

Are we in store for some intergenerational warfare?

Charlotte Gray

Two years ago, *Saturday Night* ran an article entitled “Grandma! Grandpa! Back to Work!” The author suggested that retirees were enjoying themselves at the expense of their kids and grandchildren. While these elderly leeches were relaxing on the golf course or in Florida, they were sucking off resources from the people who needed them — the productive workers of today and tomorrow. The implication, of course, was that the elderly aren’t productive.

“Retirement isn’t a birthright,” the article began. “Those who enjoy it haven’t earned it.” It went on to suggest a higher retirement age, means tests for eligibility to pension plans and part-time work for the elderly.

Another implicit assumption was that an intergenerational fight for public funding has begun in Canada since the restructuring of the welfare state began earlier this decade. Government cutbacks have begun pitting students against grannies, the sick against the elderly, the working poor against families on welfare.

Of course, the article provoked a rush of angry letters, with many coming from retirees anxious to point out that they had earned their pensions by dint of wartime service and contributions to society, as well as by payroll deductions. Many correspondents also argued that the tone of the article was filched from similar articles in American magazines, where a vicious intergenerational war has been raging for years.

In the US, a society based on the theory that survival is a personal obligation rather than civic responsibility, cuts in public programs have brought survival-of-the-fittest instincts to the fore. In contrast, most Canadian economists view intergenerational transfers not as a gloves-off battle between competing interests but as part of the collective endeavour to ensure health and equity within our society. As sociologist Malcolm Johnson put it, “the compact between generations is not only between specific unknown parties, it is between the dead and the living and the unborn.”

Nonetheless, our public expenditures do involve transfers from those who are working to those who are not, both young and old. And as disposable incomes shrink, this presents a challenge to politicians.

Consider pensions. The yawning deficit in the Canada Pension Plan (CPP) has been troubling policymakers for years. When Mackenzie King first introduced a pension for those 70 or older in 1927, life expectancy was 61. By last spring the pensionable age was down to 65, almost a third of the workforce was planning to retire before age 60 and life expectancy had risen to 78. The CPP faced a huge unfunded liability, so nobody was surprised when Finance Minister Paul Martin announced he would lower the benefit levels for future retirees while raising contribution levels. Opinion polls had already indicated that Canadians accepted the need for reforms to save the CPP and knew the process could not be painless.

But who should bear the most pain? One of the most contentious items on the legislative agenda this fall will be the introduction of the promised broad-ranging pension package. Our economists might regard intergenerational transfers as part of the Canadian social compact, but taxpayers are inclined to take a different view. “The middle-class is being clobbered and these are the people who pay the taxes,” commented Lillian Morgenthau, president of the Canadian Association of Retired



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A Canadian face on aging





Persons. "We're getting letters from across the country and every one is filled with insecurity and concern."

Martin must reassure middle-income Canadians, particularly those between 50 and 60, that they will have the means and opportunity to make alternative arrangements to secure their own retirement. It will be a major test of the political skills of a man who quite clearly has prime ministerial ambitions.

Health care is another area where the young and elderly receive a disproportionate amount of benefits compared with those in the middle. And again, those who are stuck with the lion's share of the costs bring a different attitude to the table than those who use the services. In cutting health care during the past 5 years, provincial governments have largely kept the support of the tax-paying middle generation while losing support of the vulnerable.

For instance, tension between the sexes and different generations has not been far below the surface in Ontario, where today only 25% of female voters support Premier Mike Harris' Conservative government, compared with close to 50% of men. As mothers and caregivers for the elderly and the young, women use the health care system far more than men. There are many reasons for this gender gap, but the decision to close several hospitals is a major factor.

Intergenerational tension has yet to erupt into open warfare in Canada, but politicians are keenly aware of the dangers of segmenting the electorate into warring age cohorts. Mention the name Solange Denis in Ottawa, and finance department officials are likely to wince. She is the feisty senior who ambushed Brian Mulroney on Parliament Hill in 1985 and berated him for trying to cut pension benefits after he had promised not to touch them. Mulroney promptly backed away from the cuts. One result was that in ensuing years seniors suffered fewer cuts to social programs than other groups, particularly children and single-parent families.

Eleven years later, Martin took the trouble to stage a photo opportunity with Denis so reporters could record her nod of approval for the way he was handling pension cuts. He had to show that a fiscally responsible government could also be compassionate.

Yet governments must also consider shifting demographics. As the baby boomers, born between 1947 and 1966, begin turning 65 in 2012, grey power will blossom. Everywhere in the developed world governments will be trying to develop policy solutions to a range of challenges. These include:

- An increase in the number of single seniors. Grant Schellenberg and Christopher Clark of the Canadian Council on Social Development point out that between 1973 and 1983 the number of "40-somethings" living alone rose from 18% of all households to 28%.

As these people enter old age they will be increasingly at risk because single seniors are more likely to be poor than those living with a spouse. They will also lack the social support of a partner and, as families shrink in size and scatter geographically, close relatives. "The family networks of tomorrow's seniors will certainly be smaller and tomorrow's seniors may be more likely to rely on friends and community groups for support," Schellenberg and Clark wrote in a recent issue of *Transition*, the journal of the Vanier Institute of the Family. This will have implications for housing, health and social services.

- An increase in the number of seniors who will need round-the-clock care because of various health problems. For example, the number of seniors with dementia, two-thirds of whom will have Alzheimer's disease and the majority of whom will be women, will triple by 2031. They will need full-time care, either from family caregivers or in far more institutions than currently exist.
- Heavier demands on caregivers. A recent Statistics Canada survey revealed that more than 1 in 8 Canadians is looking after someone with chronic health problems (usually an elderly relative) and many of them reported that the responsibilities are a strain on their own health. Olga Malott, a gerontologist at Ontario's University of Waterloo, argues that there should be more respite and day-care programs to give these people a needed break. "There are already more people providing care to the old than to the young [and] we've got to start addressing this."
- The greying of Canada will intensify debate on ethical issues, including euthanasia and whether the availability and aggressiveness of medical treatments should be linked to age.

Too often, these policy challenges are expressed as a troubling predicament for governments. But as David Foot and Daniel Stoffman pointed out in their bestseller *Boom, Bust and Echo*, an aging population need not become the conflict-ridden nightmare that *Saturday Night* predicted.

If governments can make the appropriate changes by strengthening the CPP, for instance, or ensuring the right mix of health care services, then the boomers' retirement years may prove a prosperous time for Canada.

Service industries will flourish as people stop buying goods and start spending money on more help in the home. More young parents may be able to rely on grandparents to look after their children, while they themselves are in the workforce. It is all a question of attitude and forethought, suggest Foot and Stoffman. "Canadians aren't about to become a nation of greybeards. They are about to become an older, wiser and perhaps more caring people." ?