

THE OPPORTUNITY:

Use the 2019 budget to show young Canadians you have their back going into next year's election

The 2018 budget helped to establish the government's commitment to gender equity, which was backed up by the introduction of the GBA+ framework, the Prime Minister's self-identification as a feminist, and policies such as the parental leave top-up, universal child benefit, and incremental investments in child care.

In 2018, the message was clear:

- If you're a women in today's economy (e.g. a woman in the middle class or striving to enter it), we recognize the unique challenges you face.
- We'll think deeply about these challenges in every budget.
- Which will help us do a little bit better every year, for you and your family.
- We've got your back.

Recognizing that many of the challenges faced by women generally, and young people generally are interconnected...

...The 2019 budget could build on the powerful message sent in 2018 on this by establishing the government's commitment to generational equity.

In 2019, you can build on this with another powerful message:

- If you're a young person in today's economy (e.g. a young person in the middle class or trying desperately to enter it), we recognize the unique challenges you face.
- We'll think deeply about these challenges in every budget.
- Which will help us do a little bit better every year, for you.
- We've got your back.

We're all in this together!

Put Age into the "+" of GBA+

GBA +



In Budget 2018 the federal government introduced the Gender-Based Analysis Plus (“GBA+”) analytical framework. We applaud the GBA+ approach.

The Government of Canada defines GBA+ as:

“an analytical tool used to assess how diverse groups of women, men and gender-diverse people may experience policies, programs and initiatives. The ‘plus’ in GBA+ acknowledges that GBA goes beyond biological (sex) and socio-cultural (gender) differences. We all have multiple identity factors that intersect to make us who we are; GBA+ also considers many other identity factors, like race, ethnicity, religion, age, and mental or physical disability.”

While age is already considered part of the GBA+ framework, the federal government currently doesn’t produce — and therefore parliament doesn’t have access to — robust age analyses to inform annual budgeting.

**Put Age
into the “+”
of GBA+**

Generation Squeeze
is asking the government
of Canada to:

**Analyze age/generational
trends in public finance, as
part of the “+” in GBA+.**

Why?

To help ensure we’re budgeting for all generations — now and in the future. Independent analysis has revealed troubling trends. Institutionalizing and improving this analysis will help us achieve greater generational fairness.

When?

Beginning with the 2019 budget.

Who?

The Ministry of Finance would perform the analysis.

How much would it cost?

We estimate it would take one full-time staff person to regularly provide this data to parliamentarians.



GBA +

Analyze age/generational trends in public finance, as part of the “+” in GBA+.

How would the analysis be performed?

Gen Squeeze has already developed a peer-reviewed methodology that can be readily adapted.

Who else is doing this?

The European Union currently provides generational accounting for member countries.

Most common concern?

That the information itself — outlining any age trends in public finance — can come across as divisive, e.g. “pitting young versus old.” This same concern is sometimes stated for other types of data, e.g. data on gender inequity “pitting women against men,” or data on racial inequity “pitting races against one another.” **While that response is perhaps understandable, we argue that it’s ultimately self-defeating.**

We believe that more information is better, and that we’re all in this together!

What will parliamentarians learn?

The current year’s age distribution of public spending — to what degree are we currently budgeting for all ages? E.g. how do investments in programs and services for children, youth, young adults and families compare to investments in programs and services for seniors and retirees?

Long-term trends in revenue and spending — how much have we been investing in and drawing on Canadians of different ages? How have these trends lined up with changes in different cohorts’ ability to pay?

Long-term trends in public assets and debts — what kinds of assets and debts are we currently passing down? What kinds of fiscal debts? How about unfunded liabilities (e.g. arising from climate change)?



Put Age into the “+” of GBA+

A Look at Current Generational Trends in Canadian Public Finance:

To assist parliamentarians in their annual budget review, we're asking for the federal government to allocate one full-time staff person in the Ministry of Finance to regularly report on age/generational trends in public finance.

In the meantime, the Gen Squeeze lab — coordinated by Dr. Paul Kershaw at the University of British Columbia — has been crunching the numbers.

Takeaways (now compared to 1976)

Governments collected an extra \$11 billion in taxes as of 2016 compared to 1976, but spent an additional \$43 billion on old age security and medical care for Canadians age 65+, leaving a \$32 billion tax-collection gap. The shortfall was covered by spending ~\$18 billion less on programs for younger Canadians, and by growing government debts.

When analyzing spending per person, government investment has grown faster for those age 65+. Governments increased annual per person spending for seniors 4.2 times faster since 1976 than for those under the age of 45.

Social spending on younger Canadians hasn't kept pace with economic growth. Since 1976, spending per person age 65+ grew 6% faster than economic growth. By contrast, spending per person under age 45 grew 29% slower than economic growth, or \$1,052 less per person under age 45. This equals \$21.3 billion less in annual spending when multiplied by all the people under age 45 — a sum that represents enough to fund, for example, a high-quality, universal childcare programme twice over, or nearly a 50% increase to the post-secondary budget.

Young adults are expected to pay 22-62 per cent more in taxes for medical care and old age security for today's aging population, in comparison with taxes paid for medical care by today's aging population when they were young.

Young Canadians now inherit larger public debts. Government debt has grown from \$15,000 per person under 45 in 1976 to over \$44,000 today. Today's seniors reduced their ecological footprint at just one-third of the rate that young adults must now do given the risks of climate change.

Prioritizing larger spending increases for retirees and asking more in taxes for such programs from today's younger Canadians may be appropriate if the latter have a greater ability to pay compared to when today's aging population started out as young adults. However, data reveal that the contemporary aging population has a greater ability to pay than generations immediately before and after them. Seniors today have more prosperity on average than did elderly Canadians four decades earlier. They have lower levels of poverty, higher median earnings, and more wealth in their homes. Older Canadians today also generally encountered more favourable socioeconomic circumstances as younger adults in 1976 than do younger Canadians now. They started with higher median earnings, which could stretch further when paying for rent, saving for a down payment, and paying a mortgage.

These current trends reveal that Canadian governments may not be successfully budgeting for all ages.

Having the federal government regularly produce its own age/generational analyses of annual budgets would help parliamentarians make better decisions for the benefit of young and old alike.

To dive deeper into current generational trends in Canadian public finance, please refer to our most recent paper:

Kershaw, Paul. 2018. "Intergenerational Justice in Public Finance: A Canadian Case Study." *Intergenerational Justice Review* 12(1):32-46.

Accessible here: https://www.gensqueeze.ca/intergenerational_injustice_in_canadian_public_finance