

Struggles of the next generation ^[1]

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Source: The Vancouver Sun

Format: Article

Publication Date: 26 Sep 2011

EXCERPTS:

There is a silent generational crisis occurring in households across this country, one that Canadians neglect because we are stuck in stale debates. Consider three facts.

1. Average household income for Canadian couples approaching retirement (baby boomers) has increased 18 per cent since the mid-1970s. This increase is nearly four times greater than the increase reported for couples age 25-34 over the same period.

2. In 1976, the low-income rate among seniors in Canada was 29 per cent. As of 2009, it is five per cent. By contrast, the low-income rate for families with children is 10 per cent - twice as high.

3. Boomers approach retirement with far greater private wealth than previous generations because they lucked out in a housing market that increased 76 per cent over their adult lives. With this additional wealth in housing, boomers now transform expectations for retirement, making globe-trotting and second homes more and more the norm. All the while, skyrocketing housing prices are the primary source of private debt for the generations that follow - the very people who must sustain the economy to pay for the pensions and medical care required by an aging population, and the very people who must invest in Canada's future: their children and boomers' grandchildren.

While boomers approach retirement with more private income and wealth than previous generations of retirees, they leave far larger public debts than they inherited.

Although our economy doubled in size since 1976, our national debt nearly tripled.

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This legacy of growing public debts amid greater private wealth for those approaching retirement invites questions about an intergenerational tension. Do boomers care that other generations don't share the standard of living they now enjoy?

There is absolutely no doubt that boomers care.

But the last federal election paints a worrisome picture.

Political leaders of all major parties prioritized:

- Status quo increases to medical care spending, which generally overlook health promotion when citizens are younger.
- Strengthening pensions and reducing seniors' poverty, even though poverty among seniors is already less than half of the poverty rate for families with young children.

This last election showed that boomers play politics well, and boomer leaders responded accordingly.

By contrast, the generation raising young kids does not participate politically nearly as well, and they get a bad deal as a result.

We know they get a bad deal because national and international data show that Canadians have been slow to adapt public policy in response to the time, income and service squeeze with which the generation raising young kids struggles. This is the case in all provinces, with some exceptions in Quebec.

For instance, Canadian policy expects parents to endure a major reduction in household income to care for a baby at home.

A typical Canadian couple outside of Quebec will forgo \$13,000 to \$15,000 in after-tax income when parents share a year to be home with a newborn age three months to 15 months, even after collecting parental leave benefits. Sweden and Germany ensure the same couple does not lose any after-tax income.

Canadian policy provides parents with very limited access to quality child care services

Despite the need for parents to have sufficient time in the labour market to manage stalled incomes and rising housing costs, and despite evidence showing the importance of quality environments for child development, Canada allocates just 0.34 per cent of GDP to child care and kindergarten services for children under age six (2008). This is just over half of the United Kingdom and New Zealand; and barely one-third of what is allocated in France, Sweden and Denmark.

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Canada ranks among the industrialized countries with the highest rates of child poverty. Child poverty in Canada is three to five times

higher than the countries that make it a real priority to eliminate poverty among the generation raising young kids.

When did Canadians stop thinking like a beaver?

These poor policy rankings clearly signal that Canada has forsaken the beaver logic that previously served us well when adapting to our changing environment.

Think back to the late 19th century, when we built public schools and universities, roads and railways, markets and banks. We were so proud of these achievements, we sent soldiers overseas to defend them along with our values. When they returned home injured, we adapted again, building veterans' benefits. We soon extended these to citizens generally as workers' compensation and unemployment insurance.

And then the busiest policy beavers in Canada's history - the parents of the baby boomers - set in motion Old Age Security and Hospital Insurance. By 1966, in one single year, they capped their accomplishments by launching the Canada Public Pension plan and the Medical Care Act, which remain the cornerstones of our social commitments to one another as citizens.

This history is impressive, one we can all be proud of. But we can only rest on our laurels for so long. We must now ask: What have we built since?

Sure we've continued to build roads and bridges (but not enough transit). We've expanded markets and strengthened our banks - achievements that helped us weather the global recession better than most countries, and position us as a strong member of the G8 despite our small population.

On the other hand, history books make clear Canadians have been reticent to build new social policy since the 1970s.

This reticence is especially evident in our slow national response to the fact that the generation raising young kids today is the first in a long time to struggle with a dramatically lower standard of living than their parents.

-reprinted from The Vancouver Sun

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