Talking 'bout generations [1]

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EXCERPTS

Who's really getting squeezed?

by Paul Kershaw

Notwithstanding the national malaise about the slow performance of Canada's economy since 2008, economic indicators show that Canada is more prosperous than ever before. Our economy is now more than twice as big as it was in 1976. After adjusting for inflation and population growth, it produces around $35,000 more per household than it did then.

Yet many of us don't feel better off, which is contributing to what has become widespread talk of a "middle- class squeeze." It is a powerful phrase that resonates with many Canadians and, to no one's surprise, it has been grasped by those seeking political office as a useful mantra. But the focus on the middle class as an amorphous whole distracts attention from a more significant economic reality: it is mostly younger people in their mid-40s and under who are being squeezed out of the middle class. Meanwhile, the data show that the median Canadian age 55 and over (yes, the very middle of that older demographic) is doing better than the equivalent person did a generation ago as measured by income and wealth.

After adjusting for inflation, Statistics Canada data show that the typical 25-34-year-old working full-time is earning wages that are 11 percent (or about $3 an hour) lower than people of the same age did in 1976. By contrast, the median 55-64-year-old is making wages that are 3 percent higher than the same age bracket did in 1976. The trend is even better for the older demographic when we measure household income: those older households are earning incomes about 20 percent higher than their counterparts a generation ago.

Young people's wages are losing ground, despite the fact that those under 45 are far more likely to have post-secondary education than their parents (they also have more student debt, because inflation-adjusted tuition is double what it was in 1976). As people cope, there has been a rise in dual-earner households. Yet after adjusting for inflation, two young people still bring home little more than what one breadwinner often did in the mid-1970s.

The result? The working generations under age 45 are being squeezed - squeezed for time at home, and squeezed for money, because they carry higher student debts and mortgages while earning lower wages. And when they choose to have kids, they are squeezed for child care services, which remain in short supply and often cost the equivalent of another mortgage.

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Would you want to be in your mother's shoes?

by Tammy Schirle

I've met many people determined to convince me that their generation got a raw deal. They will pick and choose statistics to make their point, and every counterpoint is met with a "Yeah, but..." Ask who is better off - early boomers (born between 1946 and 1955) or some of Generation X (born 1971-80) - and the conversation starts to sound like a typical argument between teenagers and their parents. Neither understands the efforts and trials of the other. But it also raises the interesting matter of how to evaluate intergenerational inequities in well-being. And for that, we need to put the facts in context.

We could begin by comparing the financial well-being of boomers and youth. For example, in 2012, families under age 35 had a net worth of only $25,300, while those aged 55 to 64 had a net worth of over half a million dollars. Yet that discrepancy simply reflects the time it takes to accumulate assets over one's lifetime. We could compare public spending on individuals. Provincial health expenditures on the average man aged 60-64 was $4,591, while expenditures on the average 25-29-year-old man were only $2,076. However, this merely reflects a deterioration in health with age in the context of a universal health care system (the average 90-year-old man costs over $26,000!). Such contemporaneous differences are not informative for judging the lot of different generations.

To evaluate well-being across generations, we need to compare apples with apples - realistically, an impossible task. Appropriate comparisons would need to see what happens to each generation over their entire life cycle - from infancy to death - and try to derive an all-encompassing measure of lifetime well-being. We simply don't have the data to do that. And even if we could collect the data, we'd have to wait until today's youth die before we could reach a conclusion about which generation enjoyed a better life.

The best we can do is compare well-being at similar points in the life cycle, while appreciating the full context for judging well-being. I tend to think about most aspects of individual well-being in terms of three interrelated dimensions: family, work and leisure. I also tend to think about women in each generation. It's among women that we can see some interesting similarities and also remarkable contrasts. Let's consider the early boomer women and those from Generation X. The best available data allow us a chance to compare them between the ages of 25 and 34.

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