

Attention News/Business/Economics Editors

A more educated Aboriginal population would produce bonus for Canadian economy

OTTAWA, November 26 – If Aboriginal youth graduated from high school and university in numbers comparable to other Canadian youth, the additional value for Canada’s economy could be counted in the tens of billions of dollars.

At the same time, more graduates would mean a larger labour force and improved productivity.

These are some of the conclusions of a study released today by the Centre for the Study of Living Standards, based in Ottawa.

In 2001, 52.2% of Aboriginal Canadians 15 and over were high school graduates, compared to nearly 70% of non-Aboriginal Canadians.

If Aboriginal Canadians close that gap, they and the communities where they live would greatly benefit.

But also, because high school graduates have an easier time finding employment, command higher salaries, and are more productive than non-graduates, Canada as a whole would benefit -- to the tune of an additional \$31 billion (\$2001) in GDP over the period 2001-2017 if half the educational gap were closed. If the entire educational gap were closed by 2017, the gain would be an additional \$62 billion (\$2001). In 2017 alone, Canada’s GDP would be \$4.2 billion (\$2001) or \$8.3 billion (\$2001) higher respectively.

The report analyses the relationship between educational attainment and economic indicators such as labour force participation, employment, productivity, and output growth.

“It is not news that Aboriginal Canadians fall behind other Canadians in terms of rates of completing high school and university,” explains Dr. Andrew Sharpe, Executive Director of the Centre.

“What is new is this is the first time that the economic cost – or to put it differently – the potential contribution – has been calculated.

The significance of even a small improvement in educational attainment rates is considerable,” adds Dr. Sharpe.

Developing specific policies to raise the educational attainment of the Aboriginal population is beyond the scope of the study. However, it is obvious that investments in education pay off. “Education is one of the most effective tools a society has to assist the disadvantaged, and in addition it fosters economic growth,” Dr. Sharpe says.

Thus investing in Aboriginal young people is one of the rare public policies with no equity-efficiency trade off.

Highlights of the report:

► In the best case scenario, three gaps between Aboriginal and non-Aboriginal Canadians would be eliminated by 2017: the gaps in educational attainment, the employment rate, and employment income. According to this scenario, the potential contribution of Aboriginal Canadians to Canada's GDP would increase up to \$160 billion (\$2001) over the period 2001-2017. That would represent an increase of \$21.5 billion (\$2001) in 2017 alone.

► Lower rates of completing high school and university among Aboriginal Canadians are linked to lower participation in the labour force. In 2001, if Aboriginal Canadians had had the same education profile as non-Aboriginal Canadians, their participation rate would have reached 67.7% instead of the 61.4% that was observed. The participation rate for non-Aboriginal Canadians was 66.6% in 2001.

► With better educational completion rates, Aboriginal Canadians would account for 7.39% of labour force growth over the period 2001-2017. The report estimates that Aboriginal Canadians will account for nearly 30% of the annual natural population increase in Canada over the 2001-2017 period (natural population increase is defined as births minus deaths).

► The education gap between Aboriginal Canadians and other Canadians is most significant at the university level. The proportion of Aboriginal Canadians 15 and over with degrees increased over the 1996-2001 period from 7.8% to 8.9%. Over the same period, the proportion of non-Aboriginal Canadians with degrees increased from 20.0% to 21.8%. While more Aboriginal Canadians were completing university, the gap between the two groups was actually widening.

► The employment income gap between Aboriginal and non-Aboriginal Canadians is due, in part, to lack of employment opportunities – not lack of desire to participate in the labour market.

► In the best case scenario, the potential contribution of Aboriginal Canadians to the growth rate of labour productivity would increase up to 0.037 percentage point per year. Elimination of the gap in educational attainment would contribute up to 0.016 percentage point per year in the growth rate of labour productivity.

► The report discusses the links between increased educational attainment and better health, higher quality of life, and lower crime rates. It also stresses the positive effect on government balances of a better educated Aboriginal population. For example, expenditures on correctional facilities and welfare would fall while revenues from Aboriginal employment income would increase.

The **Centre for the Study of Living Standards** is a non-profit, national, independent organization that seeks to contribute to a better understanding of trends in and determinants of productivity, living standards and economic and social well-being through research.

The Executive Summary and the complete report are posted at www.csls.ca

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