

## **Open Caucus on Youth in the Economy**

Wednesday February 25th, 2015

9:30 am – 11:30 am

Room 160S, Centre Block

### Paul Kershaw

Associated Professor at the University of British Columbia and founder of the Generation Squeeze campaign

Mr. Kershaw stated that while there is a great deal of discussion about a middle class squeeze, the data actually shows that this squeeze is primarily affecting Canadians 45 and under. Canada has gained a great deal of wealth when compared to 1976, but this is not trickling down to young Canadians. On average, younger Canadians are going to school longer. Contributing to high student debt is the fact that young Canadians are paying literally hundreds of thousands of dollars more than their parents to buy an average home; compared to 1976, it takes twice as long today to save for a 20% down payment on an average Canadian home (10 years). These and other factors are forcing young Canadians to put off home ownership, or abandon the thought of buying a home at all.

Mr. Kershaw states that “though no one promise that social economic circumstance swill continually get better, however Canada does have a proud tradition of using public policy to adapt to situations that certain groups cannot get out of on their own. Instead, government is helping other groups adapt, not youth.” Today, Canada spends between \$33-40,000 on individuals 65 and older; this is a stark contrast to the \$10-11,000 per year spent on Canadians 45 and under. Part of the blame for this state of affairs lies with the slow disengagement from politics by younger Canadians. Special interest groups like the Canadian Associations of Retired Persons have raised the political cloud of the 65 and over generation, and see policy platforms tailored to them as a result. There is no equivalent advocacy group for younger Canadians; this is the gap that Mr. Kershaw is trying to fill with is Generation Squeeze campaign.

### Michel Bergeron

Senior Vice President, Marketing and Public Affairs, Business Development Bank of Canada (BDC)

Mr. Bergeron highlighted the role of the BDC in assisting aspiring Canadian entrepreneurs. The BDC has more than 30,000 clients across the country with more than 70 years of experience and commitments exceeding \$22 billion. The BDC provides financial and consulting services for entrepreneurs, and currently support roughly 12,000 young entrepreneurs and is very active is active on university campuses and The BDC is important because they will take risk that banks do not usually take with younger entrepreneurs. Also important is the BDC’s relationship with Futrepreneur Canada. For every \$15,000 of financing provided to young entrepreneurs by Futrepreneur, the BDC will match up to an additional \$30,000 for young Canadians to pursue their business dreams.

### Julia Deans

Futrepreneur Canada

Futrepreneur Canada is a national not for profit founded in 1996, and since then they have helped roughly 7,500 young Canadians, 18-39 years of age, to launch business across the country. Futrepreneur assists young Canadians in launching successful business in four ways; they provide pre-

launch coaching; provide up to \$45,000 in financing in conjunction with the BDC; they provide a mentor for each young entrepreneur; and they provide in person and online business resources. Ms. Deans noted that in conjunction with organizations such as Futrurepreneur, there are 3 big action items needed at the public policy level to expand entrepreneurship in Canada. Training needs to start at an early age, and Canadian youth need to be shown that entrepreneurship is a viable and lucrative career path. To accomplish this, Canadian youth need to be taught financial literacy at an early age from grade school on. And lastly, private business and not for profits cannot be expected to carry this burden alone; the Canadian government need to support young entrepreneurs as well.

James Knowles

Researcher, Public Policy Division, Conference Board of Canada

Mr. Knowles provided us with some data highlighting youth financial trends from 1984-2010 using statistics available through the Canada Revenue Agency. Using their pre-tax income, Mr. Knowles demonstrated that since 1984, in constant dollar terms, the income of 25-29 year old Canadians has gone up by 8%; for Canadians 30-34, it has risen by about 11%. While this seems like good news, these percentages stand in stark contrast to the incomes of the 50-54 year old Canadians, which have risen by approximately 21%, creating a significant income gap between older and younger Canadians.

This significant lag in average incomes for young Canadians has in turn forced them to delay many of life's milestones such as buying a home, starting a family or saving for retirement. If this trend continues, Mr. Knowles stated that the entire country may suffer, given that the baby boomers are beginning to move into retirement, dramatically shrinking the size of Canada's labour force. If younger Canadians do not see a rise in incomes soon, governments will either have to raise taxes or significantly cut social spending at a time when the baby boom cohort will put much more pressure on public services such as health care and social assistance.

Michelle Biss,

Canada Without Poverty

Ms. Biss noted that youth in Canada are not only finding it hard to meet the living standards of their parents, but are also disproportionately affected by poverty. According to the 2011 National Household Survey, the poverty rate for young people is 17.3%; that is higher than the national average for Canadians in other age demographics. Aboriginal youth suffer even more, with a youth poverty rate of 19.2%. Even on University campuses, it is reported that there has been a proliferation of food banks in an attempt to combat student hunger. A June 2014 report by Statistics Canada report that the youth unemployment rate stood at 13.4%. Ms. Biss noted that the government's track record on improving the lot of youth in Canada has remained poor; between 2010 and 2013, the Youth Unemployment strategy was cut by \$64 million.

Ms. Biss noted that the best way to counter these trends is to create a far reaching, inclusive anti-poverty strategy that does not only focus on certain aspects of poverty, but rather attempts to alleviate it on the whole. Young people also have a role to play in this by becoming more vocal about what they want from their government. "Nothing about us without us," is a phrase Ms. Biss used, going on to state that "it is vital that young people be meaningfully engaged in the enterprise of law and policy making." Both they and the government have a responsibility to see such a strategy through.

## Audience Questions

At our meeting on Youth in the Economy, we were privileged to welcome a good number of parliamentary staff and members of the public, who took part in our question and answer period.

Nicolas Thibodeau of the office of Christine Moore (NDP, Member of Parliament for Abitibi—Témiscamingue, NDP) asked our panel if policy makers are looking at the economy in the right way. Traditional models are changing; younger individuals do not place such a great emphasis on buying a car for instance. Do we need to look at things differently to get a better idea of the hurdles being faced by younger Canadians? Mr. Bergeron noted that in terms of engaging young individuals, there has certainly been a culture shift, with social media being the prime medium of communication. As a result the BDC has developed a social media strategy that acknowledges this reality. Ms. Deans responded to the question by stating that younger generations need information much more quickly. They respond best to examples of success in order to feel inspired and connected, and this is something Futrepreneur aims for in their programming. With regard to overall lifestyle changes, Mr. Kershaw noted that young individuals these days live much more sustainable lives, but they are bearing the brunt of this economic adaptation (buying condos instead of homes, delaying child bearing, etc)

Jannie Bedard-Guillemette of the office of Anne-Marie Day (NDP, Member of Parliament for Charlesbourg—Haute-Saint-Charles) asked about the emerging employment pattern for young people, the habit of staying in a job for only a few years and then moving on. Ms. Biss noted that the types of employment available to young people entering the job market today are not the same as 20 or 30 years ago. Much of the employment is part-time, precarious or short term contract. This particularly affects marginalized groups in the younger cohort, such as women for instance.

Matt Rios, of the Canadian Alliance of Students Association asked our panel about recent trends which indicate that younger Canadians are relying more and more on personal debt and taking out private loans. Does this present an obstacle to younger Canadians? And furthermore, could our panel discuss further the barriers being faced by young Canadians entering the labour market? Mr. Knowles noted that some of the issues being faced are a mismatch of skills being picked up by young Canadians in their education and the kinds of skills employers are looking for. There needs to be an active plan in place for younger Canadians so they can attune their skills to the needs of the labour market. Ms. Bergeron said that he has seen surveys which suggest that access to skilled labour is businesses' number one demand, and there needs to be more efficient ways of connecting the supply with this demand. Mr. Kershaw stated that younger Canadians are witnessing diminishing returns on their investment with regard to education, all the while they are seeing tuition fees soar. In the past, employers viewed University degrees as proof that an individual was a capable worker, and would train them in the skills they needed for the job in question. These days, there are many more individuals with these degrees, and they do not carry the same value they have in the past. Currently, the private sector is relying on the public purse to train their potential employees, and they need to take off some of the pressure by acknowledging they have a role in teaching skills as well, as they had done in the past.

The Open Caucus was also joined by a group of 15 high school students from around Canada as part of the Forum for Young Canadians, and ongoing initiative with the Senate to engage young Canadians. Senator Dyck also welcomed a small delegation of Harvard Students to witness our discussion.

## Questions and Answers

Senator Mitchel directed a question at Mr. Knowles regarding the data used in his presentation. Is it possible, he asked, that the data is skewed by the number of young people who see themselves as simply unemployed? Mr. Knowles responded that while that is unlikely, his data is “optimistic” given that the CRA uses the mean, rather than the median when studying income trends. Median incomes on the whole are down for young Canadians. Mr. Kershaw agreed, and stated that average income for young Canadians is trending downward, this at a time when houses prices continue to rise. Ms. Biss noted that there is now a large gap in the data since the government scrapped the mandatory long form census. Organizations are now relying on data from private groups, such as the Canada food bank, to gauge the trends in poverty, joblessness, etc.

Senator Munson inquired what the government can do to help young Canadians in light of these discouraging trends. Mr. Kershaw responded by highlighting that a decade ago, one third of elderly Canadians were living in poverty, a statistic that has improved dramatically. If the federal government paid similar attention to younger Canadians, their lot would markedly improve as well. Ms. Biss noted that the federal government has a tendency to say that many programs for youth fall out of their jurisdiction, but they have a responsibility, particularly in Aboriginal Communities where “40% of Aboriginal children live in poverty,” to begin the process of turning things around. The United Nations has told Canada it needs a comprehensive plan to address poverty, and both Senate and House Committees have recommended that Canada create a comprehensive plan.

Many Senators wondered what options there are for young Canadians to improve their lot and overcome the hurdles they are facing. Senator Cordy asked what is being done to lay the groundwork for future entrepreneurs in Canada’s youth cohort. Ms. Deans noted that parents and schools need to get out of the mindset that the path they took to obtain long term, stable employment also applies to their children. Entrepreneurial skills, which are becoming increasingly important in today’s job market, are not yet appropriately reflected in our approaches to training young Canadians.

Yet to achieve these ends, there was a consensus amongst our witnesses that young Canadians need to be more engaged in the political process to garner attention from politicians. Senator Cowan asked how younger Canadians can inspire themselves to take action in the political process when so much money is being spent on Canadian seniors. Mr. Kershaw noted that young Canadians pay a great deal of attention to politics at the local and international level, but have lost interest in provincial and federal politics; this despite the fact nine out of ten of their tax dollars are spent at these levels. He stated that “younger Canadians today probably enjoyed some of the most privileged childhoods that have ever been witnessed on the continent, and as part of that it became less socially acceptable...to lobby on behalf of one’s self.” He went on to state that we need to, “make it legitimate once again for young Canadians to say that ‘while there may be people who are more marginalized than me ...things are deteriorating here for my group, and it is worthwhile for me to pay attention.’” In a response to Senator Cordy, Mr. Kershaw noted that when young Canadians votes begin to decide tight ridings in provincial and federal politics, only then will politicians take notice and being to include programs for young Canadians in their platforms. The only way they can do this, he noted, was if they organize into coherent lobby groups, much like Canadians 65+ and older have with the Canadian Association of Retired Persons; elections are fought year round, he noted, not only on election day. Ms. Biss mentioned that the passing of Bill C-23, the Fair Elections Act made it more difficult for young people to vote as it eliminated vouching, which makes it much more difficult for mobile students to vote. It also did away with Election Canada’s youth voter initiatives. The Senate Liberal Caucus will hold a meeting on April 1<sup>st</sup> to discuss youth engagement in politics.

The above summary covers only the broader themes which were touched on the most in our meeting. Other topics included the status of minority youths, student debt forgiveness, and a guaranteed annual income. To hear these and other questions, please find the complete audio of our meeting on the meeting page at: <http://liberalsenateforum.ca/open-caucus/february-25-2015-youth-economy/>