Unlike the church-run boarding schools, which provided a limited education with a heavy emphasis on religious instruction, the industrial schools were intended to prepare First Nations people for integration into Canadian society by teaching them basic trades, particularly farming. Generally, industrial schools were larger than boarding schools, were located in urban areas, and, although church-managed, usually required federal approval prior to construction. The boarding schools were smaller institutions, were located on or near reserves, and provided a more limited education. The differences between the industrial schools and the boarding schools eroded over time. By the 1920s, the federal government ceased to make any distinction between them, referring to them simply as "residential schools."

In justifying the investment in industrial schools to Parliament in 1883, Public Works Minister Hector Langevin argued that

> if you wish to educate these children you must separate them from their parents during the time that they are being educated. If you leave them in the family they may know how to read and write, but they still remain savages, whereas by separating them in the way proposed, they acquire the habits and tastes—it is to be hoped only the good tastes—of civilized people.[116]

The federal government entered into residential schooling at a time when it was colonizing Aboriginal lands in western Canada. It recognized that, through the Treaties, it had made commitments to provide Aboriginal people with relief in periods of economic distress. It also feared that as traditional Aboriginal economic pursuits were marginalized or eliminated by settlers, the government might be called upon to provide increased relief. In this context, the federal government chose to invest in residential schooling for a number of reasons. First, it would provide Aboriginal people with skills that would allow them to participate in the coming market-based economy. Second, it would further their political assimilation. It was hoped that students who were educated in residential schools would give up their status and not return to their reserve communities and families. Third, the schools were seen as engines of cultural and spiritual change: 'savages' were to emerge as Christian 'white men.' There was also a national security element to the schools. Indian Affairs official Andsell Macrae observed that "it is unlikely that any Tribe or Tribes would give trouble of a serious nature to the Government whose members had children completely under Government control."[117] Duncan Campbell Scott succinctly summarized Indian Affairs' goals for the schools in 1909: "It includes not only a scholastic education, but instruction in the means of gaining a livelihood from the soil or as a member of an industrial or mercantile community, and the substitution of Christian ideals of conduct and morals for aboriginal concepts of both."[118] The achievement of such invasive and ambitious goals would require a substantial level of funding. This was never forthcoming.