

CALEDON



INSTITUTE OF
SOCIAL POLICY

Aboriginal People in Canada's Labour Market

by

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June 1999

ISBN - 1-894159-48-9

EXECUTIVE SUMMARY

The labour market prospects facing Aboriginal Canadians are much worse than for other Canadians. Many Aboriginal people are unlikely to find consistent employment in their lifetime. The potential costs of high unemployment extend beyond the social sphere. The economic future of a region is greatly diminished when a growing percentage of its workforce is unemployed. The threat to economic well-being is especially grave for the Prairies. There is probably no single more important issue for the economic future of the Prairies, particularly Manitoba and Saskatchewan, than the advancement of its Aboriginal human resources.

Table i presents basic demographic data for the working age population (i.e., the population 15 and older) of Aboriginals and other Canadians in 1991 and 1996. The data refer to the 'Aboriginal identity' population, meaning people who identify themselves as Aboriginal or Registered Indian. The number of people of working age who identified themselves as Aboriginal grew by 33.3 percent between 1991 and 1996, an astonishing six times greater than the non-Aboriginal working age population's 5.7 percent increase. While some of this growth may be a statistical artifact, much of the increase in population simply reflects the much younger age structure of Canada's Aboriginal popu-

lation. The demographic force of the expanding Aboriginal population will result in continuing extraordinary growth in their labour force over the next decades.

Unemployment and Participation Rates

Table ii gives unemployment and participation rates of Aboriginal people in 1991 and 1996, together with an index that compares their unemployment and participation rates to those of the total population.

One-quarter of the Aboriginal labour force was unemployed both in 1991 and 1996. Since about 10 percent of the overall labour force was unemployed in 1991 and 1996 (10.2 and 10.1 percent, respectively), the index of Aboriginal unemployment to that of the population as a whole was essentially unchanged in 1996 compared to 1991 (241 in 1991 and 243 in 1996). However, this apparent stability may be deceptive. 1996 marked the beginning of a strong recovery, while 1991 was the height of the most severe recession since the Great Depression of the 1930s. Ordinarily, workers in lower-paid jobs lose ground during a downturn and recover when growth returns. Since Aboriginals are over-represented among low-wage workers, one would expect their unemployment rate to have declined by

Table i
Aboriginal and Non-Aboriginal
Working Age Population, 1991 and 1996

working age population (15 and over)	1991	1996	% change 1991-1996
total	21,304,735	22,628,920	6.2
non-Aboriginal	20,915,835	22,110,330	5.7
Aboriginal	388,900	518,590	33.3
Aboriginal as % of total	1.8	2.3	

Table ii
Aboriginal Unemployment and Participation
Rates and Indices, 1991 and 1996

	unemployment rate %	unemployment rate index	participation rate %	participation rate index
1991	24.5	241	57.4	84
1996	24.5	243	58.7	90

1996 and thus for the unemployment rate index to have improved somewhat. The fact that the Aboriginal unemployment rate was not better in 1996 and was 2.4 times the total unemployment rate in both years could be disguising the fact that labour market conditions for Aboriginals actually have deteriorated relative to economic conditions generally.

On the positive side is the continued surprisingly strong labour market attachment of Aboriginal people. Participation rates remained high given the level of Aboriginal unemployment, even increasing between 1991 and 1996. The actual participation rate of Aboriginals is 3.3 percentage points *better* than it would have been had the Aboriginal workforce the same relationship between participation and unemployment as does the general population.

The Canadian labour market absorbed a substantial one-third percent increase in the Aboriginal labour force from 1991 to 1996 (though part of this growth may be attributable to reporting anomalies). With roughly 130,000 new Aboriginal workers coming into the workforce, there was neither an increase in the Aboriginal unemployment rate, nor in the unemployment rate gap between Aboriginals and non-Aboriginals. The relative status quo in the labour market is being preserved, but this is cause for concern rather than complacency: Aboriginal Canadians started far behind and remain as far behind as ever. No progress has been made in closing the 'unemployment gap' between Aboriginal and non-Aboriginal Canadians.

The Geography of Labour Markets for Aboriginal Peoples

In absolute terms, there is little difference between Aboriginal labour market indicators in the East and the West. Aboriginal participation rates are a little better in the East than in the West, with the Prairies lagging the most. There are no East-West differences in the unemployment rate among the Aboriginal workforce.

But the story is very different in relative terms: There are significant differences between the East and the West in rates of participation and unemployment for Aboriginal people compared to the general population. In 1996, Aboriginal participation rates in the East were 94 percent of those among the general population, but relative participation rates were much lower in the West (87 percent) and especially on the Prairies, where they were only 80 percent. Similarly, while unemployment rates for Aboriginal people were almost double those for the whole population in the East, in the West Aboriginal unemployment rates were about three times greater than those for the total population, and even more on the Prairies.

The same East-West differential emerges on a city basis, as can be seen in Table iii. In the three Eastern cities of Ottawa-Hull, Montreal and Toronto, Aboriginal unemployment averaged 1.7 times the unemployment rate for the whole population. In the six Western cities of Winnipeg, Regina and Saskatoon (for which data were available only on a

combined basis), Calgary, Edmonton and Vancouver, Aboriginal unemployment averaged 2.8 times the unemployment rate for the general population. Participation rates for Aboriginal workers are, remarkably, about equal to the total population in the Eastern cities, but in the Western cities participation rates are much lower for Aboriginals than for all Canadians.

The Future of Labour Markets for Aboriginal Peoples

Between 1991 and 1996, Aboriginal unemployment did not improve, either in absolute terms or relative to the overall population. But even maintaining this unimpressive record will not be easy in

future because of the continuing rapid growth of the Aboriginal working age population. In 1996, the under-15 age group made up 35 percent of the Aboriginal identity population, compared to 20 percent for the non-Aboriginal population. Currently, Aboriginal people constitute 3.7 percent of the overall 15-to-24 age group. In the next decade, they will represent closer to 4.8 percent. This substantial increase in Aboriginal youth will pose an enormous challenge to the labour market, as well as to training and employment development activities.

The regional breakdown of the demographic bulge is not dissimilar to the regional distributions in employment status: The biggest future challenges are in the West. Over the coming decades, the Aboriginal workforce will continue to expand rapidly,

Table iii
Aboriginal Unemployment and Participation
Rate Indices, Selected Census Metropolitan Areas, 1996

Census Metropolitan Area	unemployment rate index	participation rate index
Montreal	167	109
Ottawa-Hull	183	97
Toronto	172	100
<i>Eastern cities average</i>	167	104
Winnipeg	316	86
Regina & Saskatoon	348	78
Calgary	215	94
Edmonton	274	86
Vancouver	238	94
<i>Western cities average</i>	281	87

and this growth will be most pronounced in the West. Cities such as Winnipeg, Regina, Saskatoon and Edmonton will need to absorb increasing numbers of new Aboriginal entrants into their labour markets. In Winnipeg, for example, the Aboriginal labour force likely will exceed 16 percent of the total labour force by 2016. These cities' future prosperity and well-being may well depend upon their capacity to employ their growing Aboriginal workforce.

Policy Implications

Establishing measurable goals has been one of the rallying cries of public service management philosophy in recent years. In the case of the role and place of Aboriginal people in the Canadian labour market, it is possible to set a specific and measurable quantitative goal – namely, employment equity. Canada should decide to aim for employment levels of Aboriginal people equal to employment within the general population for each region of the country, and should publicly state this goal, setting up objective, independent accountability mechanisms. Of course, it is not reasonable to expect the goal of employment equity to be reached quickly, or perhaps even in a single generation. Nevertheless, equity is the only ethically acceptable objective of public policy for Aboriginal Canadians, and will provide a measurable basis for the long-term guidance of labour market policy.

One of the most surprising findings is the high labour force participation rate of Aboriginal people relative to their high unemployment rate. One of the policy instruments sometimes advocated is payment of additional money to supplement low wages so that the poor and unemployed will have an 'incentive' to join and stay in the labour market. But if participation rates are already high, incentives are obviously not the problem; equipping the unemployed to find and keep jobs is the problem. Public resources would be better invested in adult education opportunities, skills upgrading, training, job preparation, financial assistance with transportation to work and work clothing, child care, and stable, affordable housing.

Whatever the social and cultural bases of the relatively high participation rates among Aboriginal people, they may well erode in future years, given persistent high levels of unemployment that could discourage them from actively looking for work. In other words, high Aboriginal participation rates are a valuable but time limited asset that should be taken advantage of while it still exists.

Canada is a divided labour market for Aboriginal people. The employment situation in the East is not good, but Aboriginal employment in the West is terrible, especially on the Prairies, with Vancouver not far behind. If the cycle of unemployment and poverty continues, it is likely to become self-reinforcing. Even a casual visitor to Winnipeg can easily spot the growth of concentrated poverty, deteriorating housing, gangs and all the other signs marking the emergence of Canada's first US-style slum. The same phenomenon can be found in some other Prairie cities.

The problems at the core of this development ultimately must be solved by Aboriginal people themselves, through their own perseverance and strength. However, governments can do a lot to provide opportunities and a more positive environment in which Aboriginal business, cultural and political organizations can help their own communities, and in which individual Aboriginal people seeking opportunity can find it.

There must be a much-enlarged investment in opportunities for training, skills acquisition and education. Good quality, culturally appropriate child care must be readily available; stable, affordable quality housing is required to serve as an anchor to turn around communities. Small business startup should be assisted and Aboriginal entrepreneurs given easier access to capital. Crime prevention and neighbourhood safety must be a priority and handled by neighbourhood organizations. Such help will require added investment by governments.

But this investment will not be used as effectively as possible without better coordination among governments and among departments within governments. Not only do municipal, provincial and

federal governments all have some part to play, so do First Nations' governments, school boards, other Aboriginal organizations and local communities. There is still far too little coordination among and within these various institutions. To do its part more effectively, the federal government could appoint a

Deputy Minister to reside in Winnipeg or in Regina, with a mandate to coordinate federal Aboriginal efforts on the ground and initiate broad coalitions with other governments and non-governmental organizations, particularly in urban areas.

Introduction

In Canada's modern economy, dignity, self-respect and independence as an adult are intimately tied to being able to support oneself. Earning an income and participating in the productive work of society are necessary not just to put bread on the table and a roof over one's head: Employment is also a cornerstone of a fulfilling life. But with continuing high levels of unemployment, many Canadians are struggling to get and keep a job. Aboriginal Canadians are among those hardest hit by unemployment.

The fact that many Aboriginal people are encountering great difficulty finding and keeping jobs should be of concern to all Canadians, not just Aboriginal Canadians. For one thing, all of us will be called upon to respond to larger demands on various forms of public assistance and other social supports. Doubtless, the quality of life in many of our cities will be affected for everyone. But the potential consequences for Canadians, whether Aboriginal or non-Aboriginal, lie not only within the social sphere: Our future economic and social well-being will be greatly diminished if Aboriginal peoples are not full and equal participants in the labour market. A nation and its regions cannot be healthy and prosperous if an ever-growing percentage of its citizens and its workforce are socially excluded, undereducated and often unemployed.

To understand better how Aboriginal Canadians are faring, this study analyses two key indicators of labour market activity – unemployment and participation rates, and how Aboriginals compare on these measures to the population overall.¹ The objective of the report is to draw a clearer picture of labour markets in Canada as they affect Aboriginal peoples in different regions and to review the consequences of this picture for public policy.

the data for this report

There are two data sets available describing Canada's Aboriginal peoples. One deals with the Aboriginal *origin* population, meaning Canadians

who report Aboriginal ancestry. The Aboriginal origin population was the long-standing data set collected in all Canadian Censuses for many years that was used in most analyses in the past. The other data set is the Aboriginal *identity* population. These are people who identify themselves as Aboriginal, or who report themselves as Treaty Indian or Registered Indian under the Indian Act, or who are members of a First Nation. The Aboriginal identity population was first surveyed in a 1991 post-Censal survey called the Aboriginal Peoples Survey, based on a sample of those people who identified themselves as having an Aboriginal origin in the 1991 Census. Subsequently, the 1996 Census asked respondents about both Aboriginal identity and origin.

Since the Aboriginal identity population is the group that sees itself as Aboriginal, it is most likely to use specialized labour market services meant for Aboriginal people, and is also the group that will be identified for many critical policies in the future (such as employment equity programs which rely upon self-identification). Consequently, this study uses data about the Aboriginal identity population from the 1991 Aboriginal Peoples Survey and the 1996 Census. This choice of data limits the study to just two points in time – 1991 and 1996 – but the information is rich enough to permit relevant empirical insights to emerge. While the 1996 Aboriginal Census data are not yet readily accessible for general public use, they are now available to Human Resources Development Canada, which provided custom tabulations on the Aboriginal identity population from the 1996 Census for this paper.²

However, there are limitations in comparing the two Aboriginal identity data sets from 1991 and 1996. In both years, there were some Reserves that were under-enumerated or not enumerated at all, and the pattern is not necessarily identical in 1991 as in 1996. Furthermore, self-identification may have differed because of the varied contexts of the two surveys; one is post-Censal and the other is within the Census proper. Finally, there may be different propensities to report identity as an Aboriginal at different times, due to prevailing social conditions and expectations. A caveat therefore should

be placed on the comparisons of the identity populations for 1991 and 1996, as the two samples are not perfectly matched. It is doubtful, however, that these limitations affect our overall findings.

the organization of this report

The paper is organized in four main sections. The first section deals with the central labour market indicators: unemployment and participation rates. The second section discusses the geographical features of the labour market for Aboriginal peoples. The third sets out some of the challenges for employment of Aboriginal people in the future. The fourth section analyzes the implications for public policy of the empirical findings in the preceding sections.

Section 1: Unemployment and Participation Rates

Table 1 presents basic demographic data for the working age population of Aboriginals and the general population in 1991 and 1996. The adjusted total population of persons over 15 identifying themselves as Aboriginal in the 1996 Census was 518,590, which represents 2.3 percent of Canada’s working age population. The Aboriginal identity working age population was much smaller in 1991,

at 388,900 or 1.8 percent of the total working age population. The Aboriginal identity working age population grew by 33.3 percent between 1991 and 1996, which is far greater than the 5.7 percent increase in the non-Aboriginal working age population. Some of this apparent growth may be attributable to more comprehensive reporting in the 1996 Census than in the 1991 Aboriginal Peoples Survey, but the greatest portion is undoubtedly reflective of the reality that the Aboriginal population is very young compared to the non-Aboriginal population, and is very rapidly growing – especially into the working age years.

unemployment rates

Table 2 shows the unemployment rates of Aboriginal people compared to the general population in 1991 and 1996. One-quarter of the Aboriginal labour force was unemployed in both 1991 and 1996, compared to 10 percent of the general population. A straightforward and simple index of the unemployment of Aboriginals compared to the population as a whole was created by dividing the rate of Aboriginal unemployment into the rate of unemployment among the general population. The Aboriginal unemployment index remained at a steady ratio of about 240 – just under two-and-a-half times the total rate – in 1991 and 1996.

**Table 1
Aboriginal and Non-Aboriginal
Working Age Population, 1991 and 1996**

working age population (15 and over)	1991	1996	% change 1991-1996
total	21,304,735	22,628,920	6.2
non-Aboriginal	20,915,835	22,110,330	5.7
Aboriginal	388,900	518,590	33.3
Aboriginal as % of total	1.8	2.3	

Table 2
Aboriginal Unemployment Rate and Index,
1991 and 1996

	Aboriginal unemployment rate %	total unemployment rate %	Aboriginal unemployment rate index
1991	24.5	10.2	241
1996	24.5	10.1	243

The trends indicate a good news/bad news story. The good news is that the unemployment rate for Aboriginal people did not worsen between 1991 and 1996, despite the substantial 33.4 percent increase in the working age population.

The bad news is that Aboriginal people were only being absorbed into the labour market at about the same rate in 1996 as in 1991. This means that we made no progress in five years in improving the labour market position of Aboriginal peoples relative to the general population. The risk of unemployment among Aboriginal people remains almost two-and-a-half times higher than among the general population.

There is more bad news: The apparent stability in relative unemployment rates may be deceptive. While the general population's unemployment rate was essentially identical in 1991 and 1996, it fell on different points of the unemployment curve. In 1991, the unemployment rate was on the upswing with the worst recession since the Great Depression of the 1930s, but in 1996 the jobless rate had finally fallen back to 10.1 percent with economic recovery.³ In other words, these two times represent radically different points in the business cycle.

Ordinarily, workers in lower-paid jobs lose ground most during a recession and recover when

growth returns to the economy. For this reason, we would expect the unemployment rate of Aboriginal people, who are over-represented in lower-paid employment, to improve at least a little from 1991 to 1996. This did not happen. Thus the apparent stability of unemployment of Aboriginal people in 1996 actually may be disguising further deterioration of the position of Aboriginal workers, which will only become apparent over the longer run. This pessimistic view is given further weight when we look at the data on a province-by-province basis.

Table 3 presents the unemployment rate of Aboriginal Canadians compared to the population at large, disaggregated by province. While there has been little change in the Aboriginal unemployment rate index for Canada overall, there have been substantial shifts in most provinces. The relative unemployment position of Aboriginal workers declined a great deal in Quebec and Ontario, while it improved in every other province. Further detailed research would be required to understand the specific reasons for the relative deterioration in the employment performance for Aboriginal peoples in those two provinces from 1991 to 1996; however, it is a warning sign. The 'stability' of unemployment rates for Aboriginal workers relative to those of the general population turns out to be the product of significant deterioration in the two largest provinces offset by improvement everywhere else.

Table 3
Change in Aboriginal Unemployment Rate Index,
Canada and the Provinces, 1996 Versus 1991

	1991 Aboriginal unemployment rate index	1996 Aboriginal unemployment rate index	percentage point change 1996-1991
Nfld	159	141	-18
PEI	220	205	-15
NS	209	186	-23
NB	212	207	-5
Que	197	252	+55
Ont	199	230	+31
Man	329	325	-4
Sask	383	361	-22
Alta	305	293	-12
BC	269	266	-3
NWT	303	238	-65
Yukon	191	172	-19
Canada	241	243	+2

participation rates

Table 4 shows the rate of labour force participation (i.e., the proportion of the working age population either working or actively searching for work) among Aboriginal people in 1991 and 1996. The Aboriginal participation rate improved somewhat between 1991 and 1996 and, coupled with a decline in the participation rate among the general population, raised the Aboriginal participation rate index from 85 in 1991 to 90 in 1996. Of course, with unemployment rates holding steady and participation rates going up slightly, the 'employment rate' (i.e., the percentage of the working age population that is employed) also was slightly higher in 1996 (44 percent of the Aboriginal population) than in 1991 (43 percent). Since the employment rate is

simply a function of the participation rate and the unemployment rate, we do not separately discuss the employment rate further in this paper, focussing instead on the other two variables measuring labour market activity.

Participation rates usually are very sensitive to unemployment levels, as higher unemployment tends to discourage workers who then drop out of the workforce. But Aboriginal workers do not seem to be so easily discouraged. The improvement in the participation rate of Aboriginal workers is obviously an important phenomenon for many reasons, not the least being that it is contrary to the image some Canadians may have of Aboriginal people. Aboriginal workers are not dropping out of the labour force in as large numbers as one would expect,

Table 4
Aboriginal Participation Rate and Index,
1991 and 1996

	Aboriginal participation rate %	total participation rate %	Aboriginal participation rate index
1991	57	68	85
1996	59	66	90

given their high levels of unemployment. Aboriginal participation rates are not yet displaying the same 'discouraged worker' effect as seen in the overall population.

How much lower would Aboriginal participation rates been had they reflected the same relationship to unemployment as exists in the general population?

A regression analysis of the rate of unemployment against the participation rate for the general population produced a formula⁴ which was applied to the Aboriginal workforce, given its actual rates of unemployment, to estimate a 'derived' Aboriginal participation rate. The results are shown in Figure 1, which compares actual Aboriginal participation rates to the derived rates for 1996 – namely, what Aboriginal participation rates would have been if they had the same relationship between unemployment and workforce participation as the general community.

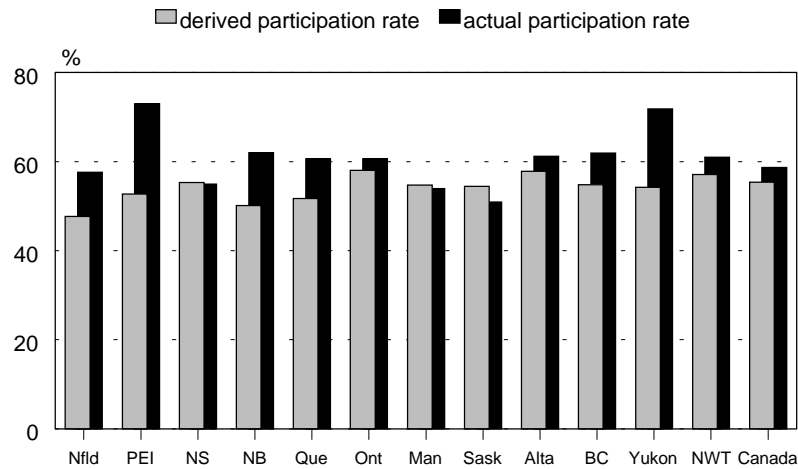
Actual Aboriginal participation rates are higher than the derived rates in all provinces, except in Nova Scotia, where they are almost equal, and in Manitoba and Saskatchewan, where actual rates are lower than the derived rates. (This evidence indicates extraordinary problems on the Prairie provinces, discussed more extensively below.) For Canada overall, the actual participation rate of Aboriginals

is 3.3 percentage points better than it would have been had the Aboriginal workforce the same relationship between participation and unemployment as does the population overall.

Relatively high Aboriginal participation rates are a very positive indicator. They represent a valuable social asset, which should not be wasted. The problem is not so much persuading dropouts to try again in the labour force, as providing eager job seekers with opportunities and skills to better match demand in the labour market. The latter task is a lot more readily achievable than the former.

We can only speculate on the reasons for the higher than anticipated participation rates: They could well have something to do with the relatively brief time that many Aboriginal people have been part of the wage economy. For many Canadian Aboriginals, it has only been one generation or two that they have been part of the paid labour market. It could be that the attitudes of wage workers, who drop out of the labour force more readily in the face of high unemployment, have not yet been fully assimilated by Aboriginal Canadians. If correct, this factor means that the valuable asset of higher than normal participation rates could deteriorate over time. Thus, we may have a limited window of opportunity to go at least some way in closing the unemployment gap now, before the job gets much more difficult (and expensive) in the future.

Figure 1 Aboriginal labour force participation rate, actual and derived, provinces and Canada, 1996



data: Statistics Canada

summary observations

1. The Canadian labour market absorbed a 33.3 percent increase in the Aboriginal labour force over the five years from 1991 to 1996 (although some of this growth may be attributable to statistical reporting anomalies). There were about 130,000 new Aboriginal workers, yet no increase in unemployment rates among Aboriginals nor in the unemployment rate gap between Aboriginals and non-Aboriginals.

2. The relative status quo in the labour market is being preserved, but Aboriginal Canadians started far behind and are staying as far behind as ever. In short, the Aboriginal unemployment rate compared to the general unemployment rate was as bad in 1996 as in 1991. No progress has been made in closing the unemployment gap between Aboriginals and the overall population.

3. The underlying structural reality may be worse than the raw statistics demonstrate, perhaps disguising a deterioration in the unemployment rate of Aboriginal workers relative to economic conditions. Relative unemployment rates in the two central pro-

vinces, Ontario and Quebec, have fallen even in the midst of a recovery.

4. On the positive side of the labour market for Aboriginal peoples is their continued surprisingly strong labour market attachment. Participation rates remain high and, in fact, increased from 1991 to 1996. The continued elevated participation rates of the Aboriginal working age population should be seen as a very positive social asset – an invaluable element of social capital which may be available only for a limited time.

Section 2: The Geography of Labour Markets for Aboriginal Peoples

regions

Table 5 shows regional unemployment and participation rates for the 1996 Aboriginal identity population, both in absolute terms and relative to the overall population.

There are no East-West differences in the Aboriginal unemployment rate, which is essentially

the same across the country. Nor do Aboriginal labour force participation rates differ significantly between East and West. Participation rates are a bit better in the East than in the West, with the three Prairie provinces lagging, but the regional differences are not overwhelming.

But the story is very different when we compare Aboriginal unemployment and participation rates to the general population. There are significant differences between the East and the West (especially the Prairie provinces) in the relative rates of unemployment and participation for Aboriginal people. While the unemployment rate for Aboriginal people was double that for the whole population in the East, the Aboriginal jobless rate in the West was about three times that for the population, and even worse on the Prairies. The Aboriginal participation rate in the East was close to the participation rate among the general population in 1996 (the ratio was 94), but significantly lower in the West (85 percent) and especially on the Prairies (80 percent).

The similarity in the Aboriginal labour market indicators in the East and the West is therefore somewhat deceptive. For the general population, unemployment rates are lower and participation rates higher in the West than the East. However, the employment situation for Aboriginal people compared to the overall population is worse in the West than the East, and the Prairie provinces are worst off. In the East, Aboriginal labour market conditions

are very poor, but not wildly outside the situation for disadvantaged groups.⁵ However, the situation of Aboriginals in Western labour markets is much worse than that of the overall population.

This pattern can be seen starkly in the data disaggregated to the provincial level, illustrated in Figures 2 and 3. Figure 2 shows the rate of unemployment of Aboriginal people in each province compared to overall unemployment in 1996. All of the West, with the exception of the Yukon, had higher relative rates of Aboriginal unemployment than *any* of the Eastern provinces. Manitoba and Saskatchewan stand out. Figure 3 shows the relative participation rates of Aboriginal people. Again, all the Western provinces and the Territories, with the exception of BC, were worse (i.e., lower) than any of the Eastern provinces. And, once again, Manitoba and Saskatchewan fared worst of all.

Of course, one year does not necessarily imply a fixed pattern in the labour market. But looking back to 1991, we find the East-West pattern almost identical to 1996. This finding adds weight to the conclusion that a geographically divided labour market may be a stable fixture of the Canadian labour market for Aboriginal workers.

Table 6 shows the difference between the East and the Prairies, and the East and the West, in unemployment among Aboriginal people compared to the general population. In 1991, the Aboriginal

Table 5
Aboriginal Unemployment and Participation
Rates and Indices, by Region, 1996

	Aboriginal unemployment		Aboriginal participation	
	rate	index	rate	index
East (Newfoundland to Ontario)	25	229	60	94
West (Prairies, BC and Territories)	24	291	58	85
Prairie provinces	24	326	56	80

Figure 2 Aboriginal unemployment rate index, provinces and Canada, 1996

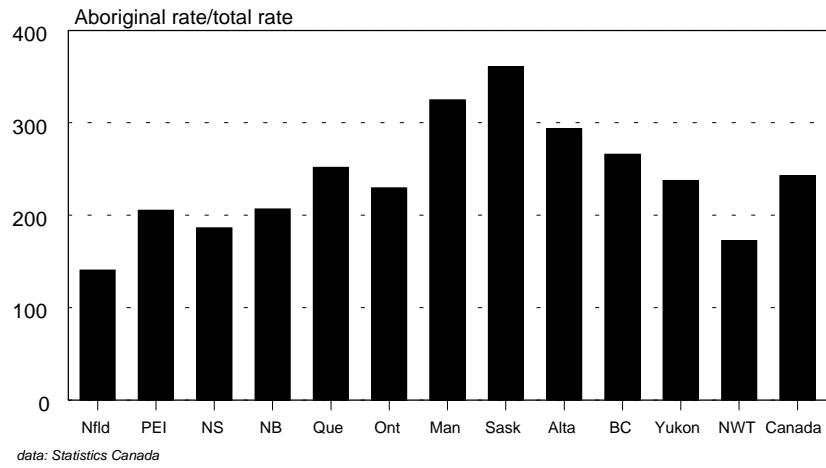
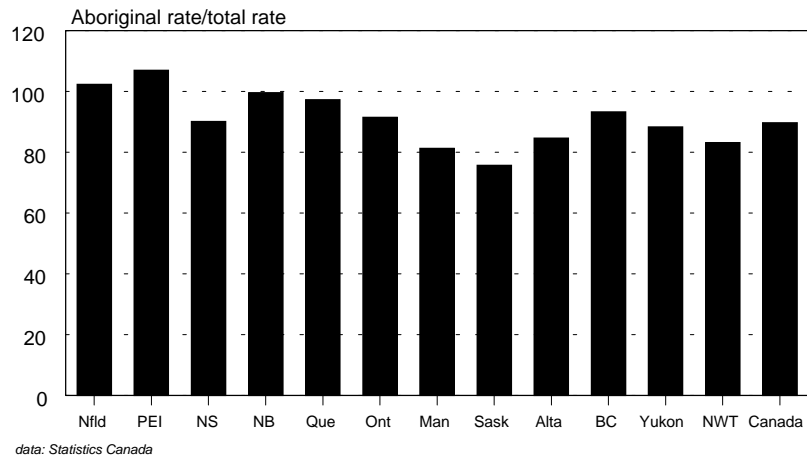
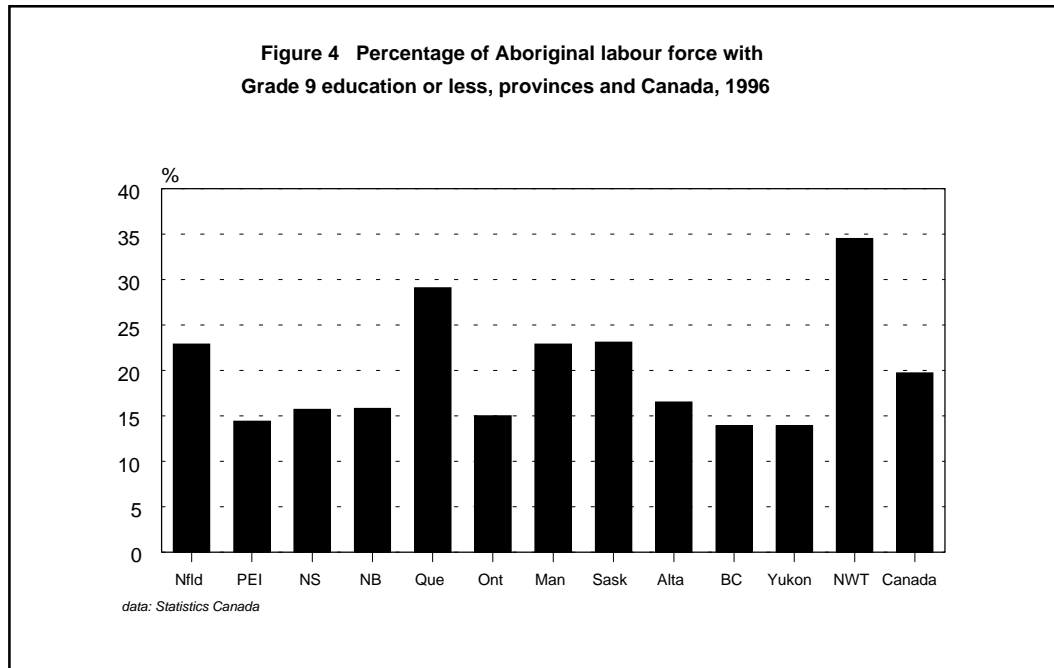


Figure 3 Aboriginal participation rate index, provinces and Canada, 1996



Erratum: To replace page 15 in report.



**Table 6
Aboriginal Unemployment and Participation Rate
Indices by Region, 1991 and 1996**

	1991	1996
Aboriginal unemployment rate index		
East	88	85
Prairies	75	69
<i>East minus Prairies</i>	<i>+13 points</i>	<i>+16 points</i>
West	81	78
<i>East minus West</i>	<i>+7 points</i>	<i>+7 points</i>
Aboriginal participation rate index		
East	195	195
Prairies	332	366
<i>East minus Prairies</i>	<i>- 137 points</i>	<i>-171 points</i>
West	298	321
<i>East minus West</i>	<i>-103 points</i>	<i>- 126 points</i>

unemployment index was 137 percentage points lower in the East than in the Prairies. By 1996, the unemployment rate gap had widened to 171 percentage points. The gap in relative unemployment between the East and the West also grew in 1996 over 1991.

Table 6 also shows that the index of participation rates for Aboriginal people compared to the whole population was 13 percentage points higher in the East than the Prairies in 1991 and a little more – 16 points – in 1996. The relative participation rate of Aboriginal people in the East was 7 percentage points better than the West overall in both 1991 and 1996.

Finding the explanation – more likely explanations – for the East-West division of the labour market for Aboriginals is beyond the scope of this report. However, part of the reason may lie in differences in the skills and education of the workforce. Figure 4 plots the percentage of the Aboriginal workforce with secondary school graduation or better for each province. While the pattern is not precisely identical to the pattern of East-West relative unemployment, it is clear that there are substantial East-West differences. Manitoba and Saskatchewan again stand out, with the poorest-educated Aboriginal workforce in the country. In a regression of relative unemployment for each province (excluding PEI and the Territories), the proportion of the Aboriginal workforce with less than secondary school graduation was found to explain 56 percent of the difference in the relative rate of unemployment.⁶

cities

Another way to look at geography is to analyze the labour markets of Canada's major urban centres. Tables 7 and 8 set out unemployment and participation rates and indices for major cities in the East and the West.

As can be seen in Table 7, in the three Eastern cities of Montreal, Ottawa-Hull and Toronto, unem-

ployment rates among persons of Aboriginal identity averaged 17 percent in 1996, which was very high – 1.7 times higher than unemployment rate for the whole population in those three cities. In the six Western cities shown (Winnipeg, Regina, Saskatoon, Calgary, Edmonton and Vancouver), Aboriginal unemployment averaged 22 percent. In Calgary, the unemployment rate among Aboriginal persons was 14 percent, which is significantly lower than in the other cities. However, unemployment among the general population is very much lower in all these Western cities, so that the *relative* level of Aboriginal unemployment was substantially higher than in the East – 2.8 times higher than the general population.

Table 8 gives labour force participation rates for 1996. Again, the East-West pattern in relative participation rates remains very much in evidence. Participation rates for Aboriginal workers are, remarkably, a bit higher than the general population in the Eastern cities as an average. However, in the Western cities, participation rates are almost 10 percentage points lower on average for Aboriginal workers than for the general population. Aboriginal participation rates are especially low in Regina, Saskatoon and Winnipeg, at less than 60 percent of the rate for the population overall.

The averages of the indices for unemployment and participation rates in 1991 and 1996 for the Eastern cities and the Western cities are set out on Table 9. The East-West pattern of harsher labour markets for Aboriginals in the West than the East has persisted for at least five years, although the difference between the Eastern and Western cities' relative rates of unemployment has diminished somewhat. The relative rate of unemployment index in Western cities improved marginally from 311 in 1991 to 281 in 1996, while the index for Eastern cities deteriorated badly from 125 to 167. Participation rates remained almost stable, improving a little in both East and West from 1991 to 1996.

In sum, the data at a city level more or less replicate and therefore tend to confirm the patterns we saw at the regional level.

summary observations

1. There are really two labour markets in Canada for the Aboriginal work force: East and the West. The consistency and strength of the results for both 1991 and 1996, as well as for both cities and regions, confirm that the geographic division of the labour market for Aboriginals is an underlying reality, not just a passing statistical anomaly. In the East, labour market conditions are bad and have worsened since 1991, but are still not so far removed from the ‘norm’ for visible minorities. However, in the West, the relative situation of Aboriginal peoples in the labour market is far outside of any norms. The Prairies especially concentrate relatively poor labour market conditions for Aboriginal peoples, both in the cities and in the broader region.

2. The conclusions are not all negative. While the labour market for Aboriginal people is different in the East than the West, compared to the general

population, in *absolute* terms the participation rate in the West has improved to the extent that by 1996 it was almost the same as that in the East for Aboriginal people. Moreover, in 1996 the unemployment rate for Aboriginal people in the West was lower than in the East.

Section 3: The Future of Labour Markets for Aboriginal Peoples

As we have seen, Canada’s Aboriginal population is growing rapidly. Over the five years between 1991 and 1996, Aboriginal employment just kept up to the growth in population, so that there was no increase in unemployment rates. But there also was no improvement in the unemployment rate of Aboriginal people compared to the general population. In the coming decades, how many new jobs will have to be filled by Aboriginal workers just to keep up to the current levels of employment in the

**Table 7
Aboriginal Unemployment Rates and Indices,
Selected Census Metropolitan Areas, 1996**

Census Metropolitan Area	Aboriginal unemployment rate %	total unemployment rate %	unemployment rate index
Montreal	21	13	167
Ottawa-Hull	16	9	183
Toronto	16	9	172
<i>Eastern cities average</i>	17	10	167
Winnipeg	25	8	316
Regina & Saskatoon	26	7	348
Calgary	14	7	215
Edmonton	23	8	274
Vancouver	20	9	238
<i>Western cities average</i>	22	8	281

Table 8
Aboriginal Participation Rates and Indices,
Selected Census Metropolitan Areas, 1996

Census Metropolitan Area	Aboriginal participation rate %	total participation rate %	participation rate index
Montreal	62	56	109
Ottawa-Hull	67	70	97
Toronto	67	67	100
<i>Eastern cities average</i>	66	63	104
Winnipeg	58	67	86
Regina & Saskatoon	54	70	78
Calgary	70	74	94
Edmonton	61	71	86
Vancouver	63	67	94
<i>Western cities average</i>	60	69	87

Table 9
Aboriginal Unemployment and Participation Rate Indices,
Eastern and Western Cities, 1991 and 1996

	unemployment rate index		participation rate index	
	1991	1996	1991	1996
Eastern cities average	125	167	101	104
Western cities average	311	281	84	87

Table 10
Aboriginal and Non-Aboriginal
Population Under and Over 15, 1996

	all ages	under 15 years	under 15 as % of all	over 15 years	over 15 as % of all
total	28,528,125	5,899,200	20.7	22,628,925	79.3
non-Aboriginal	27,729,115	5,618,785	20.3	22,110,330	79.7
Aboriginal	799,010	280,415	35.1	518,595	64.9
Aboriginal as % of total	2.8	4.8		2.3	

Aboriginal population? How many new jobs will be needed to go further and close the employment gap between Aboriginal and non-Aboriginal Canadians?

Research reports done for the Royal Commission on Aboriginal Peoples estimate that the rate of employment of Aboriginal workers would have to grow annually by about 2.3 percent just to maintain today's status quo through to the year 2016. For the Aboriginal workforce to reach an employment rate equal to the general population by the year 2016, the number of employed Aboriginals would have to grow by 4.4 percent annually. By contrast, total growth in employment for the general population in Canada over the last 15 years, from 1981 to 1996, has averaged only 1.3 percent.⁷ In other words, growth in Aboriginal employment would have to be almost double that of the general population just to maintain the status quo, and more than three times that of the total population to close the employment gap over the next decades.

The above figures are projections of the Aboriginal population based on 1991 data. They estimate a 2.3 percent average annual growth rate of the Aboriginal working age population between 1991 and the year 2016. But as noted in Table 1 of this paper, the working age population identifying

itself as Aboriginal grew by 33.3 percent between 1991 and 1996, an average increase of 6.6 percent annually. New demographic projections of the Aboriginal population based on the 1996 Census have not yet been prepared. However, while the 6.6 percent rate of growth doubtless will not continue into the future, and part of this 'growth' is likely due to statistical problems in comparing the 1991 and 1996 data bases, the high growth rate does mean that the demographic 'bulge' in the near future will be especially challenging.

The reason for the high growth is easy to see in Table 10. In 1996, the under-15 age group made up 35.1 percent of the total Aboriginal identity population, compared to 20.3 percent of the non-Aboriginal population. Aboriginals constitute 4.8 percent of Canada's population under 15, but only 2.3 percent of the population over 15. Currently, Aboriginal people represent 3.7 percent of the 15-to-24 age group: In the next decade, Aboriginals will represent closer to 4.8 percent of this youth group. This trend will pose an enormous challenge to the labour market, as well as to training and employment development activities.

The regional breakdown of the demographic bulge is not dissimilar to the regional distributions we have seen in unemployment status: The biggest

future challenges are in the West. Table 11 shows the percentage of the Aboriginal population under age 15 in each of the provinces and territories, and in the regions of the East, West and Prairies. Clearly, the Prairies and what were the Northwest Territories (now two territories) face the greatest challenges. In Saskatchewan, 42 percent of the Aboriginal identity population is under 15, and this is the province which today has among the highest rates of unemployment and lowest rates of participation relative to the general population.

the Aboriginal workforce in the cities

Table 12 presents the analysis for selected cities. Once again, it is in the West where the Aboriginal work force will grow fastest, especially in the

Prairie cities of Regina, Saskatoon, Winnipeg and Edmonton. The challenge to the Western cities will be enormous and their future prosperity and quality of life will depend upon their capacity to meet this challenge.

As noted in the previous discussion, the demographics of the Aboriginal population mean that the Aboriginal workforce will grow rapidly. However, as a proportion of the total Aboriginal population, the urban Aboriginal workforce remained about constant between 1991 and 1996, as seen in Table 13. But this stability within the Aboriginal population is doubtless a temporary phenomenon since, as we have seen, there is a relatively large demographic bulge of young people today among Aboriginal peoples.

Table 11
Aboriginal Population Under 15,
by Region, Province and Territory, 1996

	total Aboriginal population	Aboriginal population under 15	under-15 as % of total
Nfld	14,200	4,240	29.9
PEI	950	320	33.7
NS	12,380	4,190	33.8
NB	10,250	3,425	33.4
Quebec	71,415	21,945	30.7
Ontario	141,525	43,965	31.1
<i>East</i>	250,720	78,085	31.1
Manitoba	128,680	48,230	37.5
Saskatchewan	111,245	46,360	41.7
Alberta	122,835	45,270	36.9
Prairies	362,760	139,860	38.6
BC	139,655	44,805	32.1
Yukon	6,175	1,930	31.3
NWT	39,690	15,730	39.6
<i>West</i>	548,280	202,325	36.9
Canada	799,000	280,410	35.1

Table 12
Aboriginal Population Under 15
in Selected Cities, 1996

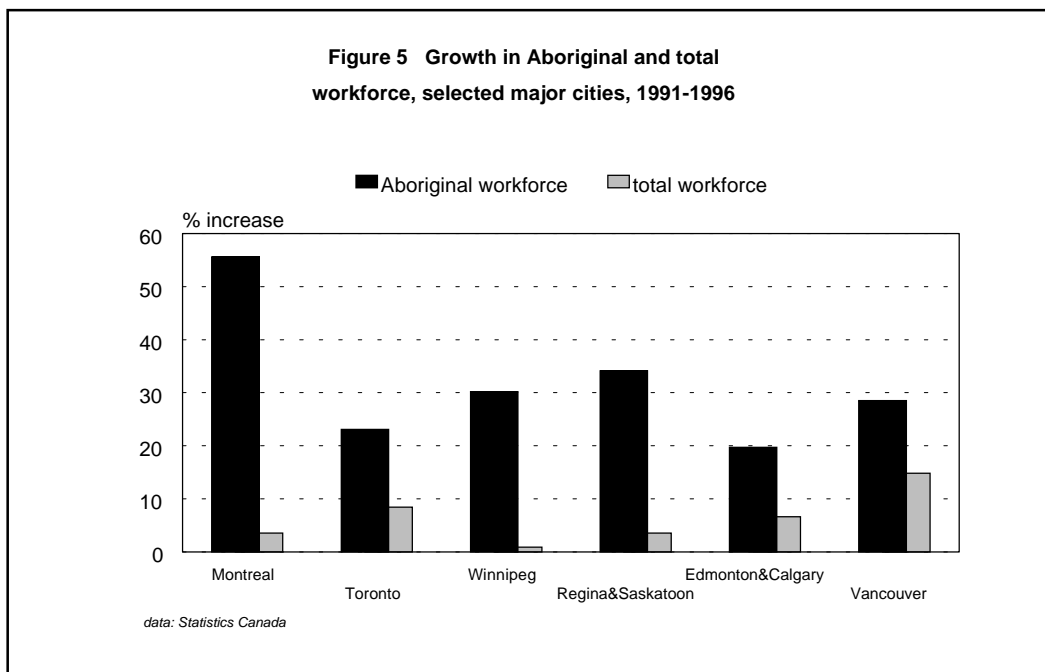
	total Aboriginal population	Aboriginal population under 15	under-15 as % of total
Montreal	9,960	2,460	24.7
Ottawa-Hull	11,605	2,875	24.8
Toronto	16,100	3,925	24.4
<i>Eastern cities total</i>	37,665	9,260	24.6
Winnipeg	45,750	16,150	35.3
Regina & Saskatoon	29,765	12,165	40.9
Calgary	15,195	5,020	33.0
Edmonton	32,825	11,665	35.5
Vancouver	31,140	8,665	27.8
<i>Western cities total</i>	154,675	53,665	34.7

It is very likely that there will be substantial in-migration to cities of working age Aboriginal people as they complete school and enter their late teen and early adult years – simply because this is the pattern throughout the world as people continue to move to cities in search of better, more diverse opportunities and a more stimulating environment. In the cities, the effect will be to compound demographic growth by in-migration into urban areas, resulting in an even more rapidly accelerated rate of growth.

Even though the Aboriginal workforce in the cities has been a relatively stable proportion of the total Aboriginal population, the Aboriginal city workforce has not been a stable proportion of the total city workforce – quite the reverse. Figure 5 shows the extraordinary rate of growth from 1991 to 1996 of the Aboriginal workforce compared to the general workforce in selected major cities in urban Canada. The black bars in Figure 5 illustrate the rate of growth of the Aboriginal work force; the gray bars show the rate of growth of the workforce

Table 13
Aboriginal Working Age Population in Major Cities as % of
Total Aboriginal Working Age Population in the Province, 1991 and 1996

	Montreal	Toronto	Winnipeg	Regina & Saskatoon	Edmonton & Calgary	Vancouver
1991	13	13	37	27	43	27
1996	15	13	37	27	40	24



among the general population. In Vancouver, the rate of growth of the Aboriginal workforce was ‘only’ double that of the workforce as a whole, and that is the *smallest* relative growth among the major cities. The Aboriginal workforce increased 34 times more than the total workforce in Winnipeg, 16 times more in Montreal and 10 times more in Regina and Saskatchewan. Some of this differential may be due to the statistical artifact of a greater propensity to report Aboriginal identity in 1996 than in 1991, but this factor is not large enough to change our conclusions regarding workforce growth.

Of course, the Aboriginal workforce in Montreal remains a small portion of the total workforce even with this substantial increase. In a city such as Winnipeg, the ‘smaller’ rate of growth is from a much larger base and so is more substantial in absolute terms. Figure 6 compares the Aboriginal workforce as a percentage of the total workforce in selected major cities in 1991 and 1996. In Winnipeg, the Aboriginal workforce has grown from an already significant base of 4.4 percent of the total workforce in 1991 to 5.6 percent in 1996, and in Regina and Saskatchewan, from 4.3 percent to 5.6 percent.

Finally, Figure 7 shows the results of a simple extrapolation of current trends 20 years into the future beyond the 1996 Census, assuming roughly the same relative growth of the non-Aboriginal and Aboriginal workforces as was experienced from 1991 to 1996. This is not meant to be an exact projection by any means; rather, it is a rough and ready approximation. Indeed, it may be an underestimate because, as noted above, there is a demographic bulge in the Aboriginal labour force, and it is also reasonable to anticipate additional migratory effects. Nevertheless, even with these potentially conservative estimates of future growth, the labour force of Winnipeg, Regina and Saskatoon is likely to be at least 16 percent Aboriginal by 2016. If this major challenge to the future labour market is to be met, we must start working immediately to achieve real improvements in the employability and employment opportunities of Aboriginal peoples.

summary observations

1. Just maintaining the current record of Aboriginal employment will continue to require a much higher

Figure 6 Aboriginal workforce as percentage of total workforce, selected major cities, 1991 and 1996

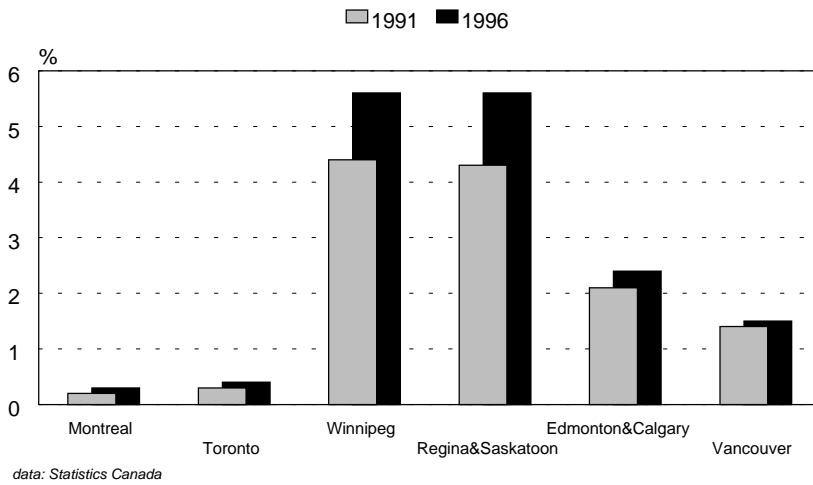
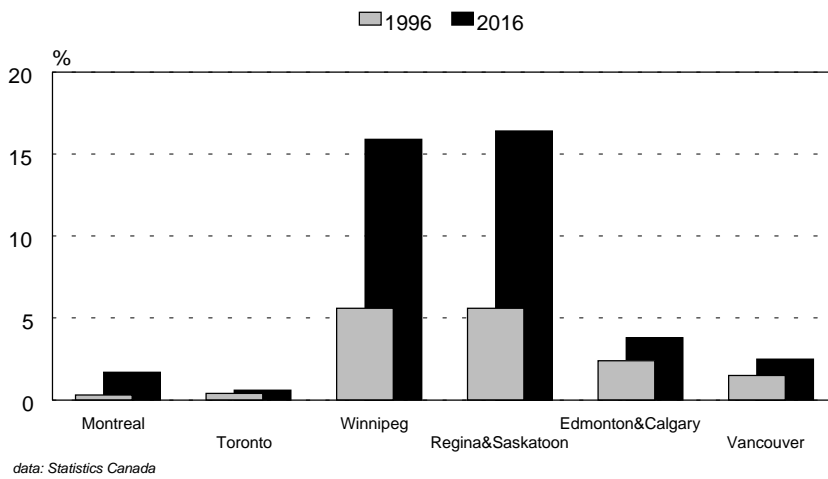


Figure 7 Aboriginal workforce as percentage of total workforce, selected major cities, 1996 and projected 2016



percentage of new jobs going to Aboriginal people than to non-Aboriginals. To achieve equity of employment rates between Aboriginal people and the general population will require growth rates in Aboriginal employment of more than triple those for the general population.

2. Over the next few decades, there will be continuing rapid growth in the Aboriginal workforce, and this increase will be most pronounced in the West. Cities such as Winnipeg, Regina, Saskatoon and Edmonton will need to absorb increasing numbers of new Aboriginal entrants into their labour markets. The future prosperity and well-being of these cities will depend upon their capacity to provide job opportunities for their Aboriginal workers.

Policy implications

Aboriginal organizations, local communities, school boards, and all three levels of municipal, provincial and federal government have made significant efforts to improve Aboriginal employability in the last several years. There have been some important initiatives, as one would expect in light of the markedly disadvantaged situation of Aboriginals relative to the general workforce. For example, last year a national Aboriginal Human Resource Development Council, made up of representatives from business, Aboriginal organizations and federal and provincial Cabinet Ministers, was launched to improve access to jobs for Aboriginal Canadians. But given the magnitude of the challenge we have outlined here, it is not evident that current efforts are sufficient, either in terms of financial investment or willingness to mobilize available resources and work differently.

Doubtless, the first implication of the analysis in this report is that all governments and non-government organizations must prepare to invest much more time, energy and money in addressing the employment needs of Aboriginal Canadians. In the following, we attempt to outline some of the ways those additional resources might be most

effectively deployed. This is by no means an exhaustive review, just as this study is not an exhaustive review of the empirical reality of the labour market facing Aboriginal Canadians. Indeed, one suggestion is that more detailed work and research into Aboriginal labour market characteristics and dynamics are warranted periodically on the Prairies, and should be undertaken on a local basis.

setting a clear policy goal

Establishing measurable quantitative goals has been one of the rallying cries of public service management philosophy in recent years. Unfortunately, it is usually difficult to set quantitative goals in public policy, as the objectives of programs are often diffuse and multiple and sometimes only measurable qualitatively. However, in the case of the role and place of Aboriginal people in the labour market, it is possible to set a specific and measurable quantitative goal – employment equity.

Canada should decide to aim for employment levels of Aboriginal people equal to employment within the general population, for each region of the country, and should publicly state this goal, setting up objective, independent accountability mechanisms. In 1995, Statistics Canada published the series *Fact Sheets on the Employment Equity Designated Groups, 1991* based on the 1991 Census, which provided comparisons of the employment levels of the Aboriginal origin (not Aboriginal identity) population with other employment equity target groups and with the general public. However, no similar report has since been published using more recent data (e.g., from the 1996 Census).

Employment equity is a specific and measurable goal to which provinces and territories, the federal government and Aboriginal organizations together should commit. Of course, this objective will not be achievable overnight. It would be very counterproductive if government programs were deemed a failure every time a report came out which showed that equity had not yet been achieved. However, a public consensus to work towards a

defined, measurable outcome would allow progress to be monitored and means reassessed periodically as necessary.

participation rates

One of the most surprising findings emerging from our review of the empirical data is the relatively high labour force participation rate among Aboriginal people.

A policy instrument sometimes advocated is payment of additional money to workers earning low wages so that the unemployed will have an 'incentive' to get into the labour market – also known as earnings supplements (see, for example, Richards 1998). But if labour force participation already is high, then incentives are obviously not the problem; jobs are the problem.

It appears that Aboriginal people do not need to be induced with additional money to look for work. What they do need are obtainable employment opportunities. More resources should be invested in adult education, skills upgrading, training, job preparation, child care, financial assistance for transportation to work and work clothing, and stable, affordable housing.

Whatever the social and cultural bases of higher relative participation rates among Aboriginal people, they are likely to erode in future if Aboriginal unemployment remains high and thus begins to discourage people from looking for employment. In other words, higher than anticipated participation rates are a valuable asset with a time limit; they should be taken advantage of to help Aboriginal people achieve equity in the Canadian labour market while there is still time. It is much harder and more expensive to get a discouraged worker who has dropped out of the labour market back into paid employment than it is to get a motivated job seeker, who is struggling against odds, into a steady job. In future, we inevitably will be facing many more of the former and fewer of the latter among the Aboriginal population.

the geographical reality

Canada is a divided labour market for Aboriginal people. The employment situation in the East is not good, but it is very bad in the West, especially on the Prairies. All the standard economic jargon about economic development notwithstanding, there is probably no single more important issue for the economic future of the Prairies, particularly Manitoba and Saskatchewan, than the advancement of its Aboriginal human resources.

If the cycle of Aboriginal unemployment and poverty continues, it is likely to become self-reinforcing after a time, and take many more generations to overcome. Although this study does not explore the phenomenon, a casual visitor to Winnipeg can easily spot the growth of concentrated poverty, deteriorating housing, gangs and all the other signals that mark the emergence of Canada's first US-style slum. A similar phenomenon can be found in Regina and to some extent in other Prairie cities.

The problems at the core of this development ultimately must be solved by Aboriginal people themselves, through their own perseverance and strength. However, governments can do a lot more to provide opportunities and a positive environment in which Aboriginal business, cultural and political organizations can help their own communities, and in which individual Aboriginal people seeking opportunity can find it.

All this activity will take added investment by governments – the sooner the better, as costs only will go up later. But this investment will not be used as effectively as possible without better coordination among governments and among departments within governments. Not only do municipal, provincial and federal governments all have some part to play, so do First Nations' governments (including those in urban areas), school boards, other Aboriginal organizations and local communities.

The federal government is represented locally by a plethora of departments, each pursuing its own

strategies, often determined in Ottawa. The federal government used to have a high-powered Deputy Minister in Edmonton to coordinate efforts at economic development in the West. Perhaps it is time to consider appointing a Deputy Minister to reside in Winnipeg or in Regina, with a mandate to coordinate federal Aboriginal efforts on the ground and initiate broad coalitions with other governments and non-governmental organizations, particularly in urban areas.

Endnotes

1. The Caledon Institute of Social Policy acknowledges the financial and statistical support of Human Resources Development Canada (HRDC), Aboriginal Relations Office, for this study.
2. This study does not use privileged information; data from the 1996 Census are public. However, since no public use sample was yet available, customized tabulations were required. We are grateful to HRDC Aboriginal Relations Office for performing data tabulations for this study.
3. Total unemployment rates used in this study are based on Census data and thus differ a bit from the usual figures based on the Labour Force Survey.
4. The regression results, with the Territories and PEI excluded, are as follows:

Constant	0.729839
Standard error of Y estimate	0.022328
R squared	0.794428
Number of observations	9
Degrees of freedom	7
X Coefficient(s)	-0.71738
Standard error of coefficient	0.13791

5. From the 1996 Census *The Nation Series*, Aboriginal unemployment rates were 88 percent of rates for visible minorities in Quebec and 115 percent of unemployment rates for visible minorities in Ontario. In Manitoba, Saskatchewan, Alberta and BC, they were 205 percent, 266 percent, 184 percent and 185 percent, respectively.

6. The regression results, with PEI and the Territories excluded, were as follows:

Constant	6.087997
Standard error of Y estimate	0.489734
R Squared	0.562032

Number of observations	9
Degrees of freedom	7
X Coefficient(s)	-7.29698
Standard error of coefficient	2.43464

7. These calculations are derived from Clatworthy et al which, in turn, is based on the population projections in Norris et al in their reports for the Royal Commission on Aboriginal Peoples. Norris et al adjust their data for under-enumeration and under-coverage, so the population estimate for 1991 is higher than we have used in this report, in which we have chosen to use consistently the unadjusted data, as noted in the introductory discussion of data issues. The rates of growth and the subsequent labour market demands should be approximately the same, as long as consistent adjusted or unadjusted data are used. The calculation of past employment growth for the general population is from *The Nation Series*, which showed employment of 11,167,915 on 1981 and 13,318,740 in 1996.

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