

Why are governments ignoring the financial squeeze on young Canadians?^[1]

Author: Kershaw, Paul

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EXCERPTS

Dr. Paul Kershaw is the Founder of Generation Squeeze, and a policy professor in the UBC School of Population Health

Nobody wants unearned inequality between older and younger Canadians. I don't. My mom doesn't. Nor does my grandmother. Problem is, this inequality is on the rise.

A new study by the Conference Board of Canada reports that Canadians age 50-54 earn 64 per cent more today than do 25-29 year olds. In the mid-80s, the age gap in earnings was only 47 per cent.

The Bank of Montreal published a study in July showing that the typical senior now enjoys nearly nine times more wealth than the typical 25-34 year old. In the early 1980s, the wealth gap was only four times.

In August, Royal Bank released a study concluding that the near-doubling in housing prices over the last decades has generated much more wealth for Canadians age 55+, while leaving those age 35-44 especially burdened with debt, and most vulnerable to interest rate hikes and drops in housing prices.

A recent Macleans magazine cover story summarized these trends, stating: "We're treating seniors like they are financially frail. In fact they're the most prosperous generation."

Sadly, my research as a professor at the University of British Columbia and founder of the Generation Squeeze campaign shows that governments are largely ignoring the deteriorating economic circumstances facing younger Canadians, while using Canada's prosperity to adapt for others.

Provincial and federal governments combine to spend between \$38,000 – \$45,000 per Canadian age 65 and older, compared to approximately \$12,000 per person under 45. As the population ages, maintaining these spending levels per senior is no small task. Yet provincial governments representing all parties, as well as the federal government, found billions of new dollars in 2014 to pursue this goal. At the same time, they generally claim that public coffers are too bare to do much more than tinker around the edges for Canadians in their mid-40s and under (including children) who are squeezed by lower incomes, higher housing costs, less time and a deteriorating environment.

Given this context, you might excuse me for being underwhelmed when the premiers recently agreed at the Council of the Federation to establish a new national Task Force on Aging. What the premiers didn't mention is that we've been talking about and adapting to Canada's aging population for decades. That's a major reason why we spend around \$50-billion more annually on medical care today than we would have had we maintained spending levels from 1976. And it's also why we spend around \$30-billion more each year on the Canada/Quebec Public Pension Plan and Old Age Security.

So if we need a new Task Force on Aging, let it focus on what has been much less considered in political circles: "Generational Equity and Aging." The new Task Force would be useful if it asks: Have Canadians found the right balance in adapting policy to the contemporary realities of old and young alike? How do we finance policy adaptations that reduce the squeeze on younger generations while simultaneously adapting to the needs of an aging population?

Although hopeful, I'm not confident these questions about generational equity will become the Task Force's primary focus. Younger generations influence politics less than our parents and grandparents. Not only because we vote less. But also because we're less organized in between elections when political parties design platforms, and refine government priorities.

By contrast, the Canadian Association of Retired Persons (CARP) has lobbied for decades on behalf of people like my grandmother and retired mom. Good on them. I support their work. (In fact, I'll be speaking at my local CARP chapter this week).

So long as CARP works on behalf of Canadians age 50+, we need an organization that speaks up for those of us who are younger. That's what Generation Squeeze is building. An organization that is growing the clout of younger generations in both the marketplace and politics.

In the market, we will urge employers and unions to revisit what they can do to reduce the age-related inequalities in salaries and benefit packages to which they are contributing, as illuminated by the Conference Board study. We'll also pursue price reductions on products and services that matter to younger Canadians much like there are seniors' discounts.

In the world of politics, we are mobilizing to encourage all political parties to commit to a better generational deal. One that safeguards retirement income subsidies and medical care for our parents and grandparents – but not at the expense of adapting to challenges like the erosion of income, rising housing prices, and environmental degradation that disproportionately affect their kids and grandchildren. That's how we will make Canada work once again for all generations.

Region: Canada ^[2]

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