

In short, systemic discrimination seems a poor explanation for the income disparities between Indigenous and non-Indigenous Canadians.

Government vs. the Free Market

Pronouncements about systemic racism in Canada are overwhelmingly accompanied by prescriptions for top-down solutions including government regulations, federal programs, national strategies, and the like. Yet the historical evidence shows that less government, not more, is the key to reducing and mitigating the harms of discrimination.

“It is a striking historical fact,” Milton Friedman wrote in *Capitalism and Freedom*, first published in 1962, “that the development of capitalism has been accompanied by a major reduction in the extent to which particular religious, racial, or social groups have operated under special handicaps in respect to their economic activities; have, as the saying goes, been discriminated against.”¹⁹

More specifically, Friedman continued, “the preserves of discrimination in any society are the areas that are the most monopolistic in character, whereas discrimination against groups of particular color or religion is least in those areas where there is the greatest freedom of competition.” Gary Becker, Friedman’s student and winner of the 1992 Nobel Prize in economics, laid much of the foundation of the economic study of discrimination.

As the *Concise Encyclopedia of Economics* documents, Becker’s work showed that “discrimination is costly to the person who discriminates,” a fact that is now “common sense among economists today.” Unsurprisingly given this fact, “Becker showed that discrimination will be less pervasive in more competitive industries because companies that discriminate will lose market share to companies that do not. He also presented evidence that discrimination is more pervasive in more-regulated, and therefore less-competitive, industries.”²⁰

More capitalism and freer markets is the antidote to unfair discrimination – not government regulation and control.

Conclusion

If the typical anti-racism activist in Canada today is looking for widespread institutional or systemic racism of the kind the federal government describes, they will not find it. Disparities in income, educational attainment, and other outcomes do not imply the existence of such discrimination. Moreover, the data on disparities in income, educational attainment, occupational outcomes, and public school test scores show that, on average, Asians are doing better than the white population.

