

Commentary

The Ties that Bind the Young and the Old

By Judith Maxwell

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My three choices establish and support the goals of life long learning and supporting the caring and sharing within extended families. They also make good economic sense, after all, good social policy strengthens productivity growth. The objective is to maximizing the well-being of young and old Canadians.

By the 2020s, the baby-boomers will be celebrating their 75th birthdays. This is certainly a time to celebrate a life but it is also the threshold when increasing numbers will begin to experience a decline in their capacity to live independently. We call them the older elderly. My thesis is that Canada should be preparing for this demographic shift now by establishing the community services needed by these elders and their family caregivers (most likely to be the spouse or the children). By this, I mean a system of “social care” such as we see in Northern Europe, France and Japan, where the population is older than ours. The alternative is to accept that many of them will end up in far more expensive hospital or long-term care long before they should. In short, the focus becomes prevention of early institutionalization through support for the family caregiver.

But to achieve this goal, we also have to meet the needs of the younger generations who will be expected to generate the necessary surge in productivity while providing the care and support for their elders. The generations that will contribute this growth and support in 2020 are the children and adults who today are aged 6 to 35. In 2020, they will be the prime-age workforce aged 21 to 50. Yet we know that today these younger generations face staggering barriers to getting a good start in life and to finding a “good job” where they can achieve their potential.

The linkages across these generations are important for three reasons. The most powerful one is that we need to help families sustain the caring and sharing that goes on in families.

There is a vital *reciprocal relationship* here, where parents care for their young and their peers and then, as they grow older, children and peers care for them. Surveys by Statistics Canada demonstrate that women and men today are making major sacrifices of current and future income as well as their own physical well-being to care for their elders, who may well live in a different city or town. About 43% of Canadian women and men aged 45-59 provide care for a family member for extended periods of time, and one-quarter are forced to change their work patterns to be able to sustain the care. Those that are compelled to seek paid help are often stymied because it is hard to find reliable caregivers. How many readers have already gone through that particular panic?

The second reason is what economists call *path dependency*. The good and bad experiences in early life influence what we can achieve in school and in later years. Set-backs at one stage of life shape what will come next. The cornerstone here is life long learning.

Thus, the people who end up in poverty in old age are usually the ones who have been poor all their lives. Couples are usually better off because they share accommodation and food and pool their incomes. The most vulnerable are lone individuals: especially women who never married or are divorced, immigrants and Aboriginals. These are the same people who are most likely to be working in low-paid, insecure jobs with little prospect for advancement. At CPRN, we call them Vulnerable Workers – more on them later. Good public policy can prevent this by establishing the best possible conditions for early child development, excellent schools and a diversity of training and education options for young adults. Then, employers need to offer the proverbial “good job.”

My greatest concern about our future productivity growth in Canada is the alarming studies (by Doug Willms and Ron Saunders respectively) showing that 28% of six year olds are vulnerable children and 16% of working adults are vulnerable workers. These people face formidable barriers to earning a decent standard of living over their working life. If we address the needs of one, we support the other.

The third and final rationale is *social cohesion*, a theme stressed repeatedly at the IRPP Roundtable in January. We Canadians take great pride in our respect for diversity and the success of pluralism in our society. We have a reputation, among immigrant-receiving countries, as a country that has got it right. But there is a hidden underbelly to our diversity success. And it is beginning to spillover into our main streets in the form of homelessness and violence.

Our cities are scarred by neighborhoods where people in severe social and economic distress are concentrated – ‘poverty by postal code’, as Frances Lankin of the Toronto United Way says. Visible minorities, recent immigrants, and urban Aboriginals are way over-represented in these neighborhoods. Some may be illiterate, others have spent many years in school. But the fact is that they are a) not able to earn a decent standard of living

today and b) not contributing to pension savings. We are losing out on their contribution to society today and they are on a life course which could well lead to poverty in old age and diminish the life chances of their children.

The primary levers to avoid this concentration of poverty and distress are to give the children a good start in life, and give them tools to be independent citizens when they grow up.

Here, there is a powerful connection between social policy and economic policy. The enabling conditions for healthy child development require a healthy balance among three things: adequate income, effective parenting and supportive communities. Families cannot be the best they can be for their children or their elders unless they can earn an income, care for their children, and find a place to live in a community with good child care, schools, safe places to play as well as good recreation and efficient public transit.

For these three reasons then –the reciprocal caring and sharing within families, the catalytic effect of life long learning, and the risks to social cohesion, we need to set three priorities for social and economic policies: a system of social care for elders; choices for families with young children; and alternate pathways from school to work for young adults. The next few paragraphs will set out these priorities.

What do social care systems look like? An OECD study by Jenson and Jacobzone shows that countries have made different choices, often combining several options:

- Some have established social insurance – contributory savings plans to ensure that elders will have access to good care when they need it, either in an institution or in their own home. (Quebec, where the population is aging rapidly, is considering a form of “autonomy insurance” like this.)
- Others have invested in state services – assisted housing, home care.
- Some provide care allowances to the elder so that she can pay for the supports she needs – whether that help comes from a family member or someone else.
- Some have adjusted pension systems to give pension credits for years spent caring for a relative.

Here in Canada, we can rely more on high quality non-profit organizations to deliver community services. Community resource centres which provide early assessments of need and then make referrals to caregiving services are an example that comes to mind. Other non-profits can provide assisted housing, and could do more if they had better access to capital. In every case, the motivation is to support family reciprocity: there is no perfect substitute for the care from a family member. But we must not make the mistake of assuming that unpaid family members can do it all.

All Canadians can rely on a solid foundation of universal health care coverage. But we cannot expect the over-stretched health care system to expand to perform all the personal care services that are so essential to people in fragile health. That is costly and health care providers are not the most effective care option.

Why am I so concerned about working age adults? In a word, competition. Employers are faced with incredible pressures to reduce costs and keep their payrolls flexible. They have opted for employment arrangements which shift the risks of the marketplace to employees, depending increasingly on part-time, temporary, casual, and contract workers. As the CIBC says, the quality of employment has been declining in recent years, even as the economy has strengthened and unemployment rates have fallen to levels not seen for decades. These low-pay, low-security jobs are most prevalent in accommodation, food and retail trade service jobs. These industries are locked into a low-pay, low productivity equilibrium, and are a major drag on national productivity.

The Saunders studies show that over 16% of adult workers were earning less than \$10 an hour in 2000 and the numbers may well have increased as job quality has declined.. That means, if they manage to get full-time work, they are earning less than \$20,000. About 30% did not complete high school, one-third finished Grade 12, and over one-third had at least some post-secondary education. And their situation is persistent. Tracking studies show that half these people (all over 20) are stuck in low pay for five years or longer.

Few of these jobs offer such benefits as holiday pay, drug, dental or vision insurance, or access to pension plans. Nor do they have access to training programs on the job or through Employment Insurance. In fact, the new EI regulations introduced in the 1990s mean that only a quarter of workers in major cities are eligible for EI benefits. At the same time, restrictions on social programs and social services mean that people earning at these levels have limited access to subsidized child care or affordable housing. That's why they get pushed into the worst neighborhoods, as noted earlier.

This is clearly a negative sum game. As families with low earnings get stuck in this nether world of low-quality work, their chances of moving up the income ladder diminish and the prospects for their children become more limited. They are experiencing severe hardship in a rich country, a country that is failing to take advantage of the human capital we know will be needed in coming decades. We can ill afford such waste.

And what about the children? Anyone who works with young people today knows that young Canadians present both the best and the brightest, and the alienated, discouraged and idle. High school drop out rates in Ontario have risen sharply (even as they have fallen dramatically in Atlantic Canada over the past 15 years). Primary school teachers speak emotionally about the challenges they face in the classroom because the range of language skills and the readiness to learn varies from abysmal to excellent. My second and third choices deal with the needs of families with young children and the barriers young people face in making the transition from school to work.

Today, the schools are being asked to cope with challenges which social policy has failed to address. If we supported families so they could either access good quality child care or afford to stay home to care for their children, more 6 year olds would be ready to learn when they arrive at school. If we tuned school funding to the actual needs of the children, then teachers could offer the remedial help needed by so many, while stimulating those who are ready to learn to become the best and the brightest. The current showdown

between advocates of direct payments to families and advocates for good early learning and care are creating a false dichotomy. Families today need to be given the option: an allowance for the stay-at-home spouse **or** access to affordable, quality care outside the home.

Turning to young adults. We have to face the hard facts: If young people do not flourish in academic secondary programs, they need access to a different array of learning and work experiences, to get them ready for a good job. And employers have to be ready to create those jobs. We simply cannot afford to lose all this future talent and productivity.

There are many examples across Canada of pilot projects for small numbers of young people – projects which demonstrate the remarkable payoffs from such investments. They are indeed life-changing opportunities for the youngsters who happen to be in the right place at the right time. But that just shows what a lottery life can be for the young Canadians who are struggling (many of whose parents are caught in the swamp of low quality jobs.)

In the 1960s, Canadians were so embarrassed by the rates of poverty among older Canadians that they implemented a wide range of retirement income supports – ranging from a guaranteed income supplement for the poorest, to Old Age Security, to tax breaks for retirement savings by people with discretionary income. Within a short time, poverty rates for elders plummeted, and remain low forty years later. This was a policy triumph, even though the poorest of the poor remain vulnerable. Our limited capacity for social and health care for this generation is already sorely stretched, even before the baby boomers reach that stage of life.

In the meantime, our failure to innovate and to invest in human potential has placed a severe burden on younger generations – all for the purpose of saving money in the short-term. These gaps in services and policies for families with young children and adults are creating serious social and economic damage. The evidence is there on the streets of Canada. It will become a political crisis when the baby boomers reach the years of dependency, if they cannot find the mix of health care and social care to maintain their quality of life. These are issues we must address both for the short-term stresses on our social fabric and the long-term panic to come. Now is the time for political leaders at all levels to seize the challenge of balancing human capital investments over the generations.

Of course, none of this can be achieved until a new working relationship is established among governments in Canada – federal, provincial, municipal and Aboriginal. They share the powers and they are all mandated to serve Canadians. We know from past experience that policy innovation and investment takes leadership from all sides as well as a genuine commitment to work together.

Our goal and governments' goal has to be to set a high standard of care for all generations. This is how we can strengthen those ties of caring and sharing within families which will always be the foundation for a good life. Add a vigorous learning system, so we can ensure that all Canadians have the opportunity to earn a decent level of well-being for the

families they support. Caring, sharing and learning will ensure Canada makes good progress in meeting our economic and social goals.

Judith Maxwell is Research Fellow, Canadian Policy Research Networks.