

Intelligence MEMOS



From: John Richards
To: Marc Miller, Minister of Indigenous Services, and Provincial Ministers of Education
Date: July 9, 2020
Re: **THE EMPLOYMENT KEY TO HEALTHY INDIGENOUS COMMUNITIES (II)**

Yesterday, we [examined](#) the Community Well-Being Index as part of a series of memos based on my recent C.D. Howe Institute [paper](#). Today, why jobs matter. There is a long tradition in social policy that emphasizes the role of employment – young adult male employment in particular – as a key determinant of social outcomes in a community. Several motivations are behind the emphasis on employment:

- Adverse employment conditions are particularly damaging for men with low education levels. During the last quarter century in the US and most other high-income countries, men with high school education or less have disproportionately experienced employment and income declines and above-average prevalence of many pathologies.
- Those not in education, employment, or training are by definition the NEET population. In the cohort ages 20-29, adults typically form unions and begin families. The NEET subset of this cohort is less likely to form stable unions than the non-NEET. The Indigenous NEET rate among the cohort ages 20-24 is approximately twice that for the total Canadian population. This group is less likely to participate actively in raising children that arise from a union, and is prone to depression and abuse of alcohol and drugs.

The emphasis on employment may seem reductive, but there is extensive evidence that the “employment thesis” is crucial to understanding intergenerational poverty in high-income countries.

There is no reason to think First Nation communities are exempt from these dynamics. To acknowledge the dire effects of low employment in many First Nation communities does not deny the destructive historical legacy of discrimination toward the Indigenous population. It does, however, imply a higher priority to address low employment.

William Julius Wilson, a prominent American sociologist, developed his ideas on the role of employment in family formation primarily in the context of American cities, where the consequences of the disappearance of work for both social and cultural life are the central problems in the inner-city ghetto.

Case and Deaton (2020) have analyzed, among cohorts of Americans born since 1940, the prevalence in trends of numerous morbidities and sources of distress: suicide, chronic joint pain, difficulty in socializing, heavy drinking, mental distress, drug/alcohol mortality, not married, never married, not in the labour force. They make no claim to the definitive explanation for these trends, but introduce evidence on the importance of declines in wages and in labour force participation among white working-class Americans with education levels below a bachelor's degree.

No studies as rigorous have been undertaken among the Indigenous population in Canada, but there exists abundant cross-section evidence to the effect that First Nation communities with low employment rates experience higher social dysfunction, from homicide to incarceration rates, particularly in the Prairies where Community Well-Being rankings are the lowest.

Since the beginning of this century, a major migration from reserve to town has been taking place among those who identify in the census as First Nation. In the 2001 Census, 45 percent of the First Nation population resided on-reserve, by 2016, only 34 percent. The majority of the First Nation population now live in a city, more than a third in a large city (population over 100,000). Why this migration? Probably, the best answers come from the large-scale survey of 2,600 urban Indigenous people (Métis and Inuit, as well as First Nation) undertaken for the [Urban Aboriginal Peoples Study](#). When asked (unprompted, without response options offered) why they first moved to their city, equal proportions cited the opportunity to be closer to family (38 percent), the pursuit of education (37 percent), and employment opportunities (37 percent).

So what determines employment rates? There is a strong presumption that education levels matter.

Higher education levels enable workers to command higher wages, which increase the reward from employment and the willingness to seek a job. Also, higher education levels increase the gap between employment earnings and transfer income available on-reserve. The size of this gap presumably has an impact on the employment rate.

In the latest census, all identity groups – non-Indigenous, Métis, First Nation off-reserve, First Nation on-reserve – experienced an increase in employment rate of at least 20 percentage points between those with and without high school certification. With post-secondary certification or university degrees, employment rates for all groups are higher yet, but the major jump is associated with high school completion.

Many factors other than education underlie employment rates – in particular, distance of a First Nation community from an urban labour market. Those living in decent housing may be better able to seek and maintain a job. Hence, the housing index appears to be a relevant factor in explaining the employment rate.

Tomorrow, we look at some policy implications.

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