-Aboriginal counterparts.

As noted earlier, this study examines only Canadians with employment incomes. Women are less likely than men to have employment incomes, since they tend to be the primary caregivers for children and seniors. While women make up 50.7% of Canadian population aged 15 and older, they only make up 48% of the employment income population.

TABLE 12 Median Income by Gender and Educational Attainment (2006)¹⁶



Aboriginal women, in contrast, are more likely to earn employment income. For Aboriginal peoples with employment income, women make up 49.8% of the population, slightly higher than the non-Aboriginal proportion.

While Table 12 demonstrates the strides in median income that Aboriginal women have made, it also highlights the lack of progress for Aboriginal men who, even at the Bachelor degree level, still make \$3,667 less than their non-Aboriginal comparators.

Aboriginal women, particularly at the Master's level, may make more than non-Aboriginal women, but there are fewer of them doing so. Only 1% of Aboriginal women have a Graduate degree versus 5% of non-Aboriginal women and, as noted, only half the proportion of Aboriginal women have a university degree of any kind.

Furthermore, the phenomenon of Aboriginal women making more than non-Aboriginal women has only become evident with the 2006 census figures. Prior to 2006, Aboriginal women, even with university degrees, had lower incomes than their non-Aboriginal counterparts. One question that this raises is whether the data from 2006 marks an emerging trend or a single deviation from the usual pattern of income disparity for Aboriginal people.

A second question is why this is occurring for women only at this point. Table 13 shows that the proportion of Aboriginal women with education degrees is much higher than for non-Aboriginal women. The higher rates of unionization and better pay in public sector education jobs may be partially responsible for higher median

TABLE 13 Women by Major Field of Study (2006)

	Aboriginal Women with Bachelor's degree	Non-Aboriginal Women with Bachelor's degree
Education	27%	19%
Visual and performing arts, and communications technologies	3%	4%
Humanities	10%	13%
Social and behavioural sciences and law	23%	20%
Business, management and public administration	18%	16%
Physical and life sciences and technologies	4%	6%
Mathematics, computer and information sciences	1%	3%
Architecture, engineering, and related technologies	1%	4%
Agriculture, natural resources and conservation	1%	1%
Health, parks, recreation and fitness	11%	13%

incomes for aboriginal women¹⁷. This may be a research question worth greater investigation.

These encouraging signs of greater gender equality require more attention and may suggest directions for policy development that have to date gone unexplored due to entrenched assumptions.

What government can do?

FAILURE BY SUCCESSIVE federal governments has led some people to the conclusion that government cannot help close the gap between Aboriginal peoples and the rest of Canadians. These findings indicate the opposite is true.

It has become a mantra in some circles that investment in programs to support First Nations, Inuit and Métis peoples is not the answer. Known in the vernacular as “blaming the victim”, this analysis ascribes the impoverished circumstance of Aboriginal peoples to attributes of those same groups, recommending solutions that require only a willingness to assimilate on their part in order to work.

The assimilationist model carries the appeal of simplicity and low cost, but relies on hypotheses about location, education and gender, among others, that reflect a basic misunderstanding of the situation.

The findings in this study indicate conventional analysis is inadequate and policy directions derived from yesterday’s assumptions will only continue to fail.

After 140 years of failure, a change in policy direction away from assimilation and toward reconciliation is both needed and supported by the available evidence.

However, such a change will require the Government of Canada to abandon its long standing colonial assumptions about who best knows how to address the challenges that exist.

There is a wealth of high quality analysis regarding Aboriginal policy that is not being implemented by the federal government. Abundant studies recommend alternative approaches to existing economic development, education and governance policies.

The common thread through all of this work is support for local institutional capacity and decision-making authority so that the education, training, employment and economic development strategies and structures are attuned to the communities they intend to serve and to the opportunities that exist within those communities rather than imposing, in traditional colonial style, ideas that worked for the dominant culture in different circumstances.

These approaches also place the power to hold decision-makers accountable with the people in the communities affected by those decisions.

This stands in contrast to the current situation, where decisions are made by politicians and bureaucrats whose primary accountability is derived from an entirely different mandate.

The essential difference in approach is to trust and support the people nearest the situation as they define and implement solutions for themselves rather than imposing a view based on other interests.

Education systems that understand the local community and what local families want for their children are not a new idea. Across Canada, school administration, curriculum and resource decisions are made by local boards made up of the parents of the children who go there. This has been denied Aboriginal peoples whose children instead were forced into residential schools.

Economic development must be generated and directed at its source. Decisions must be made locally or regionally, with provincial and federal partners assisting those closer to the ground in achieving the plans that they put in place. Aboriginal peoples continue under direction from a federal bureaucracy in Ottawa that has little contact with communities and whose mandate does not put the views of the community first.

Governance policy has been a battle ground for quite some time, with the failed First Nations Governance Act being a prime example. That bill was defeated because, again, the federal government chose to impose its view of how to achieve change rather than empowering First Nations communities to hold their own leadership to account. Subsequent efforts by First Nations to develop an alternative approach to accountability, while initially gaining support, were terminated by the current federal government¹⁸.

The Harvard Project on the American Indian spent 15 years studying the conditions for economic success among American Indian tribes and First Nations in Canada and, not surprisingly, found that support for localizing institutional development, capacity-building, governance and accountability, and decision-making authority were the keys to success¹⁹.

Complimentary conclusions can be found among the hundreds of recommendations in the five volume report by the 1996 Royal Commission on Aboriginal Peoples, the most carefully researched and detailed review of these issues ever conducted in Canada.

These studies are in agreement with international studies of other colonized peoples, such as those done by the United Nations Development Program, as well as a host of other works by academics, think tanks and the representative organizations of the First Nations, Inuit and Métis peoples in Canada.

Canada's highest court has advised on several occasions that reconciliation is the constitutionally required policy direction²⁰. Reconciliation requires both parties to come together in respectful dialogue to reach shared solutions. It does not allow for either party to impose its will upon the other.

Sadly, the Government of Canada appears committed to the colonial administration of Aboriginal communities, perhaps best evidenced by the continued application of the *Indian Act*, fundamentally unchanged since 1876. It is the belief that others know what is good for peoples who have suffered under colonial rule — and continue to do so — that must be abandoned.

Parity with other Canadians is a real possibility for First Nations, Inuit and Métis people in this country. However, it will take a concerted effort on a range of solutions. Some of those solutions are costly, although less costly than the alternative. All of them require an acknowledgement that First Nations, Inuit and Métis peoples themselves are best placed to identify and implement solutions. The paternalistic attitude that has driven failed federal policy since colonial times must be abandoned at last.

Conclusion

IT IS GENERALLY AGREED that the best way out of poverty is a job.

However, this study shows that Aboriginal peoples earning employment or self-employment income remain at a considerable disadvantage compared to the rest of Canadians.

Understanding what lies behind that fact is an essential part of addressing the larger issues.

By examining data from Statistics Canada from the last three census periods—1996, 2001 and 2006—we reveal a considerable gap in earnings between Aboriginal peoples and non-Aboriginal Canadians.

Controlling for variables such as location, education levels and gender allows a close examination and repudiation of some popular hypotheses for this gap. It also opens the way for new solutions to old problems.

First Nations, Inuit and Métis people can achieve income equality with other Canadians. However, it will take a concerted effort on a range of solutions. None of those solutions will work unless and until the underlying policy direction shifts from assimilation to reconciliation.

To achieve this change Canada must truly accept that First Nations, Inuit and Métis people are equal and treat them with the equal respect both as human beings and for the legal rights which pertain uniquely to Aboriginal peoples.

The data shows a considerable gap in employment earnings between Aboriginal people and non-Aboriginal Canadians. Although slowly diminishing, it is persistent and, without direct intervention, could be projected to continue for generations to come. Controlling for variables such as location, education levels and gender allows

a close examination and repudiation of hypotheses that have blamed Aboriginal people themselves for this circumstance.

By contrast, the wealth of high quality analysis regarding Aboriginal policy that is not being implemented by the federal government must be applied. Abundant studies recommend alternative approaches to existing economic development policies. This paper has cited RCAP, the Harvard Project on the American Indian and the UN Development Program as examples of the high quality and detailed analyses that exist but are not being pursued by the federal government. There are many more. The common conclusions point to the importance of local institutional capacity and decision-making authority. This is the opposite of paternalism, assimilationism and colonialism.

When legal disputes reach the Supreme Court of Canada, the court has repeatedly ordered that the federal government pursue negotiation toward reconciliation, but the Government of Canada continues to deny its duties to consult and accommodate Aboriginal rights and interests. Reconciliation does not allow for either party to impose its will upon the other. The federal government's belief that it knows best what is good for those who have suffered under colonial rule — and continue to do so — must be abandoned.

Broadly, there is reason for hope, but policy must be adapted to current realities and old presumptions must be put aside. To generate equality in the future, Canada must come to terms with its history. This begins with accepting that colonialism in Canada is real, the Prime Minister's recent assertion to the contrary notwithstanding²¹. We must understand how that history plays out in Aboriginal communities across the country on a daily basis and how it must be overcome through the full spectrum of potential policy responses. We must also understand how attitudes in the rest of the country may help or hinder progress. According to a recent report of a poll by Leger Marketing, "Across the country, English Canadians were regarded the most favourably by all respondents at 84% — well above immigrants at 70%, Jews at 69%, French Quebecers at 65% and aboriginal (sic) Canadians at 56%²²". The significance of the position of Aboriginal people at the bottom of this list should not be underestimated.

Fundamentally, if the limited decline in income disparity witnessed over the past 10 years is to be improved upon, Canadians must finally accept that the policy of assimilation followed since before Confederation has failed and Canada must truly commit to reconciliation with Aboriginal peoples. Income equality requires a broader commitment to equality between us all.

A sense of hopelessness has dominated public perceptions of Aboriginal policy in Canada for too long. This perception is driven by the failure of successive federal governments to address the manifold problems that exist, leading to the conclusion by some that government cannot help. This is a fundamental misunderstanding of the situation.

The available data demonstrates that conventional hypotheses are inadequate. Clearly, policy directions derived from those analyses could only continue to fail. After more than 140 years of failure, the Government of Canada must change its assumptions about how to address the challenges that exist and change how it behaves toward Aboriginal people. The consequent improvement in outcomes for Aboriginal people that result should then help Canadians perceive the issues differently.

Abandoning the policy of assimilation in favour of reconciliation is not only required by Canada's constitution, it is the only approach that respects the input of all those involved. Reconciliation requires both parties to come together in respectful dialogue to reach shared solutions. It does not allow for either party to impose its will upon the other. This entails support for local institutional capacity and decision-making authority so that strategies are attuned to the Aboriginal communities they intend to serve rather than imposing, in traditional colonial style, ideas that worked for the dominant culture in different circumstances.

First Nations, Inuit and Métis peoples, as well as many non-Aboriginal Canadians and others from outside Canada, have long called for a fundamental shift in attitude to help begin to address the centuries of damage inflicted by colonialism.

That call is for greater mutual respect, honouring agreements and rectifying broken agreements, restoring confidence among Aboriginal peoples by fully recognizing and implementing their rights to self-determination and by accepting their role in working with non-Aboriginal Canada toward a mutually beneficial relationship.

Only by getting out of the way of progress and supporting people in making decisions for themselves can the Government of Canada empower Aboriginal peoples to overcome the effects of colonialism.

The contrary approach, paternalistic and patronizing decisions made "in their best interest", will only hold down the victims of colonialism in perpetuity.

A Note on Sources and Methodology

THE DATA FOR THIS STUDY is derived from 1996, 2001 and 2006 census information gathered by Statistics Canada. While a longer period of data may have yielded additional findings, these last three census periods are the only ones available where definitions have been consistently applied, thereby allowing for comparisons over time. In addition to reviewing material published by Statistics Canada, to allow for greater specificity of analysis, the Canadian Centre for Policy Alternatives purchased additional data for this study from Statistics Canada pertaining to employment income, with disaggregated information relative to different Aboriginal groups, location, urban/rural, reserve status, education, gender and age. The data from Statistics Canada tracks individuals and not families or households. As such, other studies on income inequality that rely on household data may not be comparable to the present study²³.

For the purposes of this study, only individuals who are over 15 and have employment income are included. Statistics Canada identified 538,295 such individuals in the 2006 census from among the 1,172,785 people of “Aboriginal Identity”²⁴. This number reflects the high percentage of young people within the First Nations, Inuit and Métis communities, as well as the high number of unemployed people and others without employment income.

In preparing this study, the authors were cognizant of challenges with regard to two elements of Statistics Canada data pertaining to First Nations people.

Firstly, Statistics Canada acknowledges that 22 First Nation communities did not participate in the 2006 census, a reduction in non-participating First Nations from previous census years, but a challenge to data quality nonetheless. The actual

number of unrecorded individuals is unknown, however, Indian and Northern Affairs Canada's Indian Registry²⁵ identifies 763,555 Registered Indians in 2006, while the census identifies 623,780 in that category, suggesting that, in 2006, the census has under-reported this group by 139,775 people or 18%. This signals a high degree of incompleteness and unreliability around the data regarding First Nations people.

The second problem stems from the decision by Statistics Canada to report information pertaining to two divergent populations under the combined term "First Nations". These two populations are Registered (or "Status") Indians — a group legislatively defined and constitutionally recognized — and a group numbering 133,155 who self-identify as having an "Aboriginal Identity", but are not Registered Indians. Indian reserves are designated for those people to whom the Government of Canada has granted Registered Indian status²⁶. Some people who are not Registered Indians identify as First Nations and some of those people may wish to be able to live on reserve, however, their presence on reserve is not supported by the federal government. Combined with the under-recording of the Registered Indian population, the decision to provide a joint label of "First Nations" to Registered Indians and others who do not have Indian status creates significant misperceptions regarding populations on reserve.

To partially address these issues, where this study differentiates on reserve and off reserve statistics (for example in Figure 5) data regarding Registered Indians only is applied to the on reserve calculations. However, the data for First Nations provided elsewhere in this study uses the Statistics Canada label of First Nations to include both Registered Indians and others self-identifying as North American Indians.

Notes

1 Canada, *Report of the Royal Commission on Aboriginal Peoples*, 1996, volume 5, chapter 2.

2 Centre for the Study of Living Standards, *The Effect of Increasing Aboriginal Educational Attainment on the Labour Force, Output and the Fiscal Balance*, May 2009, pg. vii.

3 The *Constitution Act of Canada, 1982* identifies three groups of people having Aboriginal rights: Indians, Métis and Inuit. The term Indian is given further legal definition by the Government of Canada through the *Indian Act* where the Minister of Indian Affairs is given the power to determine Indian status (the status which results in becoming a Registered Indian). However, there are people in Canada with “Indian” ancestry whose relationship with that heritage may range from a deep and ongoing one to none whatsoever. The constitutional rights of this latter group is undetermined pending further litigation on these issues.

The term “Indigenous” is used internationally to describe peoples from around the world in documents such as the *United Nations Declaration on the Rights of Indigenous Peoples* and is growing in popularity in Canada, though it does not appear in the legislative lexicon. The term “native” is not used in this paper as it is variously applied — including to non-Aboriginal people — and has no legal significance.

4 Canadian Centre for Policy Alternatives, “*The Rich and the Rest of Us*”, A. Yalnizyan, March 2007.

5 Appendix One features a deeper explanation of the methodology employed in this paper.

6 Canada, Statistics Canada, *The Daily*, January 15, 2008.

7 Prime Minister Stephen Harper, speaking in 2002, as cited in *The Hill Times*, “*Mark 2009 as the year pogeys went uptown*”, December 21, 2009.

- 8** For a very recent example of this attitude, see “*Some Reserves Can’t be Fixed*”, Joseph Quesnel, National Post, February 9, 2010, available at: <http://network.nationalpost.com/np/blogs/fullcomment/archive/2010/02/09/joseph-quesnel-some-reserves-can-t-be-fixed.aspx>
- 9** Urban and Rural in this graph exclude those living on-reserves
- 10** Laws against selling wild game meat are provincial. See, for example, “*Fish and Wildlife Conservation Act*, 1997, S.O. chapter 41, Part IV.
- 11** Algonquin of Barriere Lake, 2001, *Life in the 21st Century*, (Algonquin of Barriere Lake, Quebec), as cited in the “*Composite Report on the status and trends regarding the knowledge, innovations and practices of Indigenous and Local Communities*”, United Nations Environment Programme, December 2003.
- 12** The distinction between urban and rural reserves is provided by Statistics Canada in the census information used for this paper.
- 13** On reserve figure for non-status Indians, Métis and Inuit are excluded as these groups do not live on reserve in statistically significant numbers.
- 14** Aboriginal men were 1.39 times more likely not to have graduated in 1996 (50% versus 36%) and more than twice as likely not to graduate in 2006 (36% versus 17%). For women, the disparity went from 1.82 times more likely not to graduate to 2.25 times (27% over 12%) more likely in the same period.
- 15** An insufficient number of Inuit people graduated with a bachelor’s degree to calculate a reliable median employment income.
- 16** Median income statistics are only included if that sub-population makes up at least 1% of the overall population.
- 17** Statistics Canada, “*First Nations women and Post-Secondary Education in Canada: Snapshots from the Census*”, S. Milligan and E. Bougie, October 2009, available at: <http://www.statcan.gc.ca/pub/81-004-x/2009004/article/11017-eng.htm>.
- 18** Assembly of First Nations, *Accountability for Results Initiative*, 2005–06. Details can be reviewed at <http://www.afn.ca/article.asp?id=2559>.
- 19** See endnote 3, *Supra*. See also the works of the Harvard Project on the American Indian, particularly those of Professors Kalt and Cornell and, particularly, Stephen Cornell, *Statement on tribal self-governance and nation-building by Professor Stephen Cornell before the Standing Committee on Aboriginal Affairs*, House of Commons, Ottawa, Canada, June 6, 2000. See also the United Nations Development Program, “*Overview of Decentralisation Worldwide: A Stepping Stone to Improved Governance and Human Development*”, presented at the 2nd International Conference on Decentralisation, 25–27 July 2002 Manila, Philippines. Among their other works on this topic, see, for example, Chandler, M.J. & Lalonde, C.E., “Cultural Continuity as a hedge against suicide in Canada’s First Nation”, 1998, *Transcultural Psychiatry*, 35(2), 193–211.
- 20** See, for example, *Mikisew Cree First Nation v. Canada (Minister of Canadian Heritage)*, [2005] 3 S.C.R. 388, 2005 SCC 69, or, *Haida Nation v. British Columbia (Minister of Forests)*,

[2004] 3 S.C.R. 511, 2004 SCC 73; or Justice MacLachlin in dissent in *R. v. Van der Peet*, [1996] 2 S.C.R. 50.

21 Prime Minister Stephen Harper, speaking at a meeting of the G-20 in Pittsburgh, Pennsylvania, U.S.A. on September 25, 2009. For a recent comment on the Prime Minister's remark relative to the issues of this paper see, Alana Lajoie O'Malley, "*Canada's Colonialism*", published in *The Mark*, January 18, 2008, available at www.themarknews.com.

22 Elizabeth Thompson, "*Ontario has most tolerant views*", as reported in the London Free Press, January 27, 2009

23 This report is focused on comparisons of employment earnings only and does not look at income from other sources, such as government or investment. Details from Statistics Canada on what is included can be found at <http://www12.statcan.ca/census-recensement/2006>

24 For a discussion of the term "Aboriginal Identity" and others relevant to this paper, see the section entitled, "A Note on Terminology" in this report.

25 Canada, Indian and Northern Affairs, "*Registered Indian Population by Sex and Residence*", 2008, available at: <http://www.ainc-inac.gc.ca/ai/rs/pubs/sts/ni/rip/rip08/rip08-eng.asp>

26 *Indian Act*, (R.S. 1985, c. I-5)