

Title	Aboriginal Income Disparity in Canada
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Research Question	What does Aboriginal income disparity look like in Canada? In particular, we examine economic disparity between Aboriginal and non-Aboriginal people in terms of: different types of 'Aboriginality'; incomes and earnings; the return to education; glass ceilings and sticky floors; and geographic location, urbanity and remoteness.
Importance	We show in this paper that Aboriginal people constitute by far the most economically disadvantaged ethnic communities in Canada. Their economic outcomes are worse by an order of magnitude than the outcomes of other disadvantaged groups, such as South Asians and Blacks. However, unlike other ethnic minorities, they are essentially unstudied by mainstream economists.
Research Findings	Aboriginal men and women face severe earnings disparity relative to majority persons with similar characteristics such as age and education. This disparity is on the order of 30 to 50 per cent. Within the Aboriginal population, registered Indians fare worst, persons with self-reported Aboriginal identity fare somewhat better, and persons with Aboriginal ancestry (but not identity or registry) fare better still. Although it is well documented that Aboriginal people have very poor educational outcomes, we find that even those who attain high levels of education face substantial earnings disparity. Indeed, we see little evidence of economic integration even at the highest levels of schooling. That labour market disparity is important even for Aboriginal people with high levels of education suggests that glass ceilings may be one driver of economic disparity. However, our investigation of glass ceilings belies this. In fact, we observe something more like a "sticky floor", wherein the most severe disparity is actually at the bottom of the conditional earnings distribution, and disparity is smaller—though still present—at the top of the conditional earnings distribution. We observe a great deal of variation in measured Aboriginal earnings disparity across Canadian cities. Past research has suggested larger co-ethnic populations can reduce the level of disparity for group members. Unfortunately, we find that this is not the pattern for Aboriginal people—indeed, it seems that the greater the size of an urban Aboriginal community, the worse the economic outcomes for its members.
Implications	There is virtually no economic research on Aboriginal peoples' issues in Canada (or, indeed, worldwide). Thus, there is little research to guide policy. This may explain (in part) why 12 billion dollars per year spent by the Federal government on Aboriginal programming does not seem to 'do the trick'. Aboriginals comprise 1 to 3 per cent of the population of Canada, and (due to high birthrates) they are among the fastest-growing ethnic groupings in Canada. We find evidence that Aboriginal people face extreme economic disparity in many dimensions. Consequently, all analyses of and policy approaches to economic inequality and poverty in Canada must face Aboriginal people's issues head-on.