

Canada is defaulting on its generational debt

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What does one generation owe the next? Invariably, parents strive to create better prospects for their kids than they enjoyed, or at least leave as much as they inherited.

But it's harder to do this now than it used to be. Since starting my column in September, I've documented the declining standard of living for generations under age 45. They are squeezed for time at home, because it takes two earners today to earn what one breadwinner often made a generation ago. They are squeezed financially because student debts and housing prices have skyrocketed since 1976, while household incomes have stalled. They are squeezed environmentally, because citizens under 45 will disproportionately bear the burden of what global climate change will bring. And they are squeezed for services like child care, which are in short supply and annually cost the equivalent of another mortgage, or multiple years of university tuition. Generations under 45 are squeezed in all these ways despite the fact that

Canada's economy produces on average an extra \$35k per household today compared to 1976.

Since the standard of living for younger Canadians is squeezed compared to the 70s, a lot of Boomers try to compensate individually on behalf of their adult kids. Some let kids live at home longer than expected, and help out with tuition or a down payment. This creates a new constraint on retirement – just when the 55 to 67 year-old crowd thought they'd worked hard enough to enjoy incomes that are up 18 per cent compared to near-retirees a generation ago, or cash in on the wealth many gained from the housing market that increased 76 per cent over their adult lives.

Leaving as much as they inherited is out of reach for Canadian Boomers in ways they didn't expect. Current socio-economic trends in wages, housing markets, global population and fossil fuel consumption constrain the prospects for their kids and grandchildren.

So perhaps it doesn't make sense to think one generation is responsible for leaving the next the same standard of living it enjoyed. But because we all benefited from the sacrifices of our parents, the least we have is an obligation to mitigate when the standard of living slips for those who walk in our footsteps.

This is a fundamental problem in

Canada today. Even though Canada's economy is twice as large as it was in 1976, our nation is failing to adapt to the financial, environmental, service and time pressures facing those under age 45. Instead, our priorities are elsewhere, as revealed by key policy decisions since I started this column back in the fall.

In addition to setting aside money for fighter jets and a crime bill that will require new spending on provincial jails, we made several policy decisions that tip the balance in favour of Canadians near, or in, retirement.

In December, the federal government added billions more to the medical care on which we draw disproportionately in our later years. Provincial leaders expect more.

In March, we extended the age for collecting Old Age Security from 65 to 67, but only for Canadians currently under 50.

We learned in May that we are not on track to meet the less stringent environmental targets our nation set as we withdrew from the Kyoto Protocol.

And all spring long, many scoffed at young Quebecers who question why tuition across the country is twice what Canadians paid a generation ago.

This pattern shows a country content to default on its generational debt. UNICEF ranks Canada among the worst industrialized countries for helping the generation raising young

kids to afford enough parental time at home and child care services. We expect younger Canadians to work longer before they retire, but make no mention of reallocating the resulting savings to the generations whose added work will produce them. We expect young Canadians to pick up the tab for future climate change, so we can enjoy the added growth that comes now from weakening environmental protections. Few worry that we have made tuition more expensive at a time when post-secondary is more important to earning a middle-income today than it was a generation ago.

If Canadians don't wish to default on our generational debt, it is time to refinance the generational balance sheet. There are policy solutions to ease the time pressures, stagnant wages, housing costs, student debt and carbon emissions that make it more difficult to start a family today than a generation ago – solutions that I have described as a "New Deal for Families" as a guest columnist with *The Vancouver Sun*.

Although my column ends today, change is just beginning. Thanks to the many readers who lend their voices in support of a Canada that works for all generations.

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