



Fall 2011

Does Canada Work for All Generations?

Dr. Paul Kershaw answers "NO".

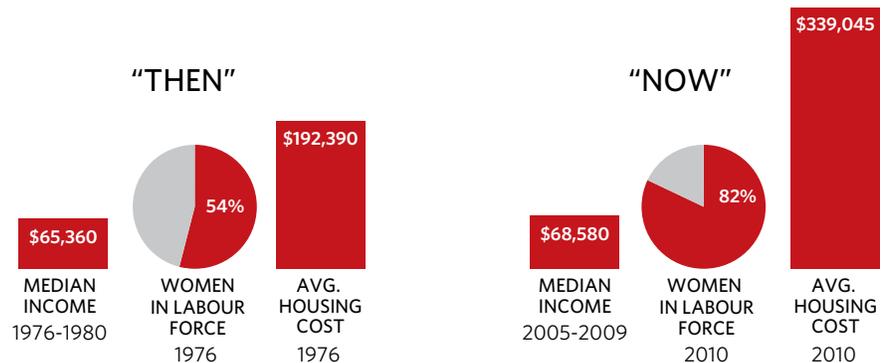
Canada is not currently working for all generations. There is a silent generational crisis occurring in homes across the country, one we neglect because Canadians are stuck in stale debates. My colleagues and I hope the **2011 Family Policy Reports for all provinces** will refocus public dialogue on one of the most pressing social and economic issues of our time: Canada has become a far more difficult place to raise a family.

Did you know the Canadian economy has doubled in size since the mid-1970s, even after controlling for inflation? On average, the economy now produces an extra \$35,000 per household.

But despite this additional prosperity, the standard of living has declined for the generation raising young kids. Consider three facts.

1. Household incomes for young Canadian couples have flat-lined since the mid-1970s, after adjusting for inflation.
2. Household incomes are stagnant even though far more young women earn employment income today.
3. All the while, average housing prices in Canada have skyrocketed by 76 percent.

A THEN & NOW COMPARISON: HOUSEHOLD INCOME, WOMEN IN THE LABOUR FORCE, AND HOUSING



When housing costs nearly double while household incomes stall for a group of adults who devote more time to the labour market than any previous generation, we are talking about a massive social and economic change – one akin to a silent, but no less damaging, earthquake in our environment.

The generation raising kids today is squeezed for time at home; they are squeezed for income because of the cost of housing, even when not 'poor'; and they are squeezed for services like child care that will help them balance successfully raising a family with earning a living.

Put bluntly, the generation raising young kids does not access its share of economic growth.



Indeed, UNICEF ranks Canada among the very worst industrialized countries when it comes to investing in families with preschool age children.

This is a bad deal.

The failure to invest in the generation raising young kids is not consistent with Canada's proud history of building and adapting.

Think back to the late nineteenth 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?

History books make clear that Canadians have been reluctant to build new social programs in response to the dramatically different circumstances facing the generation raising young kids today.

This reluctance begs questions about an intergenerational tension.

For example, have Canadians who came of age as adults starting in the 1970s borrowed more from their children than previous generations? Regrettably, data show the answer is yes.

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

Canada's environmental debt remains among the very highest in the industrialized world, as measured by Carbon Dioxide emissions per person. While we have made no progress reducing these emissions per person since 1976, many other countries have since decreased their environmental footprint.

This legacy of growing public debts occurs while Boomers approach retirement with far greater private wealth than previous generations because they lucked out in a housing market that increased 76 percent over their adult lives. With this additional wealth in housing, Boomers now transform expectations for retirement, making globetrotting 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.

Does this mean Boomers don't care if other generations have the same standard of living they enjoy?

There is no doubt 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 shows that Boomers play politics well, and Boomer leaders responded accordingly. Organizations like the Canadian Council of Chief Executives also play politics well for their stakeholders, ensuring Canada's corporate taxes are very competitive. KPMG, a firm specializing in taxation, ranks countries in terms of their competitiveness for attracting businesses. The 2010 report shows only Mexico has lower corporate taxes than Canada. Canada has lower corporate taxes than the U.S.A., the U.K., Australia, Germany, the Netherlands and Japan.

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

The only solution is for the generation raising young kids to demand a New Deal; and for the Boomer generation to help champion the New Deal because it is good for their children, grandchildren and society. To be dealt in, the generation raising young kids must reprioritize. They need to care less about who is being voted off some island on TV, and more about who is being voted into our legislatures.

Because this generation is time squeezed, the New Deal must pay a Time Dividend.

Just as Dow Jones Industrial stocks pay an average annual dividend of 2.8 percent, a Time Dividend would ensure the generation raising young kids receives 2.8 percent of the economic prosperity produced today compared to the mid-1970s. 2.8 percent equals \$22 billion annually.

With this Time Dividend, Canadians will:

- Put the family back into Canadian values, while acknowledging the diversity of households.
- Spend more time together, and spend less on stuff.
- Give real choices for women and men to contribute at home and on the job, rather than just talk about this balance being a possibility.
- Enable and expect personal responsibility, because moms and dads alike will have enough time to raise their kids, and enough time to earn a living to pay for their kids.

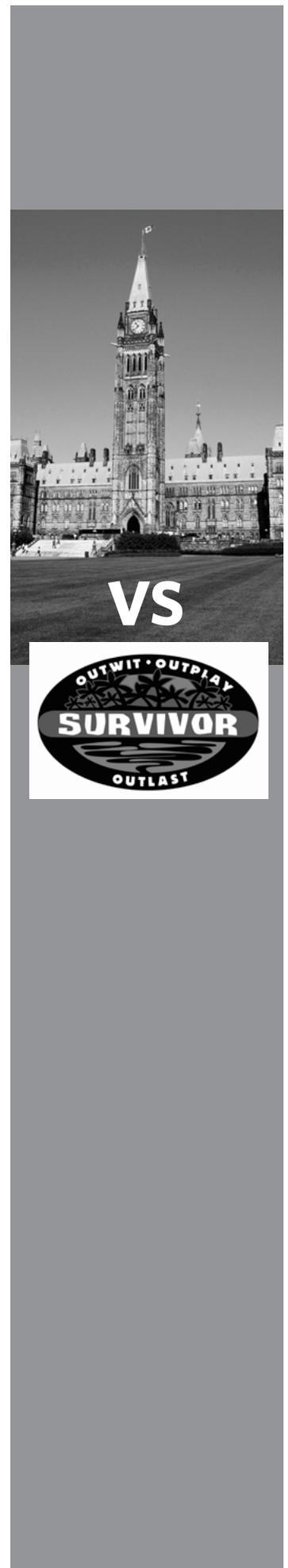
To pay this Time Dividend the New Deal requires three policy changes:

1. **New Mom and New Dad Benefits** to ensure all parents, including the self-employed, have the time and resources to be at home with their newborns, at least until children are 18 months.
2. Thereafter, **\$10 a day child care services** will ensure that parents can afford enough employment time to manage the rising cost of housing and stalled household incomes.
3. These will be supported by **Flex-time for employees and employers** to remedy workplace standards that too often make it standard practice to ignore the family.

The cost of the New Deal:

- For each Canadian adult, the cost of the New Deal - \$22 billion - is \$1.67 per day, less than a cup of coffee and doughnut at Tim Hortons.
- \$22 billion is less than one and a half percent of the Canadian economy.
- It is about one-third of what Canadians currently pay for Old Age Security and RRSP subsidies, and one-sixth of medical care.

We know this price tag is doable. Between 2007 and 2010, Canadians increased our public spending



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on medical care by more than \$22 billion annually. Clearly, \$22 billion can be found for priorities. The real question is: Is the New Deal for families a priority for you?

If yes, share this report. Send your friends, family, colleagues and, most importantly, your Members of Parliament and provincial Legislatures to: blogs.ubc.ca/newdealforfamilies.

Reaching out to Members of Parliament (MPs) and provincial elected representatives is imperative if we are to make progress on the New Deal. Tell them the fast facts about Canada's untold story — the decline in the standard of living for the generation raising young kids, which makes it far more difficult to raise a family. Tell them that an evidence-based solution is ready and waiting: the New Deal for Families.

Championing the New Deal will be hard work; but it also can and should be fun. Many repeat Emma Goldman's famous line: "If I can't dance I don't want any part of your revolution." Let's follow her lead to organize the serious business of politics around fun activities. Let's dance. Let's rekindle the politics that were pervasive in the Sex, Drugs and Rock & Roll of the 60s, and adapt it for our time.

No one's ever called me the life of the party before, so I'm a wee bit out of my depth here in making concrete suggestions. Perhaps Boomers will go retro and throw "New Deal" discos, or get feisty and host "Just Say NO (to Generation Cruise)" soirees. Others (a wee bit younger) may wish to host a "Generation Screwed" party. Or a WTF event (Where's the Family?). Maybe it's a "Family Preservation" Picnic. No matter what you choose, have the Fast Facts for a New Deal available. Show the website. Share the short video "From a Bad Deal to a New Deal for Families." All of these are available on the New Deal blog: blogs.ubc.ca/newdealforfamilies

Or maybe just hang out on-line. Tweet. Facebook. Blog... Create an on-line Declaration or Pact. Maybe even a Manifesto. Imagine it: the "Generation S Manifesto" (S for Squeezed, or Screwed).

Whatever you do, do something because the status quo is a Bad Deal for the generation raising young kids.

And we all need a **New Deal for Families** if we want **Canada to Work for All Generations**.



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Detailed family policy monitoring reports for each province can be downloaded at
blogs.ubc.ca/newdealforfamilies

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