

An Analysis of the Socio-economic Outcomes of Aboriginal Households living in Communities Associated with Self-Government and other Agreements, 1991-2011

Krishna Pendakur, Economics Department, Simon Fraser University

Ravi Pendakur, Graduate School of Public and International Affairs, University of Ottawa

Faculté des sciences sociales | Faculty of Social Sciences

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Overview

- This study uses data from the Census (1991-2006) and National Household Survey (2011) to compare economic outcomes for households living in Aboriginal CSDs (as defined by INAC) with and without different types of agreements.
- The method controls for both time and place effects.
- Overall, we find positive effects on incomes from SGAs and CLCAs, and smaller effects on incomes from FNLMA and FNFMA.

Method 1

- We conduct analysis at the household level with data on incomes from 1990 - 2010
- Dependent variables (log and level):
 - Total household income,
 - Total household labour income
 - Household government transfer income
 - Household income from other sources
- Analyses are conducted for all households in
 - all Aboriginal CSDs (as identified by INAC)
- We consider both Aboriginal and non-Aboriginal households
 - Aboriginal households are defined as household with at least one person claiming Aboriginal identity

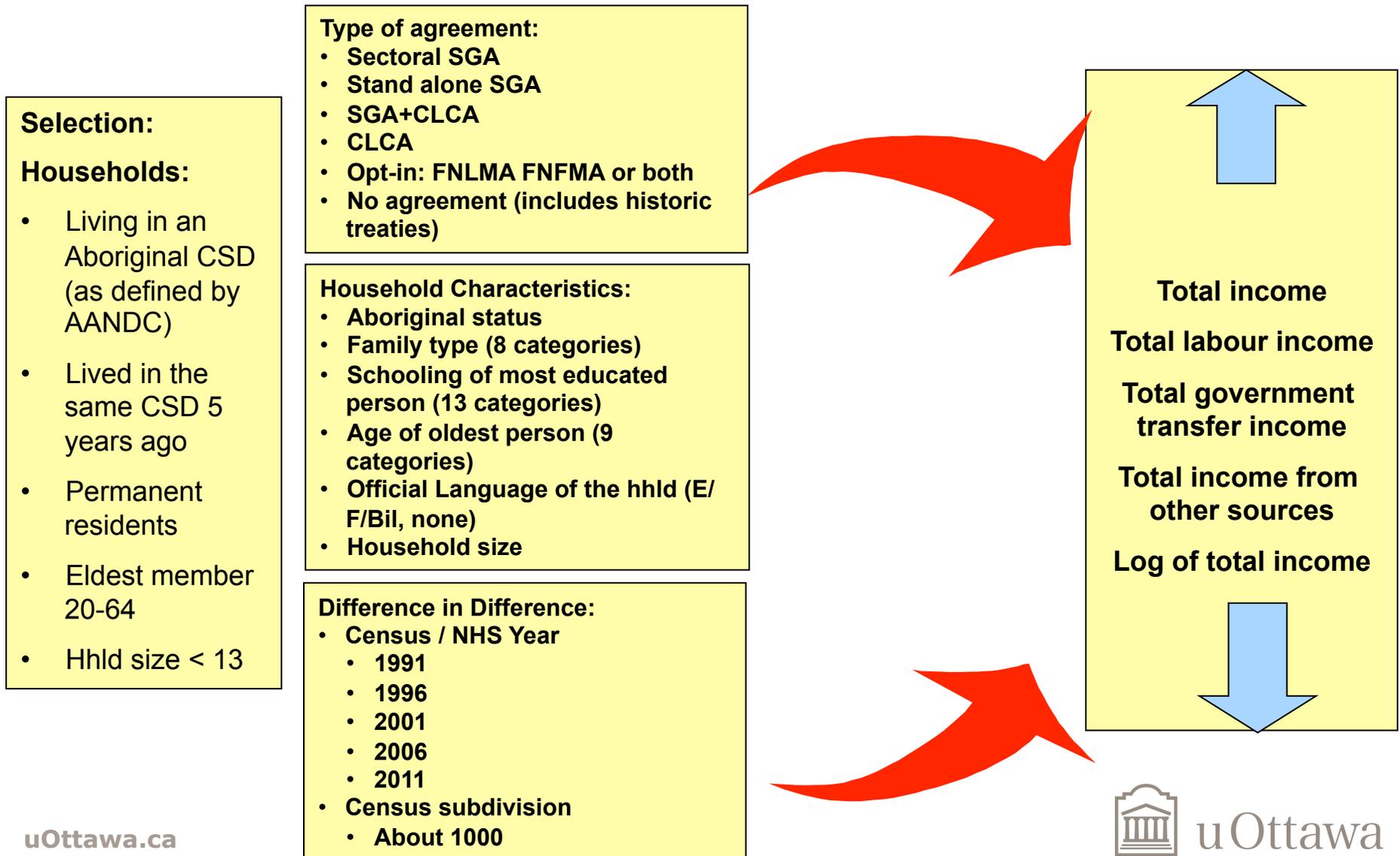
Method 2

- Our basic identification strategy is to correlate outcomes in CSDs that do not have an agreement or arrangement with those that attained an agreement between 1989 and 2009
- Types of agreements or arrangements
 - Self Government Agreement
 - Sectoral
 - Standalone
 - With a CLCA
 - Standalone Comprehensive Land Claims Agreement
 - Opt-ins
 - First Nations Fiscal Management Act
 - First Nations Land Management Act
 - Both FNFMA and FNLMA

Method 3

- A stumbling block to the interpretation of such correlations is that the different arrangements might be driven by unmeasured factors that affect both outcomes and the probability of attaining agreements or opt-in arrangement.
- We get around this problem via a standard “difference in difference” approach. That is, we ask: “how do the over-time changes in individual- or community-level outcomes differ between communities that attained agreements or arrangements and communities that did not”.
 - We do this by adding fixed effects for each CSD and for each time period
- This approach allows us to control for differences across communities that are fixed over time, but which may determine what arrangement they are under.
- *This means that we are able to isolate the impact of having an agreement independent of how well the community was doing before getting an agreement.*

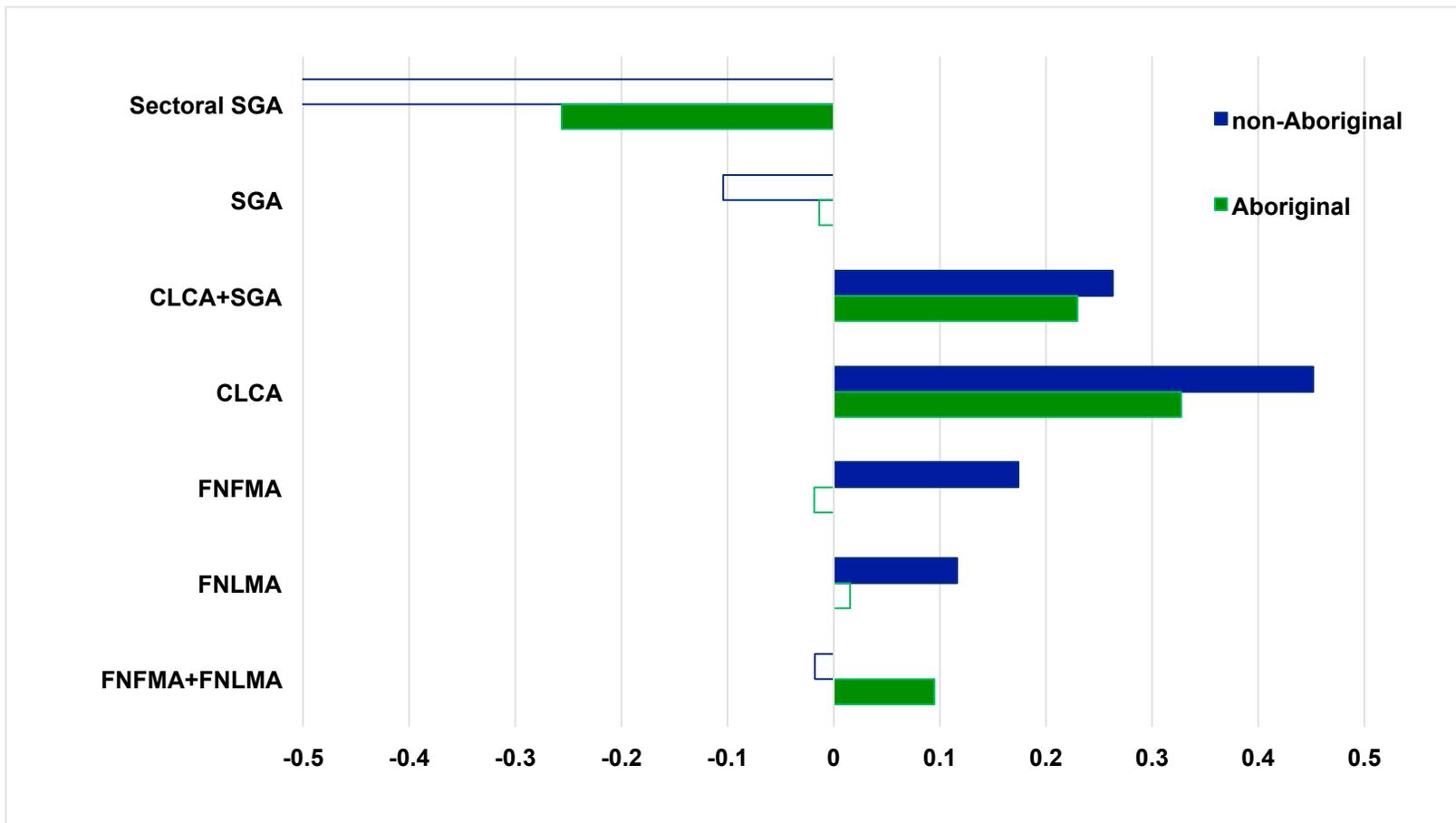
Determinants of household level outcomes



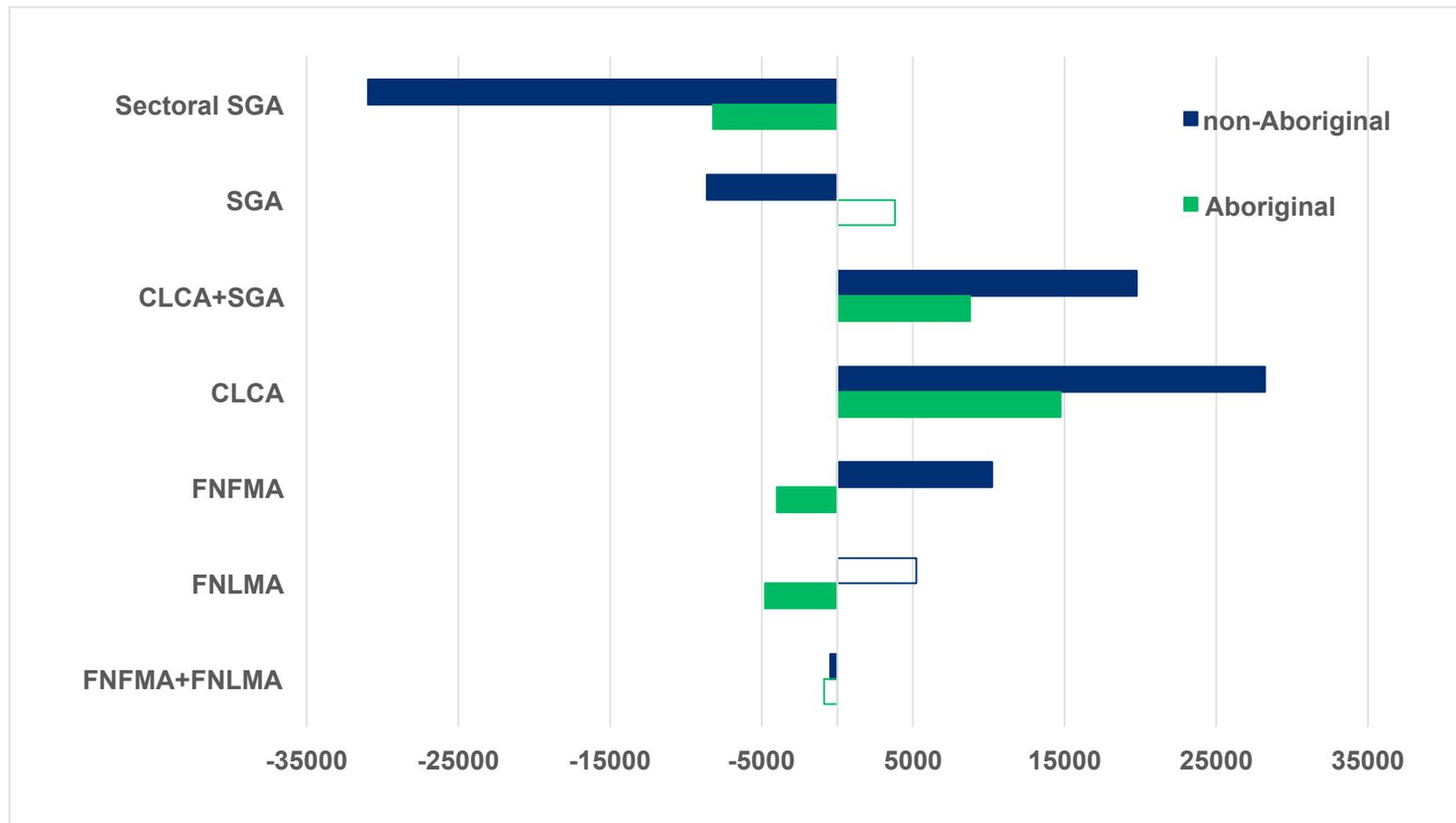
Interpretation (what does it mean?)

- After controlling for age, education, family status, household size, official language knowledge, Aboriginal status, CSD and year, what is the difference average household income between communities that have an agreement or arrangement and those that do not?
 - Any statistically significant difference is '*net of*' those characteristics.
 - This means that any difference found is *not* a product of csd's with agreements simply being better off before having an agreement and therefore being better off after.
 - Caveat: they may have different *time trends*
- *Thought experiment: suppose one community attains an agreement or arrangement, but another does not. We measure how much more outcomes improve in the community that attained one.*
 - This is the impact of having an agreement.

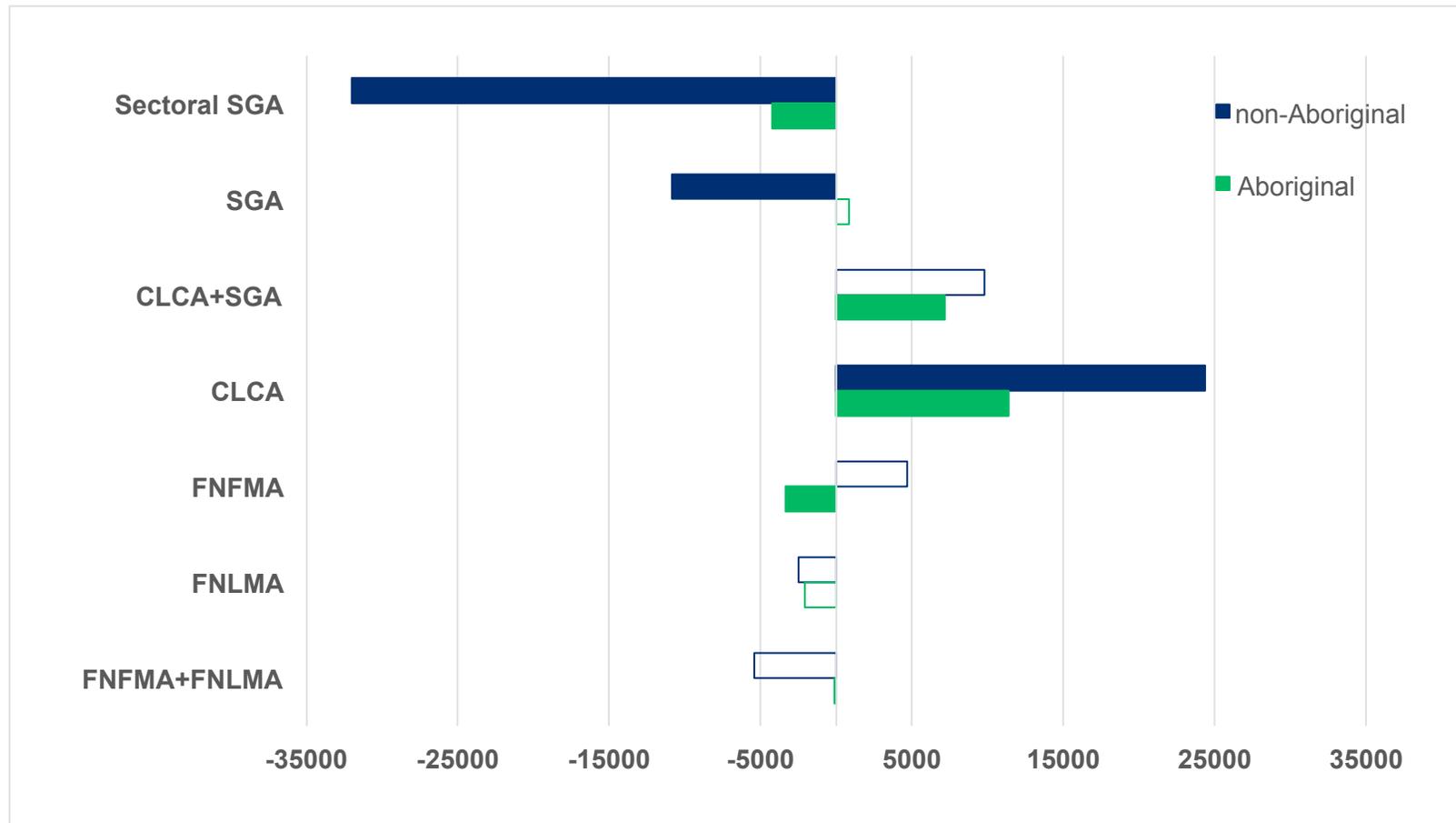
Proportionate effects on total household income



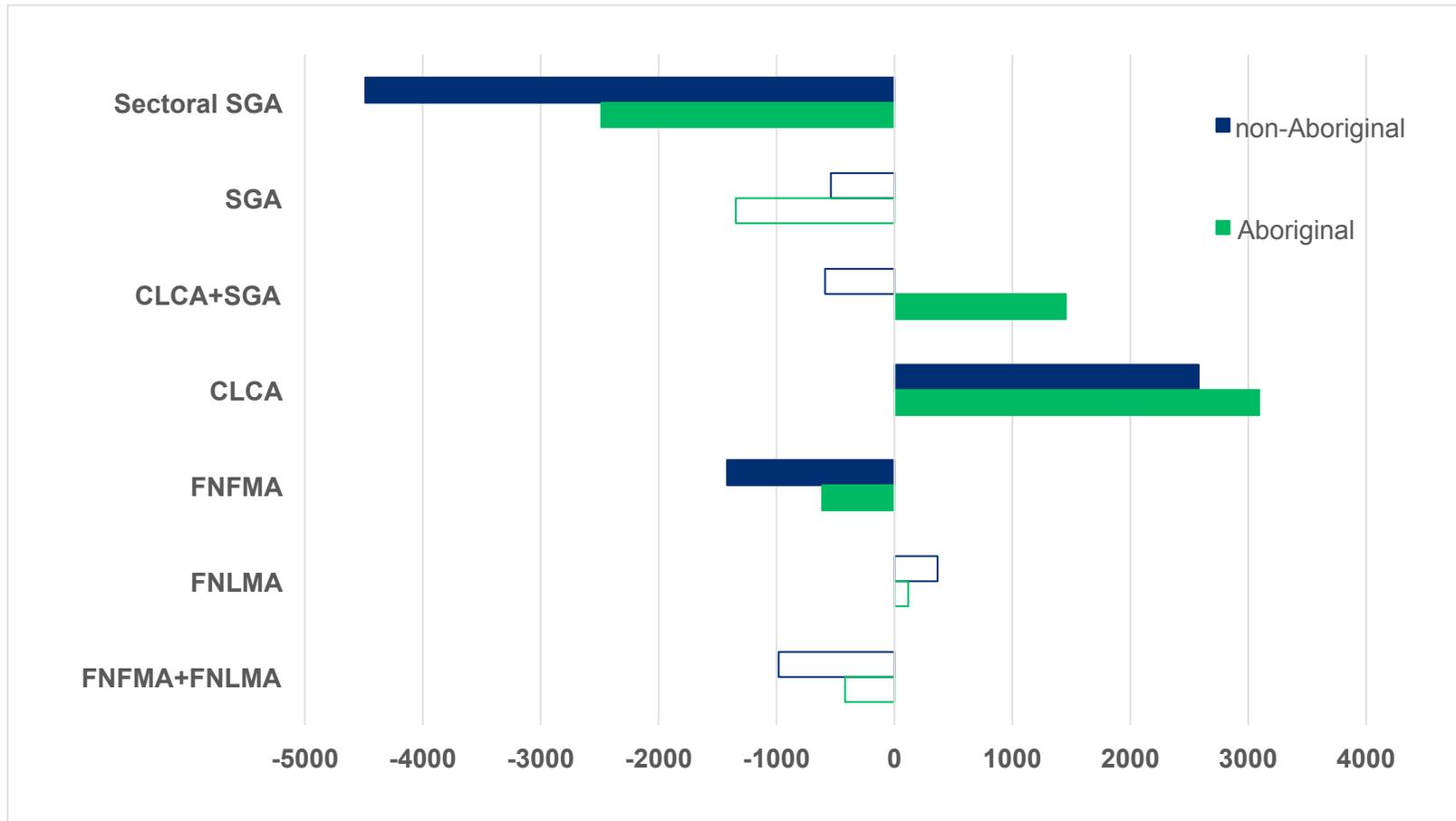
Dollar effects on total household income



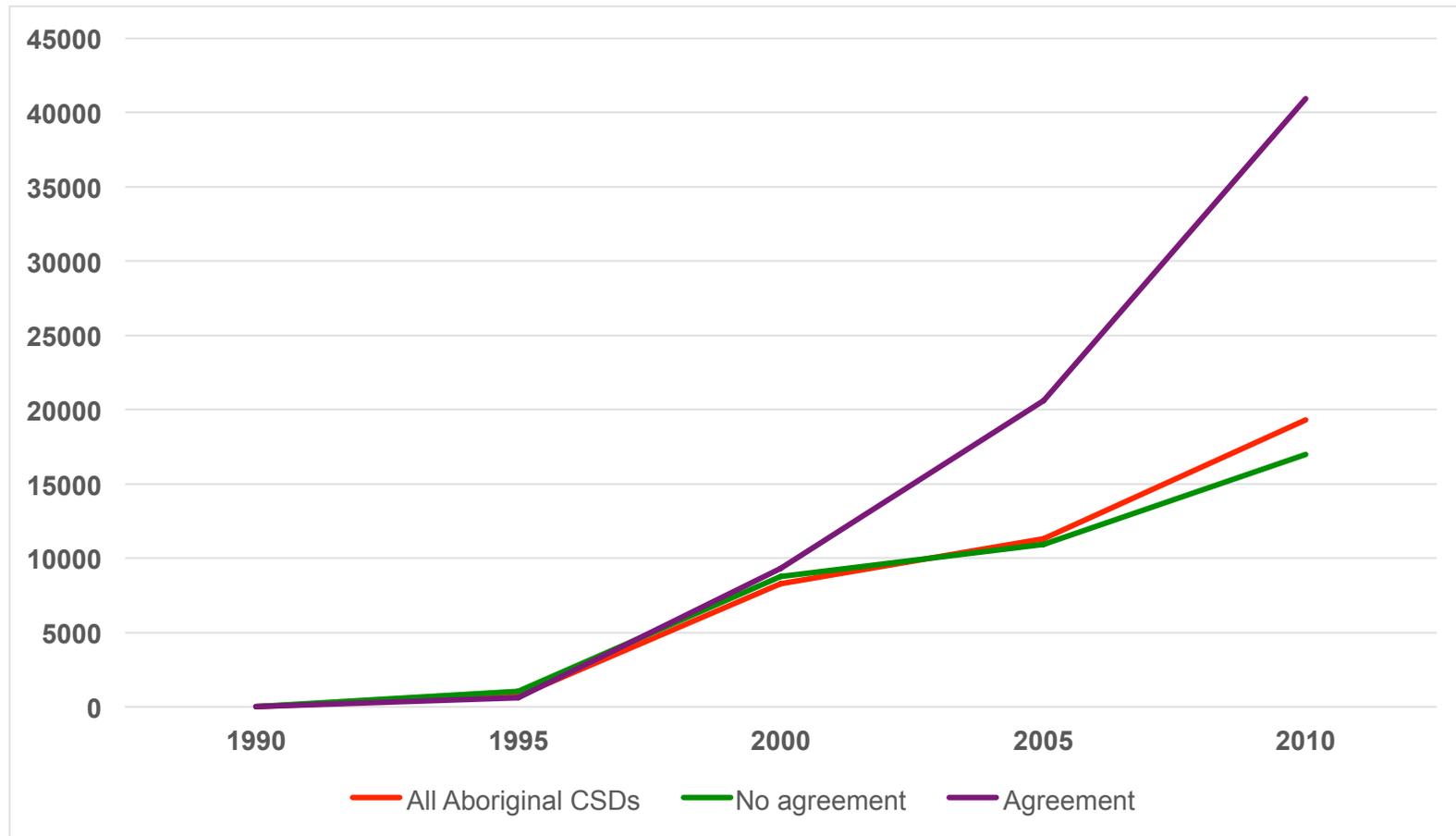
Dollar effects on total labour income



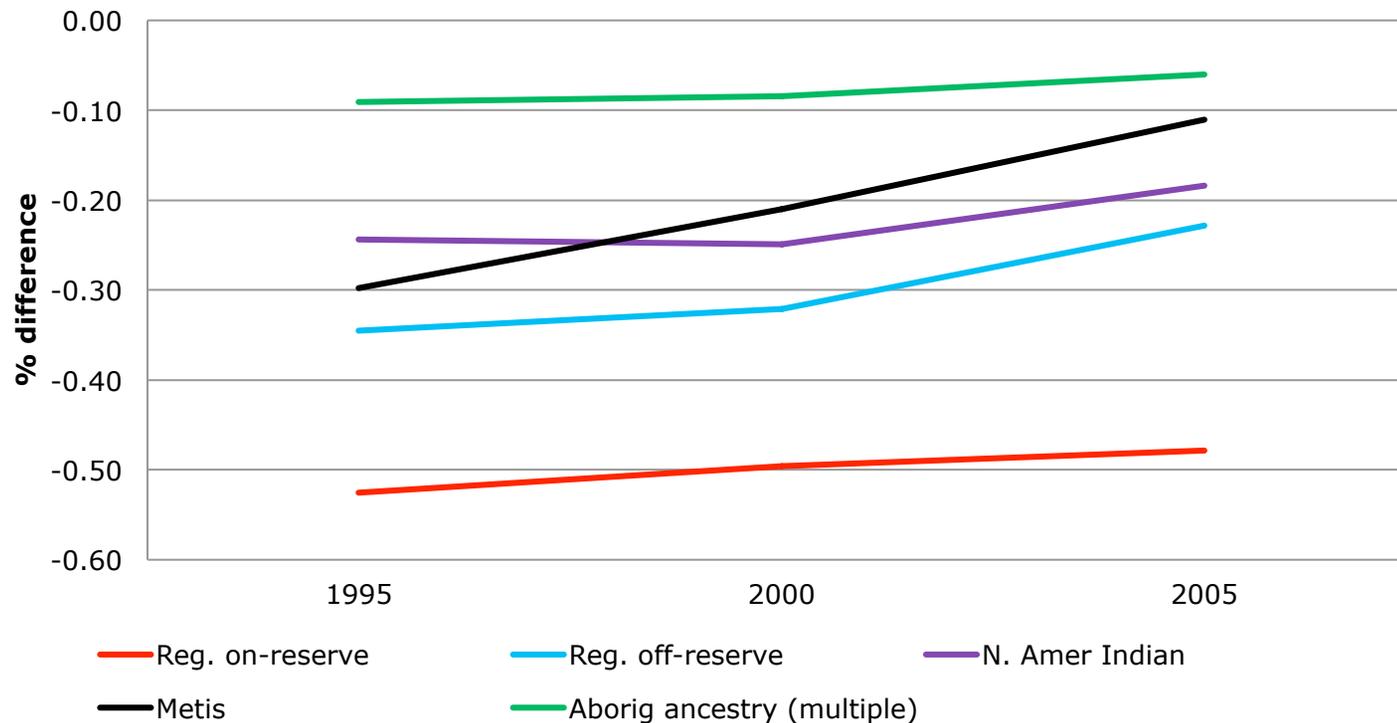
Dollar effects on total transfer income



Income growth, controlling for HHL D characteristics, 1990-2010



% difference in earnings between Aboriginal and British origin males, Canada, 1995 - 2005



Source: Pendakur and Pendakur. 2011. *Aboriginal Income Disparity in Canada*. *Canadian Public Policy*. 37(1): 61-83.

Conclusions: Total household income

- SGAs come in 3 flavours and they are different
 - The total incomes of Aboriginal households increase if a CSD attains an SGA in combination with a CLCA
 - Sectoral and Standalone SGAs either reduce or do not affect the incomes of Aboriginal households
- Standalone CLCAs increase Aboriginal HHL D incomes a lot, and non-Aboriginal HHL D incomes even more
- Opt-in arrangements a mixed bag
 - We have the most precise estimates for FNFMA s
 - These reduce Aboriginal and increase non-Aboriginal HHL D incomes

Conclusions 2: Labour income

- For Aboriginal households:
 - Labour income rises a lot with the attainment of CLCA+SGA and even more with a standalone CLCA
- For non-Aboriginal households
 - Labour income is unaffected by the attainment of a CLCA+SGA, and rises enormously with a standalone CLCA
- FNFMA's appear to slightly reduce the labour incomes of Aboriginal HHLDS

Conclusions 3: Transfer income

- For Aboriginal households:
 - Transfer income rises somewhat with the attainment of CLCA+SGA and substantially with a standalone CLCA
- For non-Aboriginal households
 - Transfer income is unaffected by the attainment of a CLCA+SGA, and rises substantially with a standalone CLCA
- FNFMAAs appear to reduce transfer income for both Aboriginal and non-Aboriginal HHLDs
- Is it possible that under an SGA an Aboriginal community can more effectively direct gains in labour and transfer income to its Aboriginal constituents?

Conclusions: time trends

- Looking at all Aboriginal communities we saw big income gains after the attainment of CLCAs and CLCAs in combination with SGAs.
- Those communities that attained agreements had big gains after 2000 – much bigger than those that did not attain agreements.
 - These gains drive our findings.
 - If you just look at communities that attained agreements between 1989 and 2009, we only see a positive income effect for standalone CLCAs.
- This could be a product of:
 - The fact that these agreements are complex and time consuming. This requires building social and economic capital that other communities are not driven to build