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UNIVERSITY OF ALBERTA

GENERATIONAL EQUITY AND THE POLITICS OF AGING SOCIETIES: A COMPARISON OF CANADA AND THE UNITED STATES

BY

KATHLEEN M. GUBBINS

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Master of Arts.

DEPARTMENT OF SOCIOLOGY

Edmonton, Alberta

Fall, 1991

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UNIVERSITY OF ALBERTA

FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled GENERATIONAL EQUITY AND THE POLITICS OF AGING SOCIETIES: A COMPARISON OF CANADA AND THE UNITED STATES, submitted by KATHLEEN M. GUBBINS in partial fulfillment of the requirements for the degree of Master of Arts.

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Date Oct 4, 1991

ABSTRACT

In recent years, as the proportion of elders in North America has increased, concerns have been expressed, particularly in the United States, about the impact of this demographic shift on other age groups. "Generational equity" has begun to be debated in the U.S. as some groups argue that younger persons will suffer as a result of this focus on the current elderly generation. Interestingly, as yet, this debate has not gained a foothold in Canada. This fact has provided the impetus for this study.

This thesis attempts to provide a starting point for Canadian research in this area by conducting an analysis of five relevant American factors, and then comparing them with conditions in Canada. These five factors are argued to have contributed to the development of the intergenerational equity debate in the U.S.. These factors are identified as: (1) population aging, (2) senior power, (3) perception of fiscal crisis, (4) the young/old poverty imbalance, and (5) a narrow social policy net. These factors are studied in order to critically analyze the controversy as it has emerged in the United States. The main purpose of this thesis is to then assess the extent to which these factors are present in Canadian society and it is thus susceptible to the development of this controversy and the resultant threats to senior programming.

This thesis finds that several factors conducive to

generational equity tensions in the U.S. may also be present in Canada. However, there are at least two factors working to inhibit these tensions and controversies from emerging in Canada. Overall, it is concluded that it is reasonably likely that generational equity may become a concern, especially as the population continues to age and as a fiscal crisis mentality underlies social policy choices. To avoid this potentially divisive debate, preventive steps should be taken now. Implications for social policymaking and future research are addressed.

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CHAPTER ONE

FRAMEWORK OF THE STUDY

I. INTRODUCTION

Age is a major dimension of social organization; it is significant not only at the level of individuals, but in societal context as well. Emerging from this has been a tradition of concern about relations and tensions between age groups or generations. The early focus of this topic (e.g. Mannheim (1952); Eisenstadt (1956)) was on how generations develop an historical or generational consciousness which led them to think and behave in ways different from other generations and often to become organized to initiate social change (McPherson, 1990). Basically, this type of study involved a focus on young generations. More recently, as the proportion of elders has increased, the focus has shifted to the old, the impact of the growing percentage of seniors in western industrial societies, and the implications for other age groups.

Concern has been expressed in recent years, especially in the United States, about "intergenerational equity"[1], a rather complex concept that encompasses several notions, including: (1) the idea that the aged are at an unfair advantage relative

[1]The terms "intergenerational equity" and "generational equity" are used interchangeably in the literature and in this thesis.

to children, in terms of economic well-being (see Preston, 1984); (2) the idea that current workers will receive much less of a "return" on their payroll tax payments than those who are now retired (see Duncan & Smith, 1989); and, (3) the idea that due to the high Social Security payments going to today's seniors, there is some question as to whether or not future retirement benefit obligations will be met (see Longman, 1987). Proponents of the "generational equity" perspective believe that generational tensions will develop and grow unless something is done now. Many others disagree with this position. And, although the U.S. has been the center of the debate about generational equity, some concern is beginning to be expressed in Canada, as well.

This thesis proposes to (1) critically examine the controversy as it has emerged in the United States; (2) isolate the factors which are argued to have contributed to intergenerational tensions; (3) assess the extent to which these or analytically similar factors are present in Canadian society and it is thus vulnerable to this controversy and threats to senior programming; and, finally, (4) to suggest conditions under which generational tensions are likely to become heightened and age-specific programs put at risk.

II. BACKGROUND OF THEORY AND RESEARCH

A. Age-salient And Age-irrelevant Arguments

Two opposing viewpoints, the "age-irrelevant" argument and the "age-salient" argument have emerged in the gerontology literature. Neugarten (1979, 1986) believes that the United States is moving toward age-irrelevancy. By this she means that age is becoming a less relevant basis for assessing adult competencies and needs, and traditional age norms and conceptions of age groups are becoming blurred. As such, U.S. society should be moving away from using age as a way of defining and demarcating social boundaries. In this view, age is not seen as a basis for future polarization or tension between age groups. On the other hand, others, such as Longman (1987), see age as <u>the</u> most salient feature in looking at relations between groups in society. In this view, age is a primary determinant of the economic and social fortunes of various groups in society. Far from seeing the significance of age as decreasing, these scholars believe that the aging society will bring with it age polarization and age divisiveness. Those who have reached their sixty-fifth birthdays are singled out for particularly close scrutiny.

Age-salient arguments have been gaining in popularity, and in recent years new issues on the agenda for research and policy analysis concern questions regarding equity between generations. The aged, once characterized as the disadvantaged, are now being described by some observers as getting more than their "fair share".

B. The Generational Equity Debate

From the 1950s through the early 1970s the elderly in industrial nations were studied primarily as a disadvantaged group, relatively low in both social and economic status compared with younger persons (Streib & Binstock, 1990). The relative economic prosperity of the United States during that time period allowed policymakers to "discover" and even "declare war on" poverty (Minkler, 1986).

However, this view of the elderly changed in the late 1970s, particularly in the U.S., when high unemployment, growing inflation, and a perceived crisis in the Social Security system combined to afford a new and very political color to ideas about aging and intergenerational relations (Binstock, 1983). As Meredith Minkler argues, "when the economy is perceived in terms of scarcity, social problems are redefined in ways that permit contracted, less costly approaches to their solution" (Minkler,1986: p.540). In this case, the redefinition involved a reversal in the popular stereotypes of the elderly; the perception of the elderly as poor, frail, and disadvantaged quite suddenly became one of the elderly as wealthy, powerful, costly, and getting more than their "fair share". The "compassionate ageism" that had fostered improvements in Medicare and Social Security, alleviating some of the economic problems of the elderly, was coming to a rather abrupt end (Binstock, 1983), as some observers were beginning to question the rationale for giving benefits to seniors. Perceived as "busting the federal budget", the elderly and their entitlement programs have now been redefined as part of America's economic problem (Minkler, 1986; Binstock, 1983). In fact, Robert Binstock (1983) argues that America's elderly have become the scapegoats for a whole host of proclaimed fiscal and social crises. Samuel Preston (1984) and Phillip Longman (1986, 1987), for example, blame the voting power of selfish older persons for the predicament of young persons who have inadequate health care, education, and nutrition.

In 1985, shortly after Preston's analysis, the President's Council of Economic Advisors (Pres. Council, 1985, cited in Minkler, 1986) reported that the elderly were "no longer a disadvantaged group", and in fact were better off financially than the population as a whole, and were much better off than children, in particular.

Such arguments helped generate a new wave of media attention to the wealthy, powerful, costly elderly. And they are credited with providing a great deal of the impetus for the formation in 1985 of a new national organization devoted to promoting the interests of younger and future generations, Americans for Generational Equity (AGE) (Minkler, 1986).

With the formation of AGE, "the backlash that Hudson (1978) and Binstock (1983) warned about. moved from scattered rhetoric, to organizational chart, to the production of generational impact studies" (Wisensale, 1988, p.774). AGE very quickly began to publicize the view that people in their twenties, thirties, and forties were in danger of being short-changed by social programs that benefited older people at the cost of depleting resources that should be held in reserve for the future old. (It should be noted that while Preston and others focus attention on children as a comparison group for the elderly, AGE primarily focuses on the baby boomers).

In short, the proponents of an intergenerational conflict framework have focused on and capitalized upon certain facts of life that have occurred concomitantly with the aging of America: a massive deficit, increased child poverty rates, and a 76 million member baby boom generation whose real incomes have declined 19% during the past 15 years (Longman, 1987). These figures have been combined with the following statistics, and together they have been used to suggest that the current elderly population should take part of the blame for the above-mentioned problems:

-while the elderly represent only 11.5% of the American population, they consume 28% of the national budget and 51% of all government expenditures for social services, and,

-in the past twenty years, Social Security benefits experienced a growth rate of 46% in real value, while inflation-adjusted wages for the working population declined by 7% (Minkler, 1986).

A central theme, then, of the generational equity message is that today's elderly are simply too expensive; consequently, both children and the baby boomers will not only be overburdened with the responsibility of covering the costs, but it is also the case that these groups will be unable to retire as comfortably as today's retirees. Generational equity proponents charge that because the retirement system in the U.S. disproportionately awards benefits to seniors regardless of their financial status, the economic future of America is being mortgaged so that today's older Americans can live a life of "luxury" (Longman, 1987). As such, groups such as AGE foresee a revolt by young taxpayers, culminating in an "age war" with Social Security and Medicare as the battleground (Longman, 1986).

Generational equity is currently the focus of much academic and popular attention. As Kingson (1988) points out, there are different views about exactly what generational equity means and what, if anything, should be done. According to the generational equity literature, the most vocal proponents of generational equity advance the proposal that too many public benefits have been directed at the elderly, and they are concerned about conserving resources for other age groups, other generations, and other purposes (deficit reduction, for example) (Kingson, 1988). They want to see reductions in the benefits directed at current and future elderly people and increased investments; they see protests to the contrary as short-sighted manifestations of selfish interest-group politics (Kingson, 1988). On the other hand, others believe that charges of intergenerational inequity are less a real concern for the well-being of vulnerable groups (e.g. poor children) and more a manifestation of conservative opposition to government programs and a deliberate effort to cut services to the elderly, especially Social Security (see, for example, Kingson et al. (1986) and Minkler (1986)).

The generational equity debate is multi-faceted and complex; it touches on discussions of demography, economics, social justice, and social policy. A review of the generational equity literature indicates that there is disagreement regarding the criteria and underlying assumptions used to define the terms of generational inequities. These generational equity arguments and assumptions are discussed in recent literature and are assessed in terms of their validity and potential implications for policy. These implications include:

1) a reshaping of the parameters of policy discussions so that all future policy choices will have to take generational equity into account (Quadagno, 1990), and,

2) generational equity proponents would ideally like to see a replacement of the current Social Security system with the type of social assistance model that was present in the U.S. prior to 1935 (Quadagno, 1990). This would involve reducing or eliminating cost-of-living adjustments, and encouraging private insurance through tax policy in order that Social Security and Medicare might be replaced gradually. Universal entitlements to benefits would be replaced by means testing, and benefits would be reduced to a subsistence level. The return to a social assistance model would also increase labor force participation rates of older people, as there would be no option for many but to work; important issues involve <u>who</u> would have to work and <u>what kinds</u> of jobs would be available for them (Quadagno, 1990).

Generational equity proponents frame policy discussions and questions of social justice for the aging society in a manner which, if accepted, would substantially reduce the role of government in responding to the needs of the elderly population (Kingson, 1988).

III. PURPOSE OF THE STUDY

It is apparent that concerns regarding generational equity have been growing and gaining momentum in the U.S. over the last few years. Though the debate started with scattered articles in mass publications, it soon moved to the scholarly journals. Books were being written on the subject, and Americans for Generational Equity, an organization devoted to promoting awareness of the concerns of generational equity proponents, was formed by 1985. However, this debate has basically been restricted to the United States. In Canada, there is as yet no discussion of the debate in the academic journals, books are not being written on the subject, and no generational equity organizations have been formed. A few scattered newspaper articles have appeared within the last couple of years, but the debate has not to this point gained a foothold.

This thesis proposes to explore some of the factors that are believed to have been conducive to the formation and growth of the generational equity debate in the U.S. This comparative analysis will attempt to isolate major contributing factors and predisposing conditions, develop these conceptually, and systematically examine and compare similarities and differences between the U.S. and Canada. This will be done in order to examine the extent to which there are:

1) conditions in Canada similar to those in the U.S. which increase the possibility of generational equity tensions;
2) conditions independent of the U.S. factors which could still create generational equity tensions in Canada; and,
3) conditions existing in Canada which are likely to prevent the emergence of generational equity tensions.

The following factors, which are derived from a systematic review of the literature, are important in this regard:

A. population aging
B. senior power
C. perception of fiscal crisis
D. the young/old poverty imbalance
E. a narrow social policy net

IV. CONCEPTUAL CLARIFICATIONS

A. Population Aging

Population, or demographic, aging may be defined as "the process whereby an entire population grows older" (McDaniel, 1986, p.1). It involves an increase in the proportion of the population aged 65 and over and a corresponding decline in the proportions in the younger age groups relative to the middle and older age categories.

It is a well-established fact that the U.S. population is getting older. As the proportion of elderly persons has been rising, so the elderly population itself has been getting older, with an increasing share over age 75. When the demographics of an increasingly older population have been discussed in recent years, they have often been referred to with alarm. In the literature, fear of the effects of population aging on the economic, social, and political spheres is expressed with a great deal of regularity (see, for example, Peterson & Howe, 1988); much of the discussion centers on the issue of dependency. Concerns have been raised regarding Canada's aging population, as well.

It has been suggested that the sort of backlash toward the elderly engendered by generational equity proponents may bear a relationship to the proportion of older persons in a society (Butler, 1989). In order to examine this proposal, it is necessary to look at the relevant demographic factors for the U.S. and Canada to gain a general understanding of the similarities and differences involved. This thesis will review such factors as age structures, population projections, and rates of population aging. It is necessary to assess whether demographic aging, in and of itself, is a sufficient precondition for the appearance of generational equity tensions. Its perceived effects on the economic and political futures of the two nations seem to be of importance, as will be discussed.

B. Senior Power

In general, power may be thought of as the ability to realize goals, even against opposition. "Senior power", then, may be thought of as the ability of elderly people to either enact legislation beneficial to them or prevent the passage of legislation harmful to them, even against opposition. So-called senior power has been a focus for generational equity proponents. Pointing to the lobbying strength and size of such organizations as the American Association of Retired Persons (AARP), generational equity proponents argue that the "gray lobby" is inordinately powerful (Longman, 1987). While it _is_ true that groups like AARP have large memberships, impressive organizational structure, large budgets, and sophisticated lobbying techniques, it is not clear to what extent the "power" of these organizations is real and to what extent it is merely perceived. In any event, these groups stand out as visible targets for conservative attacks.

Much less research has been done on Canadian senior power; however, it will be important to determine whether or not senior power is as salient a feature of the political scene in Canada as it is in the U.S. The various aspects of the "gray lobbies" in the U.S. and Canada will also be examined. Dimensions for comparison include: membership size, lobbying strength, budget sizes, and success in influencing legislation; these dimensions will be discussed in relation to the nature of the organization of political action in each country. There are important political differences between the two countries that may have an effect vis-a-vis generational equity.

C. Perception of Fiscal Crisis

"Fiscal crisis" is a term widely applied to the fiscal difficulties of governments in the U.S. It generally refers to the inability of government to meet operating expenses, impending or actual fiscal deficits, or other fiscal problems of government (Estes, 1983). A fiscal crisis at the federal level was formally declared in the U.S. in 1981, and this declaration has generated a climate of vulnerability of the American public to proposals to dismantle major social programs (Estes, 1983). And, as Pauline Ragan (1977) argues, the economic-political climate will be one of the variables determining the development of a backlash effect, such as that being demonstrated by generational equity proponents. A general overview of the perceived economic fortunes of Canada and the U.S. over the past several years will be provided.

D. The Young/Old Poverty Imbalance

Two population subgroups may be identified as particularly vulnerable to poverty. These two groups are distinguishable by their positions on the extremes of the age continuum: the young and the old. Children and the elderly are traditionally considered to be the economically dependent age groups in North American society; however, in recent years, these two groups and the trends in their poverty rates have come under scrutiny by generational equity proponents, who wish to suggest that the decreasing elderly poverty rates are somehow responsible for the increasing child poverty rates. In short, American children are being used by generational equity proponents as a comparison group to show how "well-off" and "greedy" American elders are. An important question to be asked is: is the situation in Canada similar enough to the American situation that the same claims can potentially be made?

In order to examine this issue, comparisons will be made of the relative economic positions of children versus the elderly in Canada and the U.S.

Questions that will be addressed in this part of the thesis include:

1. How do elders in each country fare, in terms of poverty, compared to children?
2. To what extent are children a relatively more disadvantaged group with respect to the rest of the population in the U.S. than is true in Canada?

In addition, race is a factor that needs to be addressed: child poverty, and poverty in general, is closely associated with race, and Canada's racial composition is quite different from that of the U.S.

E. A Narrow Social Policy Net

Quadagno (1990) suggests that the lack of social programs to which Preston (1984) has pointed, is essential in explaining why the U.S. is the only country involved in discussions of generational equity. She argues that other nations have an array of social policies that support families across the entire life cycle, including national health insurance and family allowances, among others. Such programs reduce poverty over the life course for all age groups. Quadagno suspects that Social Security stands out so distinctly in the U.S. national budget, and is therefore a visible target for attacks by generational equity proponents, precisely because the American social policy net is so narrow (Quadagno, 1990).

In this light, various social policies of the U.S. and Canada will be compared, particularly the health care policies and systems, in terms of:

--the kinds of programs available to meet the economic needs of vulnerable groups

--health insurance coverage: depth and breadth

--values and philosophy: government versus private responsibility

--program funding and form

The above five factors, while not exhaustive, are the ones that seem central to the generational equity debate.

V. METHOD

This thesis is an exploratory comparative study. In an attempt to give an overview of the various facets of the generational equity issue, it will be based on a variety of secondary data, such as U.S. and Canadian census data and government reports. As well, a number of comparative research studies, particularly those done during the last decade, will be re-examined. There are many conflicting arguments regarding the generational equity issue in the U.S., and the relevant questions and concepts will be examined and refined in this comparison of Canada with the U.S.

The study will be both descriptive and analytic, in that this thesis will attempt to isolate and further refine variables, which, in combination, may be pivotal to producing generational equity tensions.

VI. RELEVANCE OF THE STUDY

All too often, it is assumed that because of Canada's proximity to the U.S. and two nations' high levels of social, cultural, and economic interaction and interdependence, that what is true for the U.S. is also necessarily true for Canada. However, it is believed that there are many differences between the two countries that may mean a difference vis-a-vis the generational equity debate.

Unfortunately, little academic work has been devoted to U.S.-Canadian comparative analyses in the field of aging. As MacDonnell & Maxwell (1988) point out, cross-national gerontological studies in the U.S. and Canada have focused primarily on comparisons of each of the two countries with countries of other continents. Despite ethnocultural similarities, differing social, political, economic, and health policies of the two nations have a significant impact upon the ways by which each deals with its elderly population and its aging society. A cross-national analysis of the generational equity issue would seem to be of practical import: if there are factors present in Canada that may provoke similar tensions, then there is still time for us to develop ways of avoiding this divisive and potentially harmful debate.

VII. THE PLAN OF THE THESIS

The following chapter describes the method and data upon which this thesis is based. Chapters three and four describe the five major concepts and factors relevant to the generational equity issue. These chapters consist mainly of a cross-national U.S./Canadian comparative analysis of these factors. The fifth chapter draws conclusions about the likelihood of generational tensions developing in Canada, based on the results of the comparative analysis.

CHAPTER TWO

RESEARCH STRATEGY

I. METHOD

This thesis is an exploratory cross-national comparative study. The broadest possible definition of "cross-national" research is any research that transcends national boundaries. Many studies of single societies are implicitly cross-national, in that the investigators interpret their findings by contrasting what they learn about the country they actually study with what is known or is believed to be true about another country (Kohn, 1989). However, this study is explicitly comparative; it utilizes generally comparable data from Canada and the United States in order to examine and refine selected questions, concepts, and arguments pertaining to the generational equity issue.

Both the similarities and the differences found in the examination of these factors are important in determining the extent to which there are conditions in Canada that are conducive to, independent of, or potentially inhibitory to the emergence of generational equity tensions like those evident in the United States. Similarities between the two countries in the areas previously earmarked as important suggest a potential for the initiation and development of tensions and debates. Differences between the two countries may suggest a preventive function.

Comparative social research has a long history. Early sociologists like Weber and Durkheim made extensive use of the comparative method. More recent work employing this method has been done by a number of researchers, including Erik Olin Wright et al. (1989), Theda Skocpol (1979), Melvin Kohn (1969), and Stein Rokkan (1966). These scholars have studied such phenomena as social organization, class formation, and social change. However, cross-national research is not as common in gerontology as in these and other sub-disciplines of sociology. Nevertheless, some important examples can be cited. For example, a classic piece of social research on the topic of older persons in industrial societies was conducted by Shanas, Townsend, Wedderbuth, Friis, Milhoj, and Stenhouwer (1968) in the U.S., Britain, and Denmark (Streib & Binstock, 1990). Two decades later, Andrews, Esternan, Braunack-Mayer, and Rungil (1986) conducted a four-nation study in which a standard questionnaire was used to probe social and health aspects of aging (Streib & Binstock, 1990). Finally, a very recent example is the work done by Inkeles and Usui (1988); these researchers performed a secondary analysis of retirement data collected from the U.S., U.K., Japan, and France (Streib & Binstock, 1990).

The vast majority of comparative sociological studies have been quantitative; i.e. focused on multivariate statistical analyses of cross-national survey data. Nonetheless, some comparative sociology has been qualitative in nature. For example, Skocpol (1979) based her work States and Social Revolutions on a comparison of very small numbers of societies and used historical and descriptive data. However, cross-national sets of qualitative data are quite rare (Archer, 1987). In gerontology, the Inkeles and Usui (1988) study is an example of a qualitative approach involving a secondary analysis of published data.

This thesis is a two-country qualitatively-focused study using secondary data. The strategy used in the application of the comparative method involves secondary analysis of data from published reports.

II. THE DATA AND THEIR LIMITATIONS

As mentioned in chapter one, five factors derived from a comprehensive exploration of the literature are believed to have been conducive to the development of the debate in the U.S.; these are population aging, senior power, perception of fiscal crisis, the young/old poverty imbalance, and a narrow social policy net. These factors are defined and clarified in chapter one. What follows is a discussion of the data sources for each of the factors, as well as the limitations of each data source.

A. Population Aging

The aging of the population is a factor that is measured in terms of age groups and their proportions in the population as well as in terms of past, present, and future dependency ratios. The most recent U.S. and Canadian census material, government documents and reports, and documents published by the Organization for Economic Cooperation and Development (OECD) provide an empirical basis for describing these demographic features of the two countries. Dependency ratios are calculated using population projections based on medium-growth assumptions for both countries. In Canada, the medium growth scenario assumes a constant fertility rate of 1.67 births per woman, the standard mortality assumption that current gains in life expectancy will continue, but at a gradually diminishing rate, and an immigration of 200,000 per year. The corresponding U.S. medium growth assumptions are based on 1.7 births per woman, the same mortality assumption as for Canada, and immigration of 600,000, declining linearly to 500,000 by 1998 (U.S. Bureau of the Census, 1989). There is justification for using these assumptions. In several Canadian provinces, as well as in the U.S., there are indications that fertility levels are stabilizing and that declines have been slowing down. In fact, there has been no significant change in the fertility rate in Canada or the U.S. during the 1980s. The medium assumption generally reflects this tendency for fertility to remain unchanged at the 1985 level of 1.67 births per woman (Statistics Canada, 1990), and 1.7 births per woman for the U.S. (USBC, 1989).

This study, then, like many cross-national studies, utilizes aggregate data from the statistical bureaus of the two countries. It is often pointed out that there are many differences between countries regarding the definition of concepts in use for statistical purposes and differences in rates may be an artifact of the comparison itself (Berting et al., 1978). A key problem in comparative studies is the difficulty of finding truly comparable measurements of the same phenomena in different nations. For example, every major industrialized country produces statistics on the distribution of income. However, income is measured differently in different countries; definitions of household versus individual income are quite often not the same; methods for estimating the under-reporting of income in government statistical surveys may vary greatly, and so on (Berting et al., 1978). Another persistent methodological problem is finding appropriate indicators to serve as usable representations of the more general concepts under study (Kohn, 1989). However, these issues are considered to be more problematic for studies comparing countries that are more geographically distant or politically, economically, or culturally different from one another than are Canada and the United States. The data used for this study (i.e. population figures and projections) are collected and calculated in essentially the same way by Statistics Canada and the U.S. Bureau of the Census. Where problems arise, these are discussed. For example, the inclusion of dependency ratios in this study is accompanied by a caveat (see chapter three).

Projecting into the future is also problematic. Population projections are forecasts about the future population given that certain conditions remain in effect throughout the course of the projection period (Kalbach & McVey, 1979). Beyond the immediate future, the accuracy of projections is questionable; too many factors and conditions that cannot be completely anticipated (e.g. a change in immigration policy) can intervene and render projections less than useful. Keeping the limitations in mind, however, these projections are among the more useful tools available to policy-makers.

B. Senior Power

Senior power is assessed by examining voting, seniors' organizations (membership, strength, salience), and success of seniors and/or their advocates in producing beneficial changes for seniors and/or in preventing harmful changes from being implemented. In addition, some attention will be given to the role of bureaucracies in the senior power issue. The information looked at for this assessment includes studies of:

voting behavior, seniors' organizations, and policy gains and losses. In other words, a secondary analysis of several Canadian and U.S. studies is performed.

The primary limitation of this data is the fact that so little interest has been shown in Canada in the gray lobby or in seniors' organizations; as such, the information available is somewhat limited.

C. Perception Of Fiscal Crisis

The third factor under investigation, perception of fiscal crisis, is addressed through a rather broad and general examination of each country's declarations of fiscal crisis at the national level and through Gallup Report information available for each country. Gallup information is used to gauge public opinion with respect to the notion of fiscal crisis.

D. The Young/Old Poverty Imbalance

For this section of the thesis, a major data source is a series of studies based on the Luxembourg Income Study (LIS) data file. This data set has proven useful to comparative researchers by creating comparable cross-sectional data files for several western industrial nations including Canada and the United States (Smeeding et al, 1988). LIS data are adjusted for definitional differences (both related to income and reporting units) among the different country surveys (Schulz et al., 1991). As well, adjustments are made for differences in the time of the studies (i.e. Canada's information is for 1981, while that from the U.S. is for 1979). These adjustments enhance the value of the comparisons (Schulz et al., 1991). Income levels and poverty rates for children, the elderly, and other population subgroups have been calculated by the researchers whose comparative studies are examined in chapter four of this thesis. In addition, various other explicitly comparative studies carried out over the last decade are re-examined.

Unfortunately, the available LIS data were collected approximately ten years ago, and are therefore somewhat dated (Schulz et al., 1991). New reports and comparative studies, based on the 1985-1986 surveys, are not as yet available. Therefore, some newer material from the two countries' statistical bureaus will be used to supplement the older LIS material when possible.

E. A Narrow Social Policy Net

A number of descriptive studies of the social and health care policies and programs of Canada and the U.S. are re-examined in this section. Where possible, explicitly comparative studies will be examined. These will be supplemented by information available from sources within each of the two countries.

III. A FINAL WORD: THE APPROACH

Finally, it should be noted that, although this thesis is based on secondary analyses of census and other statistical data, the research strategy is far more qualitative than quantitative in nature. The findings are not meant to be taken as conclusive or generalizable. Rather, this study is an attempt to open up an area of gerontology that is thus far relatively untouched in Canada (generational equity) from a qualitative comparative perspective. In general, comparative works on the topic of the elderly use a country study approach. That is, a chapter is written about one country and then another chapter is written about another country and so on (Schulz et al., 1991). This is the approach taken by Rathbone-McCuan & Havens (1988) in one of the very few books written specifically about the elderly in Canada and the U.S. from a comparative perspective. The weakness of this approach is that comparisons are actually only implicit; the reader must attempt to draw his or her own conclusions. This thesis deliberately takes an alternative approach; the issues to be addressed for the two countries are outlined in chapter one. Chapters three and four cover these topics, to the extent possible, from the standpoint of each country. Conclusions about the similarities and differences between the two countries are made explicit, and are summarized in chapter five. Ultimately, it is hoped that this thesis may stimulate research interest in the topic of generational equity and that it will provide a basis for a later empirical study.

CHAPTER THREE

THE COMPARATIVE ANALYSIS: PART ONE:

POPULATION AGING, SENIOR POWER, AND FISCAL CRISIS

I. INTRODUCTION

The focus of this study is an attempt to explore some of the factors that are believed to have been conducive to the formation and growth of the generational equity debate in the United States. This comparative analysis will attempt to isolate major contributing factors and predisposing conditions, develop these conceptually, and systematically examine and compare similarities and differences between the U.S. and Canada in the manner outlined in the previous chapters.

The following five factors, defined and clarified in the introductory chapter, are examined:

(1) population aging

(2) senior power

(3) perception of fiscal crisis

(4) the young/old poverty imbalance

(5) narrowness of the social policy net

This chapter examines the first three factors listed. Chapter four (The Comparative Analysis: Part Two) examines the latter two factors.

II. POPULATION AGING

A. Introduction

Population aging is often the first factor addressed in discussions about generational equity. Population aging involves both an increase in the proportion of the population aged sixty-five and older and a concurrent decline in the proportions in the younger age groups relative to the middle and older age categories. The aging of the population is caused both by decreased fertility and by increased life expectancy. These two factors characterize the demographic situation in North America, resulting in the above-mentioned age structure changes. It can be said that North America is aging.

In recent years, aging-policy analysts and political alarmists studying population aging have warned that the elderly were becoming (or would become) a prohibitive social burden for modern society (McPherson, 1990). They maintain that this is likely to occur when the number of dependent elderly persons increases to the point that those in the labor force are no longer able and/or willing to bear the burden of financing the pension, housing, and health care costs associated with old age. This is likely to occur, they reason, because of a shrinking labor force due to zero population growth (McPherson, 1990). Thus, it is emphasized that unprecedented growth in the elderly segment of the population has meant an ever-increasing financial burden on younger generations (i.e. baby boomers). It is also argued that the future will hold a potentially difficult retirement for these same generations. This idea is based on the assumption that there will no longer be a Social Security system by the time these generations retire (Longman, 1987). Population aging and its presumed negative consequences, therefore, are believed to be at least partially responsible for the initiation of the debate about generational equity in the U.S.. It has been suggested, for example, that the sort of backlash toward the elderly engendered by generational equity proponents may bear a relationship to the proportion of older persons in a society (Butler, 1989).

While in Canada the issues have not been framed in terms of generational equity, Canadians have nevertheless been hearing in recent years about the "problems" of population aging (see, for example, Foot, 1989). Is Canada in a similar enough position, demographically, that a debate about generational equity will likely occur? How does the demographic situation of the U.S. compare to that of Canada? In order to answer these questions, it is necessary to look at the similarities and differences in such variables as age structures, population projections, and rates of population aging. It is also necessary to examine the underlying assumptions about demographic aging; that is, is population aging necessarily a phenomenon with only negative effects? In this section of the thesis, these assumptions and their validity will be addressed through a discussion of the demographics of Canada and the U.S.. Finally, conclusions will be drawn regarding the extent to which population aging, in and of itself, can be held responsible for the initiation and development of generational tensions.

B. "Crisis Imagery" And Its Underlying Assumptions

"Crisis imagery" appears to be quite common on both sides of the border. McDaniel (1986) has argued that at least four assumptions underlie the crisis imagery. The first assumption is that growth in the proportion of elderly people is somehow new and unexpected, and poses an immediate threat. The second assumption is that the sheer numbers of elderly will be so high as to be unprecedented and therefore will necessarily lead to intergenerational warfare. The third assumption is that an increase in the proportion of elderly people translates into an increased burden for those of working age. Finally, there is an assumption that growth in the older population must result in negative economic consequences. These assumptions will be explored through an examination of American and Canadian data.

1. The elderly as a new, unexpected, and immediate threat

There is nothing new or unexpected in the U.S. or Canada experiencing growth in the older population. The two nations have been aging ever since their respective inceptions.

Canada and the U.S. historically have had similar demographic structures. Low fertility and mortality rates have been combining to reduce the rate of population growth and produce a substantial increase in the proportion of elderly people, thereby causing aging of the population structure (OECD, 1988).

Each of the two countries has had and continues to have significant population growth. Each has a somewhat young population relative to other industrial nations, and the recent trends in the current age composition of the populations are similar. Estimates for 1990 indicate that the U.S. has a slightly more mature age structure than does Canada. Approximately 12.6 percent of the U.S. population is aged 65 and over, while just over 11.5 percent of Canadians are similarly aged (USBC, 1989; Statistics Canada, 1990). Both populations have begun to show mature age structures (Stone & Fletcher, 1988).

Population aging since the turn of the century has been gradual, except during the "baby boom" era. While the pattern for the two countries was similar, the countries differed somewhat in the duration and sharpness of the baby boom

(Kettle, 1980). In the U.S. the boom is commonly said to have lasted from 1946 to 1964, while in Canada the boom continued until 1966. In the U.S., the ratio of boom children to the total was a bit lower than in Canada; the different pattern among the black and hispanic populations was a moderating influence on the impact of the boom in the U.S. There, the black baby boom came about five years later than the overall boom; as a result, the post-boom decline for the whole country is gentler. Canada's boom turned out to be more sharp and drastic (Kettle, 1980). Population aging during the boom era slowed in the U.S. and was reversed in Canada. That period was a period of age structure rejuvenation for Canada; in other words, the average age of the population declined due to extremely high fertility (Stone & Fletcher, 1988).

Another period of marked slowdown in the speed of population aging is approaching for both Canada and the U.S. This period will last from the late 1980s to the end of the first decade of the twenty-first century (Stone & Fletcher, 1988). After 2010, the group aged 65 and over is projected to grow very rapidly in both countries, constituting an increasingly greater proportion of the population, as the baby boomers begin to penetrate the most common ages for retirement (USBC, 1989).

Although the approaching period of slowdown may look like a "breathing spell" before the "real explosion" in the number of seniors that will occur with the movement of baby boomers into retirement age, this view does not take into account the fact that North America is currently in the middle of an extended period of high growth rates of the "oldest-old" population (Stone & Fletcher, 1988). Within the older population itself, the next forty years will see rapid growth in the 75 and older group. This segment of the Canadian population is expected to triple in size to reach about three million by 2030 (Stats. Can., 1990). This type of pattern is projected for the U.S. as well. The number of Americans aged 75 and over is projected to rise from approximately 12 million in the mid-1980s to over 30 million by 2030. In addition, the sub-population aged 85 and over merits some attention, despite its relatively small percentage of the total population. The Canadian projections anticipate an extremely high growth rate of 4 percent or more per year until the turn of the century, with a continuing strong growth of over 3 percent until around 2010 (Stone & Fletcher, 1988). A particularly steep increase will occur among those 85 and over, relative to those 65 and over, throughout the period from 1990 to 2010 (Stone & Fletcher, 1988). Likewise, the population aged 85 and over in the U.S. is projected to grow more rapidly than the 65 and over group as a whole. There are presently some 2.9 million Americans aged 85 and over. Their numbers are expected to reach 4.6 million by 2000 and 8 million by 2030 (USBC, 1989). It should be pointed out that this substantial growth would occur prior to the influx of the surviving members of the baby boom generation (who would not begin turning 85 until after 2030) (USBC, 1989). While this growth does not mean accelerated population aging, it will have implications for policymakers and resource allocation and is therefore important.

The above population figures are instructive in a number of ways. First of all, they indicate very similar past and present patterns of population aging for Canada and the U.S.. They also indicate that current and future population aging are predictable phenomena. It is possible therefore (and has been possible for some time), to prepare for the trend toward an "old" population. Secondly, the real expansion in the older age groups is some years away. As such, according to informed scholars, there is time to prepare, and the growth in the proportion of elderly people need not pose an immediate threat (Schulz et al., 1991; Messinger & Powell, 1987; Denton, Li, & Spencer, 1987; Palmer & Gould, 1986).

2. Growth of the elderly population and intergenerational war

Other countries are older and have not experienced collapsing economies or warfare between generations (McDaniel, 1986). "To equate the nature and scope of the backlash with the size of the elderly population or with levels of public spending on its behalf is an oversimplification" (Minkler, 1984a, p.17). As John Myles points out (1984), countries with the proportionately largest elderly populations-Germany, Austria, and Sweden-have experienced among the least amount of popular resistance to mounting social welfare costs. And he suggests that informed observers generally agree that, despite official concern over increasing costs, public support remains strong in these countries (Myles, 1984). It is important to note that "politics, not demography, now determines the size of the elderly population and the material conditions of its existence" (Myles, 1984: p.175). A simple demographic deterministic position (e.g. Hewitt and Howe (1988)) is misleading. Political, social, and economic choices are continually being made that affect society; demography is not the sole determinant of conditions in an aging nation.

3. The elderly and the dependency burden

The dependency burden/dependency ratio concept is a central one in discussions of generational equity. According to OECD (1988), in Canada and the U.S., the major proportion of social expenditures flows to the young and the elderly, while outlays on those in the working-age group are much lighter. But it is primarily the working-age group, or more accurately, the employed population, which provides the resources to finance social programs through social security contributions and taxes. Since social programs are, therefore, important instruments of redistribution between age groups, projected trends in the ratio of working age persons to young and elderly persons in a population provide a convenient, if inexact, first approximation of the impact of population change on the social support burden. This ratio, the dependency ratio, can be subdivided into three commonly-used related measures: total dependency ratio, youth dependency ratio, and old age dependency ratio.

These are important concepts that need to be examined in greater depth. This will be accomplished through a comparison of the most up-to-date U.S. and Canadian data. And finally, the problems of using dependency ratios will be outlined.

a) Total dependency ratio:

The total dependency ratio is "an approximate measure of the economic support that must be provided by those who are in the labor force to those (both young and old) who are unemployed, or 'dependent'" (McPherson, 1990, p.82). It is operationally defined as those under 18 plus those 65 and over, divided by those 18 to 64.

Summary statistics of U.S. and Canadian total dependency ratios and projected dependency ratios have been calculated using middle-series medium-growth projections. (see Table 1 and Figure 1, p.41 and p.42, respectively). An important part of the total dependency ratio is the denominator: the working-age population aged 18 to 64. In Canada, the 16.7 million people aged 18 to 64 currently make up 64 percent of Canada's total population; by 2011, they may still acccount for two-thirds of the population if fertility continues to drop (Stats.Can., 1990). Until then, Canada will have the largest labor-force population in its history. As a result, during the next twenty years, the total dependency ratio will be at its minimum. At present, the ratio is around 57.6. Thus, for every 100 persons of working age (18 to 64) in Canada, there are 57.6 "dependents". By 2006, the ratio will have dropped to 55.1. Then, as the first baby-boom cohorts reach retirement age (around 2010), the total dependency ratio will start to increase from 55.2 to 63.7 by 2021, and may reach between 72 and 80 by the year 2036 (Stats.Can., 1990).

The figures for the U.S. are provided by the U.S. Bureau of the Census (1989). The current ratio is estimated at 62.0. As is the case in Canada, for the next few years the total dependency ratio in the U.S. will actually be decreasing. By 2006, it will drop to around 56.9. This decline will continue until the ratio reaches 56.5 in 2010 at which time it will start to increase as the baby-boom cohorts begin to retire in the U.S. By 2020, the total dependency ratio will be 64.1, by 2030 it will be 73.9, and by 2040 it is expected to be over

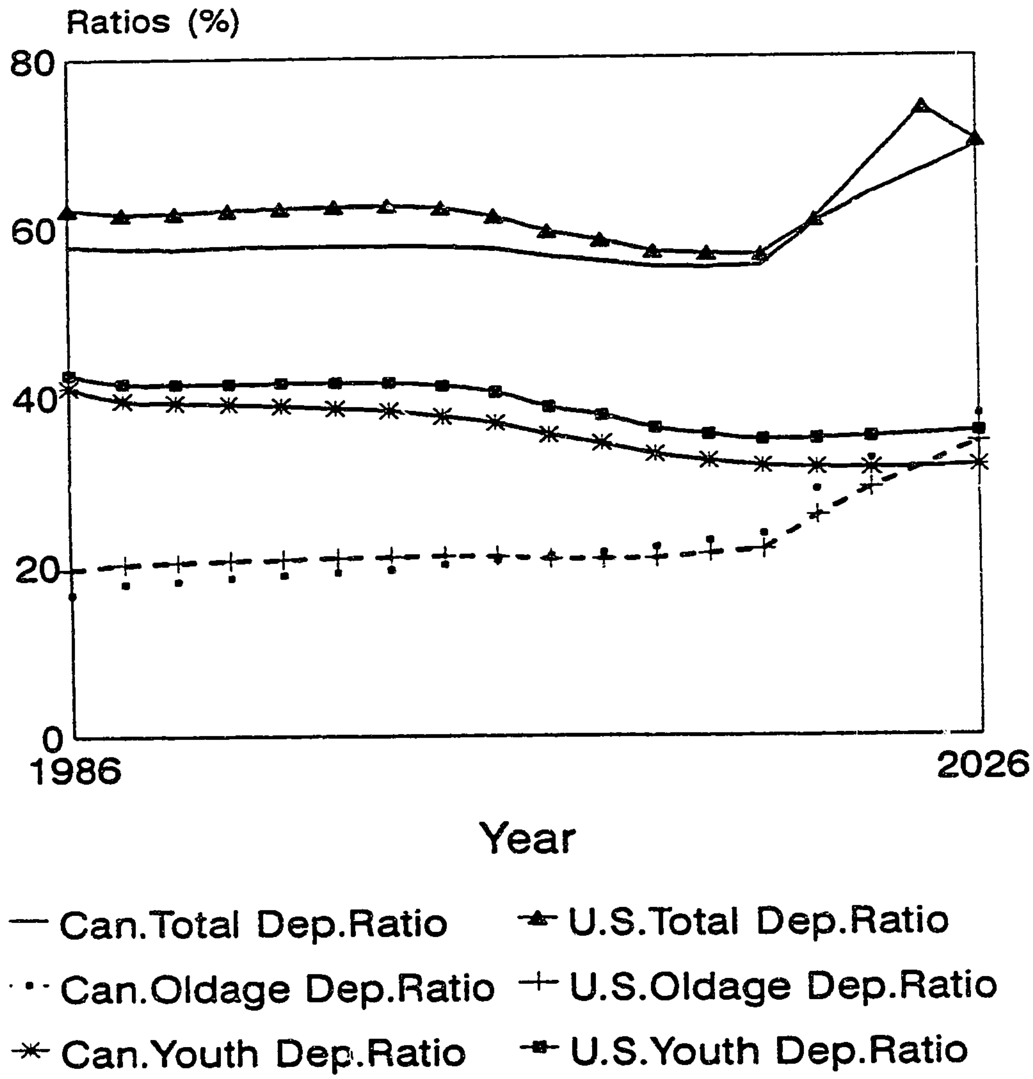
TABLE 1
U.S. AND CANADIAN DEPENDENCY RATIOS,
SELECTED YEARS, 1986 to 2030/31[a]

	Dependency Ratios					
Year	Canada Total	U.S. Total	Canada Old Age	U.S. Old Age	Canada Youth	U.S. Youth
1986	57.8	62.2	16.7	19.6	41.0	42.6
1989	57.5	61.6	17.9	20.2	39.5	41.5
1990	57.4	61.7	18.2	20.4	39.2	41.4
1991	57.6	62.0	18.6	20.6	39.0	41.4
1992	57.7	62.2	18.9	20.7	38.8	41.5
1993	57.7	62.4	19.2	20.9	38.5	41.5
1994	57.7	62.5	19.5	21.0	38.2	41.5
1996	57.6	62.2	20.1	21.1	37.5	41.1
1998	57.3	61.2	20.6	21.0	36.7	40.3
2001	56.4	59.4	21.1	20.7	35.3	38.6
2003	55.8	58.3	21.4	20.7	34.3	37.6
2006	55.1	56.9	22.1	20.8	33.0	36.1
2008	55.0	56.6	22.8	21.3	32.2	35.3
2010	55.2	56.5	23.6	21.8	31.6	34.7
2020/21	63.7	64.1	32.4	29.0	31.3	35.0
2030/31	73.1	73.9	41.1	38.0	31.8	36.0

Source: author's computations using USBC (1990) Projections ofthe population of the U.S. by age, sex, and race, 1988-2080, Current Population Reports, series P-25, No.1018, Wash.,D.C., GPO. and Statistics Canada (1989) Population projections for Canada, provinces and territories, 1989-2011

[a] data available for U.S. are for 2020, 2030; Canadian stats. are for 2021, 2031.

Figure 1: U.S. and Canadian Dependency Ratios, Selected Years, 1986-2026



Source: See Table 1

74. It is noteworthy that the total dependency ratio in the U.S. is not projected to reach the level it was at in the mid-1960s, when it was 83.1 (USBC, 1989).

Overall, then, it can be seen that the total dependency burdens of the populations of Canada and the U.S. are projected to change in the same direction and with similar magnitudes. Although the total dependency ratio for Canada is somewhat lower than is the case for the U.S., the two numbers will become more similar over the next several years.

b) Youth dependency ratio:

Youth dependency can be determined by dividing the number of people under 18 by those 18 to 64 years of age. Youth dependency is important, because it is the half of the total dependency ratio that is generally ignored by generational equity proponents. Although the number of elderly individuals is rising, the number of youngsters is falling. According to Statistics Canada (1990), the percentage of the total population that is aged 0 through 17 years has been decreasing and will likely continue to decrease. Currently, that age group makes up approximately 24.8 percent of the population. By 2011, the figure will be 20.2 percent, and by 2036, it will have declined to about 18.1 percent. The corresponding American figures are similar: the 0 to 17 group at present makes up 25.6 percent of the U.S. population, and by 2011 the figure will be 22.2 percent, and by 2040 it will only be 20 percent. The youth dependency ratios are currently low and expected to decline even further (see Table 1, p.41); the 1991 U.S. estimate is 41.4. By 2001, it will be 38.6; by 2010, it will be 34.7; by 2020, it will increase slightly to 35.0; by 2030, it is expected to be 36.0. The corresponding Canadian statistics are somewhat similar. At present, the Canadian youth dependency ratio stands at 39.1, which is slightly lower than the current U.S. ratio. By 2001, it will be down to 35.2; by 2010, it will drop to 31.6; by 2021, it is expected to reach a low of 31.3, after which time it is anticipated to increase slightly to 31.8 by 2031. Overall, the projections indicate that Canada's youth dependency ratio is currently lower than that of the U.S. by a slim margin, and this difference is expected to continue for the next few decades. Due to the decline in youth dependency rates, the total dependency ratio will actually drop from now until the year 2000 and only then will it start to rise as the baby boomers approach retirement. It should be noted that the youth dependency ratio will never reach the height of the mid-1960s (e.g. U.S. 1965: 65.7). Generational equity proponents, though, never mention this particular fact; they only point to the increasing numbers of elderly, and thus only tell part of the dependency ratio story.

c) Old age dependency ratio:

The old-age dependency ratio can be determined by dividing the number of people 65 and older by the number of those 18 to 64 years of age. At present, the old age dependency ratio is about 18.8% in Canada, and about 20.6% in the U.S.; that is, almost 19 adults over 65 in Canada, and nearly 21 adults over 65 in the U.S., are supported by 100 younger people of labor-force age (Stats. Can.,1990; USBC, 1989).

A summary of projected aged dependency ratios for the U.S. and Canada are calculated using medium-growth projections (see Table 1, p.41). The old-age dependency ratio in the U.S. was at an all-time high of 19.8 in 1987. It is expected to rise slowly to 21.8 in 2010, then increase rapidly to 38.0 by 2030 (USBC, 1989). The elderly dependency ratio will by then be larger than the youth dependency ratio, while it is now less than half as large. The corresponding Canadian figures tell much the same story; however, the elderly dependency ratio in Canada has been lower than that in the States over the last few years. As mentioned above, estimates for 1991 show a ratio of 18.6 in Canada versus 20.6 in the U.S. For 1996, the Canadian ratio will be 20.1, while the U.S. ratio will be 21.1. By 2001, there will be a crossover such that the Canadian old age dependency ratio will be higher than the U.S. figure (21.1 versus 20.7) and this pattern is expected to continue. This means that at some point in the next few years

Canada's old age dependency ratio will be rising at a marginally faster rate than the U.S. ratio.

Overall, the patterns of change are quite similar for the two countries. However, by 2030/2031, the slightly higher total dependency ratio of the U.S. will be comprised of a larger youth dependency ratio and a smaller old age dependency ratio than is true of Canada's total dependency ratio. These statistics indicate that there may be an increased burden on those of working age--if the aged are really "dependent", as the index implies (McPherson, 1990). Furthermore, from a purely demographic perspective, it would seem that the "burden" of the elderly in the aging population will be a little heavier in Canada than in the U.S.

d. <u>A caveat about using dependency ratios</u>:

Dependency ratios are somewhat crude measures, for a variety of reasons, and should therefore be assessed carefully (McPherson, 1990). First, dependency ratios may be constructed and calculated according to different criteria (Gibson, 1989). For example, some use age 15 as the lower limit in calculating the size of the labor force, while others use age 18, and still others use age 20. Second, the ratios are generally premised on the assumption that all persons of labor-force age are, in fact, employed. More recently, therefore, some measures remove those 15- to 64- year olds who are not in the labor force (such as full-time students or prisoners), and include those over 65 who are still employed and who are therefore not "dependent" (McPherson, 1990). This is an important point that must be emphasized. Many older people continue to work either full-time or part-time (Schulz, 1988). Others have sufficient money of their own that they do not rely on public pensions, and still others have sufficient private pension funds (McDaniel, 1986). Another problem with the measure is that adjustments are seldom made to account for unusually high periods of unemployment. As well, most measures do not account for different or varying rates of female labor-force involvement, at a given point in time or across history (McPherson, 1990). The massive movement of females into the work-force reduced by half the proportion of mid-life dependents between 1950 and 1980 (Axinn, 1989). Declining birthrates are anticipated by some observers to lead to even further increases in female labor-force participation as women have longer periods of their life cycle after their children have grown (Axinn, 1989; McDaniel, 1986) (although female labor force participation rates are already almost as high as can be expected).

Finally, such factors as varying immigration rates, delays in retirement, changes in mandatory retirement legislation, and changes in economic productivity and real income are rarely taken into consideration (Crown, 1985; Chen, 1987; Gibson, 1989). Therefore, although dependency ratios attempt to guage the magnitude of the economic burden placed on a society by its dependent members, they are estimates only. The projected figures may present a distorted view of the real social and economic world. In fact, dependency ratios have been conveniently used, at times, by politicians and journalists to introduce pessimism and fatalism into the public's vision of the future (Gibson, 1989; McPherson, 1990). Dependency ratios, frequently removed from an appropriate context by the media, have been somewhat overemphasized; however, it is a useful exercise to examine them for what they tell and do not tell. The very fact that they are used to introduce pessimism is important. Generational equity proponents have been using these ratios as a "scientific" way of trying to support their contention that population aging is a "problem" and that the elderly are a dependent burden.

4. Negative economic consequences?

Many people worry about the economic implications of the changing age structure. Concerns are raised about whether such things as a demographically determined shift in markets will mean the slowing of economic growth rates (McDaniel, 1987). And along with this fear is the traditional association of zero population growth with zero economic growth (see Spengler, 1978; Teitelbaum & Winter, 1985). To some extent, it might be that this perceived link derives from the fact that historically, population growth was linked with health, good fortune, and prosperity (McDaniel, 1987). Historically, a decline in population growth was often the result of plague, pestilence, war, or famine. Fears about population aging and its association with demographic and economic decline, then are based in a past reality. In today's world, however, an aging population and the approach of zero population growth stem from and are related to a country's economic good fortune and affluence (McDaniel, 1987). Most of the discussions about the dependency crisis of the aging society have ignored or underplayed the driving force behind America's increased standard of living in the twentieth century (Kingson et al., 1986; Axinn, 1989). The massive expansion of productivity since 1900, not the decline in the dependency ratio, explains the long-term growth in the gross national product that the U.S. has seen. According to knowledgeable observers, there is no reason to believe that this growth will not continue (Kingson et al, 1986; Axinn, 1989). Even assuming, very pessimistically, a 1% annual increase in productivity, the old age dependency ratio would fall to 26% lower in 2025 than in 1982 (Axinn, 1989). What this means is that even if the U.S. experiences minimum economic growth, the country's ability to support its dependent population in the future will be improved (Axinn & Stern, 1985). More optimistic estimates of economic growth would lead to an even greater improvement. Brown (1991), in reviewing the Canadian scene, argues that if Canada can achieve a 2.2% per annum growth in the GNP during the next fifty years, then social security costs will consume no larger a share of tax revenues than they do now, even though social security costs are projected to triple during the next fifty years. He goes on to say that many researchers believe that this rate of economic growth is achievable. During the period 1927 to 1983, economic growth was 2.2 percent per annum (Brown, 1991). What is clear is that the projected age changes need not result in a lower total economic output; since output is expected to expand, it is anticipated that the U.S. (and Canada) will have the resources that it needs to support an increased aging population (Axinn, 1989; Axinn & Stern, 1985). As Schulz et al. (1991) say, "economically, the burden of aging populations is probably manageable. The important question is whether it is politically manageable" (p.3).

To sum up, the population aging crisis of the next few decades is not a crisis of affordability, despite the claims of generational equity proponents. When it is understood that the youth population is declining and the labor-force participation of women is increasing, concerns surrounding traditional dependency ratios recede. When it is understood that productivity and economic growth will continue, the concerns should disappear. The issue will be to divide the ample social and economic resources in such a way as to provide support for all needy groups; developing a system for equitable redistribution and reform is the task North America faces (Axinn, 1989). Yet this is downplayed by those who would like to see cuts made to social service expenditures: a crisis scenario justifies cuts as appropriate or necessary in a crisis economy.

Closely associated with the idea that shifting age structure will bring reduced productivity, is the notion that an aging population will bring an increased welfare burden in terms of pensions and health care (McDaniel, 1987). A commonly heard argument pertaining to both Canada's and America's aging populations, is that higher proportions of older people will be an unsustainable burden on public finances. Many question the financial status of the social security systems of the two countries. Both systems are run on a pay-as-you-go basis, whereby people who are employed pay the pensions of those currently retired, and the fear exists that the pension burden may become too large for the shrinking working-age population to bear. Seldom considered is the fact that immigration levels can be manipulated to increase the size of working-age populations; a population can be rejuvenated through immigration (Kalbach & McVey, forthcoming). In both countries, questions also have arisen as to whether the pension systems are solvent or whether they will go bankrupt and deprive millions of a retirement pension they have counted on (Kart, 1990). However, informed observers in each of the two countries believe that system bankruptcy is very unlikely (e.g. Messinger & Powell, 1987; Hardy, 1987). According to

Hardy, for example, the U.S. system is sound, has a significant Trust Fund reserve which is expected to grow significantly well into the next century, and is not likely to face a financial crunch until 2040 (Hardy, 1987). A series of Canadian studies led Denton et al. (1987) to conclude that future increases in the size of the older population will not impose an unmanageable burden on the economy, the pension system, or on the working-age population. Messinger & Powell (1987) point out that a reasonable forecast, that takes into account both demographic changes and economic factors, demonstrates that the social spending required to support an increasing proportion of elderly in the future may, in fact, consume a smaller piece of the economic pie. It is, of course, necessary to determine an appropriate set of policies (i.e. pension and health care) and put them into place before the long-run changes are well underway. Health care policies will be examined later.

It is noteworthy to point out, as McDaniel (1987) does, that the crisis scenario regarding pensions is seen to lie not with the pension systems nor with public policy issues such as eligibility, accessibility, or age of retirement, but with demographic changes. McDaniel suggests that this is the case because population aging is being used as a paradigm in Canadian public policy discussions and research. This is also the case for American public policy. For McDaniel, the "aging paradigm" is "a model of social reality around which ideas as diverse as the slowing rate of economic growth, the debate on abortion, and the discussion of immigration policies cluster" (McDaniel, 1987, p.331). Although the process of demographic aging is generally viewed as being straightforward, its complex connections with the socioeconomic situation in which it occurs, renders it difficult to understand apart from that situation. Causes and consequences tend to merge in an attempt to disentangle the complex relationships of demographic aging to Canadian social structure. McDaniel (1987) points out that the aging paradigm has been used in a somewhat covert manner to justify cutbacks to some social programs. Population aging is sometimes seen as separate from the socioeconomic circumstances which produced it. Population aging then becomes an abstraction, data without an explanatory theory (McDaniel, 1987). Another result of removal of population aging from its socioeconomic context is that it becomes seen as the basis of all social structure and change. Population aging in this instance is seen as the cause of many social problems, but lacking in cause itself; it is conceptualized as a self-propelling agent of social change (McDaniel, 1987). This type of deterministic view of population aging is characteristic of generational equity proponents. A slightly different conceptualization is also seen in deterministic terms, but equates causes with consequences. In this view, demographic aging becomes <u>the</u> problem to be solved (McDaniel, 1987). The assumption is not so much that population aging is the catalyst behind all social problems, but simply that this demographic process exacerbates many social and economic problems that would be presumably be improved if it could be stopped or somehow reversed. McDaniel (1986) also notes that population aging is an indirect and unintended consequence in an affluent and industrialized society of practicing successful planned parenthood. Once the "aging paradigm" is put in place, however, the arguments about the negative consequences of population aging become compelling because they seem to make intuitive sense, despite not being well-based in empirical evidence (McDaniel, 1987). Generational equity proponents utilize the aging paradigm to their advantage.

C. Conclusion

This brief look at the demography of the aging populations of Canada and the United States indicates that the two countries face similar demographic futures. Nonetheless, Canada is still not facing the generational equity debate that is underway in the U.S. This is true despite the fact that within the next few years the old age dependency ratio will be rising more rapidly in Canada relative to the U.S. So, while concerns are raised in both countries about population aging, in Canada the concerns are not debated within a generational equity framework. The conclusion to be drawn from this is that there is a great deal more underlying the formation and development of this debate than merely demography.

III. SENIOR POWER

A. Introduction

So-called "senior power" has been a very important focus for generational equity proponents. Many gerontologists, politicians, and others have charged that in recent years seniors have been able to wield an increasing amount of power in the political realm (see, for example, Peterson & Howe, 1988; Longman, 1987; Light, 1988). Pointing to such factors as their high voter turnout and the growth in the size and numbers of organizations devoted to serving the elderly and promoting their concerns, these observers claim that the power is inordinately strong and, further, that it is being used to increase the economic position of the elderly relative to other "needier" groups.

Implied in many of the arguments proposed by supporters of the generational equity framework is the idea that the elderly, as a group, vote as a bloc, and/or apply tremendous lobby-group pressure on government in order to shape policy in whatever direction they choose--to the detriment of children and the baby boomers. A question to be asked is: is this perspective based on fact <u>or</u> is the political power of the aged a metaphor that is frequently used to "misframe issues in terms of age-group conflicts"? (Binstock, 1985, p.435).

In order to assess the political power issue, this section will look at Canada and the U.S. and compare senior power in the two countries. Some conclusions will be drawn regarding whether seniors are inordinately powerful in the U.S. or if they are at least depicted that way. If senior power is more salient and threatening in the U.S. than in Canada, it may be concluded that generational equity tensions may be inhibited in Canada by the lack of "senior power" as a target for potential generational equity proponents north of the border.

At first glance, it might appear that older persons have a great deal of political power for at least three reasons (Crandall, 1991). First, older persons represent a large segment of the voting population (USBC, 1990); second, older persons vote with greater frequency than younger persons (USBC, 1990); and third, older persons have a number of pressing issues that could potentially act as a common cause to unite them (Rose, 1965).

Some groups (such as Americans for Generational Equity) like to promote these factors as indications of power. But are they? In order to answer this question, it is necessary to examine the ways in which the political power of older persons has been assessed or measured. Two common methods have been to study: (1) voting and (2) organizations. After discussing these two factors as they relate to the Canadian and American political scenes, this thesis will evaluate them for both countries in order to conclude whether they are really indicative of actual power, or merely the perception of power.

B. Voting

A very basic way in which a group can hope to exercise political power is through the ballot. There are two factors that often appear to show that older persons have the potential to wield significant power in this area: an increasing percentage of older persons in the population and an increasing percentage of older persons voting. Information from the U.S. Census shows that in the 1988 presidential election 68.8 percent of those aged 65 and over voted (USBC, 1990). This was the highest rate of all the age groups. Furthermore, although they only constituted 16 percent of the total voting population, they accounted for 19 percent of the total votes (USBC, 1990). Likewise, a Canadian study shows that for 1980, Canadians 65 and older were 9.7 percent of the population while accounting for 13.3 percent of the votes cast (Gifford, 1983).

But what does this mean? Hudson and Strate (1985) point out that, according to U.S. election exit polls, the votes of elderly persons distribute among candidates in approximately the same proportions as the votes of other age groups. Similarly, a Canadian study (Clarke et al., 1980) reviewed voting patterns by age for three Canadian federal elections (1965, 1968, 1974). They concluded that the small differences found provided no evidence of substantial differences in voting behavior of different age groups in federal elections. So, the elderly are not voting as a bloc. Therefore, despite casting a disproportionately high percentage of the ballots, this age group is not influencing the outcome of elections relative to other age groups. The elderly do constitute a large bloc of participating voters. And, although some generational equity proponents argue that the elderly behave as a voting bloc on issues that concern them directly, Binstock replies that

> "candidates, not issues, run for office. A voter's response to any one issue is part of an overall response to a variety of issues in a campaign, and to still many other campaign stimuli that have little to do with issues at all" (Binstock, 1984, p.160).

Although political interest groups often purport to be able to deliver votes in a bloc, experts agree that there has never been an instance in the history of the United States in which an old-age interest group could mobilize an "old folks vote" (Atchley, 1991). In Canada, seniors <u>have</u> used their voting strength to shape Canadian policy and achieve specific goals on two occasions in the past (Novak, 1988). Gifford (1982, cited in Novak, 1988) mentions the "Diefenbaker pension increase landslide of 1958" as one such occasion. Kernaghan (1982) describes the National Pensioners and Senior Citizens Federation effort to establish the Canada Pension Plan in the early 1960s as another (citing Bryden, 1974: pp.194-197). It is possible that cutbacks to programs that affect seniors could form the basis for an issue election; if that happened, a concerted senior campaign might be possible. Nevertheless, most knowledgeable observers do not think that seniors will form a permanent voting bloc in either the U.S. or Canada (Novak, 1988).

The reasons why this is so are as follows:

(1) Studies in Canada show that many people keep the same political orientation throughout their lives (Novak, 1988). There is no reason to believe that as members of a society age their political stances will merge into a single stance. Social class, ethnic, and regional differences among the elderly are as pronounced as among any other age group. Various groups and sub-groups have different needs and define issues differently. For instance, a wealthy senior may be less concerned than an indigent elderly widow about the continued indexation of the Guaranteed Income Supplement (Novak, 1988). These and other differences lead older people to vote for different parties and different policies, and this is true throughout the life cycle.

(2) Seniors take into account other needs than their own when they vote. Most older people, for example, have children and grandchildren. A senior may vote for a politician because that individual's party promises to reduce unemployment and create a national day care program for working parents (Novak, 1988). In the U.S., a study conducted by Button & Rosenbaum (1990) showed no support for the hypothesis that seniors vote against issues that do not directly benefit them (e.g. school taxes).

So, it seems that voting as a form of exercising political power is over-rated. At best, it is a mild form of involvement in politics. Supporters of groups like Americans for Generational Equity like to promote the notion that older people's voting power is enormous, but the facts contradict that notion, for both the U.S. and Canada. In both countries, but especially the U.S., the perception of older people's voting strength is being promoted. And that is important. It is important because, regardless of their actual voting "power", the elderly are made to appear as powerful or potentially powerful and hence a threat to other age groups.

C. Organizations

The second typical way of examining the political power of older persons is to examine the membership size, proliferation, and influence of organizations composed of old people (or old people along with people of all ages) that advocate the interests of the elderly. Along with literally thousands of special-needs organizations, there are at least three major categories of organizations including public-affiliated aging organizations, nonprofit health-related organizations, and consumer-related membership organizations (Kerschner, 1987). Some organizations fall into more than one category. While it is beyond the scope of this thesis to discuss all of the seniors' organizations in Canada and the U.S., an overview of some of the larger and more politically visible groups is instrumental in understanding the influence of seniors organizations in the policy-making arena.

Public-affiliated organizations do not have individuals as members but rather organizations, which obtain their funding generally from public sources. One American example would be the National Association of Area Agencies on Aging (NAAA) which represents the 700 Area Agencies on Aging (AAA).

There are numerous nonprofit organizations that are involved in health-related issues. These organizations may seek to change national policy or to provide guidelines to improve health care in a certain area, such as nursing home care or care for the dying. Examples of U.S. organizations would be the National Hospice Organization, the American Association of Homes for the Aged, or the National Citizens Coalition for Nursing Home Reform.

While the above-mentioned types of organizations are important advocates for the elderly, they are not the types of organizations that are typically referred to in discussions about the political power of the elderly. The third kind of organization, the consumer-related membership organization, is important in this regard, and will therefore be the major focus for this discussion.

1. U.S. organizations

There are at present numerous organizations that are centered around consumer-related issues, such as health care or income maintenance. A selection of some of the larger, more prominent groups will be discussed here. One example would be the National Association of Retired Federal Employees (NARFE). This group publishes a magazine called Retirement Life with articles outlining legislation that would affect areas such as retirement income. A list of how politicians voted on matters relating to retired federal employees is published prior to elections. The organization's longevity, its professional staff, and the political expertise of many members who are naturally familiar with federal public policy issues, allow NARFE to maintain high visibility and respect among policy makers. Since its focus is relatively narrow, NARFE maintains a legislative staff of only four, but it has an annual budget of nearly 5 million dollars, along with a membership of almost half a million (Day, 1990).

The National Council of Senior Citizens (NCSC) is another large and visible American organization. With a large blue-collar constituency, its over-riding concern is with income support for the elderly (Longman, 1987). As of 1989 there were 4.5 million seniors in the 4,000 local chapters of the NCSC. This group emerged out of the labor movement; it was founded by the AFL-CIO during the fight for Medicare and has been credited with defeating the lobbyists of the American Medical Association (Dychtwald, 1989). NCSC has a staff of 120, which includes researchers and lobbyists (Day, 1990).

A third group is the Gray Panthers, founded in 1970 by Maggie Kuhn. The Gray Panthers is an organization with members of all ages and is devoted to a variety of projects all of which are aimed at increasing the quality of life for older persons. They have more than 70,000 members, about one-third of whom are under the age of thirty-five (Gerber, 1989). Although it is not as large as other national organizations, the members tend to be more articulate, vocal, and organized than those of many other organizations. As a result, the Gray Panthers have become a well-known force both nationally and internationally in drawing attention to the concerns of older persons (see Kuhn, 1987; Crandall, 1991). However, they are less concerned than other groups with lobbying at the national level. They have a very small paid staff and an annual budget of under a million dollars (Day, 1990).

Finally an organization that merits considerable attention is the American Association of Retired Persons, or the AARP. This is by far the largest advocacy organization of older persons in the U.S. with over 31 million members in 1990. AARP lobbyists frequent Capitol Hill for age-related issues and in the 1988 elections spent over $8 million (Smith, 1988).

It has been suggested by Longman (1986, 1987), among others, that the AARP wields a great deal of power in the political arena. Twice as large as the AFL-CIO, the AARP claims to represent nearly 40 percent of all Americans age 50 and over. It draws its membership primarily from the middle- and upper-middle-class elderly. It has a $235 million annual budget, one-third of which comes from membership dues and two-thirds from business and advertisement revenues (Day, 1990). With a paid staff of 1,300, including a Washington-based legislative staff of 125 and 20 full-time lobbyists, the AARP is considered by some to be the most powerful lobby in Washington (Gerber et al, 1989).

Nonetheless, the AARP's political power is far from monolithic. The organization includes members as young as age 50 and as old as over age 90. People in their early 50's do not necessarily have a lot in common with those in their 90's. A look through the Letters-to-the-Editor in Modern Maturity, an AARP publication, reveals that even on issues such as Social Security and Medicare, for which it is often assumed that self-interest would dictate a united front, there are widely-ranging opinions about obligations to the young, the role of government intervention in people's lives, and the responsibility of the AARP to act with the interests of society as a whole in mind and not just those of its members (Gerber et al., 1989).

Despite its wealth and strong leadership, the AARP has thus far rarely been able to mobilize its membership around any specific policy issue. The assets, interests, and needs of the elderly population are far too diverse to rally them as a monolithic, single-minded political force. And, indeed, there is no evidence that those who advocate the rights of the elderly take a position on social insurance that conflicts with the views expressed by child-advocacy groups (Hudson & Strate, 1985).

What about the power of the American old-age organizations in general?

As a start to answering this question, Day (1990) points out that old-age interest groups appear to be one of the great political success stories of the last two decades. "The number of groups has proliferated, their memberships continue to grow, and their lobbying techniques have gained in sophistication and legitimacy in the eyes of policymakers" (p.80). Federal spending on behalf of seniors has increased in recent years and their overall poverty rate as a group has dropped. In addition, impressive policy gains have been made on behalf of the elderly, and many government programs are either explicitly age-based or disproportionately benefit the elderly (Day, 1990). During the past twenty-five years, for example, Medicare, Medicaid, and the Older Americans Act were passed by Congress; housing assistance the elderly was expanded; mandatory retirement was abolished; Social Security benefits were increased and indexed to the rate of inflation; Supplemental Security Income established a minimum income for the elderly; and committees advising on age-related policy issues were organized in Congress (Day, 1990).

The aging-policy system has expanded not only at state and local levels, but also in Congress and in the executive branch. The promotion of age-related interests has become an increasingly integral part of the established policymaking structure, through the establishment of bureaucratic structures such as the Social Security Administration, the Administration on Aging, and the National Institute on Aging (Williams et al., 1982). The creation of the Administration on Aging helped to legitimize and formalize involvement of senior interest groups within the policymaking structure itself. This establishment of an entrenched federal bureaucracy from which to promote and expand elderly interests has been considered by some observers to constitute an important step toward the institutionalization of senior power (Williams et al., 1982).

Becoming situated within the federal bureaucracy itself has given the seniors' organizations an entrenched niche from which to organize and propose old-age policy changes. Both the facilities that are available to federal agencies and the almost-exclusive access these agencies have to important technical information have also given the promotion of many elderly concerns an insider status in the policymaking process which may have improved the leverage of the seniors groups (Williams et al., 1982, citing Pratt, 1976). Even in the 1980s--a period of fiscal crisis and cutbacks in domestic spending--politicians were hesitant to tamper with entitlement programs for the elderly. Social services for seniors have suffered less from cost-cutting initiatives than have other programs supported by discretionary domestic spending (U.S. Senate, Special Senate Committee on Aging, 1984). All this appears to be evidence of a powerful lobby endorsed by a broad constituency of older Americans (Day, 1990).

The image of a powerful lobby, however, is open to question. In spite of the political achievements of seniors' advocates, many millions of older people continue to face harsh economic circumstances. They are more likely than any other adult age group to live in poverty; they are more likely than the population as a whole to live below 125% of the poverty level (USBC, 1987, 1988). The political benefits that the elderly have received, moreover, are not necessarily due to the efforts of aging-based organizations. Government officials, allied organizations, and/or sympathetic public opinion, may in fact be more responsible for beneficial policy achievements than the elderly's own interest groups. Because the old-age political organizations have been effective in making the needs of the older population visible, the "cause" of the elderly has been picked up by non-age-based groups, such as unions, political parties, and politicians running for office (Atchley, 1991). The willingness of many groups to commit themselves to programs for older people has been due to the existence of large numbers of middle-class children who understood that they could not meet the income security needs of elderly relatives without help from social insurance. As a result, opposition to Social Security by political parties, business interest groups, or other large-scale organizations has never been successful when it has been attempted (Atchley, 1991).

But the so-called influential bureaucracy that is said to respond to the policy needs of seniors, giving the seniors' needs attention and acting on the wishes of the seniors organizations, simply does not exist. The bureaucracy on aging, as exemplified by the Administration on Aging, is more impressive in appearance than in reality. The Administration on Aging was supposed to usher in a new era in advocacy for the elderly; nonetheless, many observers describe this administration as virtually impotent (Williams et al, 1982). Pratt (1976) argues that the one agency in the federal establishment in which aging associations by definition should possess highly legitimate access, has little if any real "clout". Day (1990, p.101) adds that "the Administration on Aging has sunk into the quagmire under the Reagan Administration, further reducing its role as an aging advocate within the government." So, it is evident that an influential bureaucracy that acts on the wishes of the seniors' organizations is more powerful in theory than in reality.

Overall, studies of old-age based interest groups do not indicate that they have a significant, much less a decisive impact on decisions affecting Social Security, Medicare, and other policies providing benefits directly to older persons. In fact, the literature indicates that organized demands of older persons have had little to do with the enactment or amendment of the major old-age policies such as Social Security and Medicare (Hudson & Strate, 1985). It is generally agreed that what impact the old-age based interest groups might have is defensive, holding off large-scale reductions in benefits (Jacobs, 1990). For instance, from 1967 to 1985, cutbacks to federal programs benefiting older people were less severe than for other interest groups advocating on behalf of disadvantaged Americans (Atchley, 1991). It is noteworthy, too, that now the seniors' organizations have a lot to defend. As such, they are more pragmatic in their politics than they ever have been, and are considered now to be Washington insiders (Pratt, 1982). Not only is it easier for a group to veto change than to initiate it, but the existence of government programs can create new allies within the government itself (Day, 1990). But most analysts point out that entrenchment within a policy system is not the same thing as power and influence. For the most part, policy enactment and amendment have been largely attributed to the initiatives of politicians in the White House and Congress, who have concentrated on their own agendas for social and economic reform (Binstock, 1985). Furthermore, even the aging organizations' defensive strength has recently been weakening; this is demonstrated by the fact that the old-age organizations have been unsuccessful in preventing widespread questioning of the intergenerational social contract that has long formed the basis for Social Security (Atchley, 1991).

So, while it is acknowledged that the seniors' organizations do have a substantial amount of defensive strength, the overall amount of "power" these groups are said to wield is overstated. Nevertheless, the image of senior power endures because it serves certain functions. As Binstock (1985) argues, it is used by the media as a simple "tabloid" symbol to simplify the complexities and subtleties of politics.

It is also a convenient image that can be used by proponents of a generational equity framework, who would like to focus on age-group conflicts, and who would like the general population to believe that it is the elderly, and not the government, who have the power to control the flow of resources in society.

2. Canadian organizations

Pensioners in Canada have been organized for many years. One of the first advocacy groups for seniors in any country, the Old Age Pensioners Organization, began in British Columbia in 1932 (Novak, 1988). The group formed to protest the rigid use of a means test for pensioners. Later, in the 1940s and 1950s, provincial seniors' organizations began on the prairies and in Ontario. These provincial groups then joined to form the National Pensioners and Senior Citizens Federation in 1954. Seniors' organizations formed in the Maritime provinces during the 1960s and 1970s. These provincial organizations and national federations meet each year to pass resolutions on issues pertaining to seniors, such as the cost of insurance, the quality of nursing home care, and the price of drugs. They then send these resolutions to the appropriate provincial or federal agencies. These groups also lobby government between annual meetings (Bryden, 1974).

Gifford (1983) estimates that between 600,000 and 800,000 seniors, or about one-third of Canada's older population, belong to a seniors' group. The majority of these individuals belong to at least one of the nearly 3,700 social clubs or senior centres in Canada. While most of these local clubs do not engage in [illegible]ct advocacy work, a substantial number of the clubs belong to a provincial or national federation (Novak, 1988).

Hundreds of special-interest groups are also available for Canadian seniors. Teachers' groups and government employee groups are two common examples of groups who work to protect pension plans and benefits for former employees (Novak, 1988).

In recent years, a number of new senior citizen and pensioner organizations have emerged throughout the country to add strength to the voice of existing groups (Baker, 1988). Over 40 special advocacy groups currently respond to special issues by presenting briefs to government committees or ministers. These groups include Canadian Pensioners Concerned (20 local branches in Ontario, Nova Scotia, and Alberta), Seniors Action Now (branches in Saskatchewan and British Columbia), and l'Association Québecoise pour la Défense des Droites des Retraités et Préretraités (l'AQDR) (fifteen branches in Quebec) (Gifford, 1983).

A few organizations must be examined in order to gain some insight into the workings of the seniors' organizations in Canada. The following groups will be looked at: the United Senior Citizens of Ontario, the Ontario Coalition of Senior Citizens Organizations, the National Pensioners and Senior Citizens Federation, One Voice, and Fédération de l'âge d'or du Québec (FADOQ).

A prominent group in Canada that has been around since 1956 is the United Senior Citizens of Ontario (USCO). USCO is made up of some 1300 member clubs and total membership is estimated to be between 350,000 and 400,000 (Yelaja, 1989). This organization relies almost exclusively on senior voluntarism; its paid staff consists of an office manager and a secretary (Gifford, 1990). Since the 1950s they have been campaigning for better pensions. The organization is funded through membership fees, grants from the Ontario government, and the federal New Horizons program (Gifford, 1990).

The Ontario Coalition of Senior Citizens' Organizations (OCSCO) was created in 1985, after the de-indexation issue, when the Mulroney government attempted to put an end to the practice of indexing Old Age Security and the Guaranteed Income Supplement to the cost of living. By 1989, 26 organizations had joined OCSCO. It is a non-partisan coalition, whose goal is not to replace any existing federations, but to provide a means for the widest possible participation of all Ontario seniors. Its stated objectives are to perform in an advocacy capacity, to advise government when necessary, and to speak on behalf of these organizations and/or the general population of which they are a part (Gifford, 1990). To join OCSCO, an organization must be "predominantly comprised of seniors". Initial funding for OCSCO was obtained from the New Horizons program, and its finances are now supplied largely through membership fees from the organizations and through donations. The coalition has provided an impressive combination of analysis of issues affecting seniors, articulate expression of seniors' vital interest in these issues, and expanding mobilization of seniors' organizations for action (Gifford, 1990).

The NPSCF is one of the larger seniors' organizations in Canada. This group has strong support from some of the unions (e.g. United Steelworkers). It drafts the resolutions passed by its annual convention into a brief, which is then presented to ministers in Ottawa as well as to the opposition parties. It recently acted on the "clawback" issue, which involved a proposal by the Mulroney government to "clawback" pensions from seniors whose incomes exceeded $50,000 (National Council of Welfare, 1989). Under this proposal, which was enacted in 1990, those with incomes between $50,000 and $76,332 will still receive some OAS benefits; for those seniors with incomes over $76,332, however, the clawback is a 100% taxback on their government pensions (National Council of Welfare, 1989).

One Voice also should be mentioned. This organization started in 1987 and was designed "to create a common front of seniors' organizations" (Gifford, 1990, p.111). Funded by the Bronfman Foundation, in 1989 it too concentrated on fighting the proposed "clawback" (Gifford, 1990). While One Voice boasts two of the necessary ingredients for successful lobbying--an Ottawa address and ties with other organizations whose interests and concerns overlap with those of seniors--it only has four full-time staff members (Gifford, 1990).

Finally, a brief word about FADOQ is in order. This group, with a membership of 200,000, recently fought strongly against the Goods and Services Tax and the clawback on pensions. Of all the Canadian seniors' organizations, this one is considered to be most like the U.S. organizations in style and structure. In 1982, its membership fees produced $400,000 of its million dollar annual budget. Its personnel team includes a government-relations staff member. FADOQ puts a strong emphasis on leadership training; it has a development service headed by a full-time director of development (Gifford, 1990).

These organizations have, in recent years, received media attention over the successful 1985 protest against de-indexation; this success has raised their political profile considerably. They were again in the media after the clawback was proposed; on that issue, however, the seniors were unsuccessful in their protest.

How powerful are the Canadian organizations? Like the American organizations, they have the ability to make an issue visible and to get other groups to support their cause, and they are able to help shape the general climate of opinion within which age policy is formulated (Pratt, 1987). A case in point is the de-indexation issue. Seniors acrcss the country joined together to protest the de-indexation of pensions. They were supported by Liberal and NDP MPs as well as the Canadian Chamber of Commerce, the Business Council on National Issues, the Canadian Organization of Small Business, the Advisory Council on the Status of Women, and the Canadian Council of Social Development, among others (Novak, 1988). In this case, the government gave in and agreed to continue the practice of indexing pensions to the rate of inflation. Seniors were able to change federal policy because they were able to speak with a single voice and because they had the support of other powerful actors in society, particularly political parties and big business (Novak, 1988). It is not clear that the seniors' organizations would be as successful if they had to protest against opposition from these other groups. In general, the concept of "power" involves getting desired consideration or benefits even against opposition. Furthermore, Landes (1991) argues that publicity and the mobilization of public opinion (evident in the de-indexation protest) are usually admissions of political weakness rather than political strength. He contends that behind-the-scenes negotiations with important bureaucratic and political elites are generally a preferred and more effective tactic than public showdowns covered by the media (Landes, 1991).

Another case that refutes the notion of a powerful senior force is the failure of the 1989 protest against the clawback. As previously mentioned, many organizations such as One Voice, NPSCF, and other advocates for the aged opposed the clawback;

it was denounced as a breach of trust, since it changes the rules of the retirement income system without the consent of those affected and it does so "in the middle of the game" (National Council of Welfare, 1989). This defeat indicates that seniors in Canada are not a group exempt from detrimental policy changes.

Greater power could potentially be achieved through the creation of a strong nation-wide organization, such as the AARP in the U.S. Gifford (1985) argues that in Canada, the formation of a strong nation-wide organization has been held back by language barriers, geographic distance, and the lack of strong leadership. The anglophone organizations tend to have small full-time staffs along with a high degree of reliance on volunteers including volunteer leaders who are not as familiar with the government decision-making process as the more professional activists usually are (Gifford, 1985). However, the Fédération de l'âge d'or du Québec differs from other Canadian organizations with its professional leadership and more aggressive strategies (Gifford, 1985).

Nevertheless, the elderly are not generally pivotal actors in the policy-making arena, where the power to shape future programs and policies lies. In Canada, governments have set up seniors' councils, advisory groups, and committees to shape policies for seniors (Novak, 1988). Seniors can work with these councils to create change from within the system. Verba, Nie, and Kim (1971, p.10) say that elections set the pattern of government policy, but "the most important set of political activities may be the myriad attempts to influence governmental decisions...between elections." A study by Kernaghan and Kuper (1983) shows that almost all provincial and federal government agencies make policies that affect seniors. Some agencies, like federal and provincial departments of health, play a central role in policy-making for seniors, while others, like transportation or consumer affairs, play a smaller role. Pross (1975) says that seniors will have an impact on policy only if federal and provincial public servants recognize their right to participate in policy-making. The "power" of policy-making, it appears, lies not in the hands of the elderly themselves but in the hands of government, which may or may not involve the elderly in the policy-making process. The bureaucracy on aging in Canada is an important part of the policy-making process, more powerful than any of the seniors' organizations.

3. Canadian and American organizations: a comparison

There are some major differences between the Canadian and American old-age organizations (Gifford, 1990). The most obvious difference is the fact that in the U.S. the organizations have a national focus, while in Canada the focus is very much a provincial one. The pensioners' organizations in the U.S. are national, with state and local branches. Typically, the grassroots seniors' groups are local branches of one of the national movements. This affords the national organizations an opportunity to participate in for nation-wide campaigning. In addition, through the Leadership Council of Aging Organizations, the U.S. movements cooperate to a degree in their pursuit of common goals.

In Canada, the dominant form of seniors' advocacy organization is the provincial coalition of seniors' associations, or the provincial federation of social clubs. The country-wide manifestation of this is the national federation, to which most grassroots groups feel only weakly connected. The primary challenge facing the Canadian seniors' movement is to strengthen its capacity for coordinated national influence (Gifford, 1990). At present, there is a lack of coordination among major organizations, even though these groups are in agreement on many fundamental issues. Because none of the Canadian groups is particularly outstanding in size or dominance (i.e. in the manner of the AARP in the U.S.), more collaboration between the groups is necessary in order that the influence of seniors' organizations in the aggregate can increase.

A second cross-national difference is the fact, mentioned earlier, that the Canadian organizations rely overwhelmingly on the labor of volunteers. The major U.S. organizations have been able to create a more "professional" appearance and structure by employing large full-time staffs. The AARP is a good example of this; they not only have professional administrative personnel, but a permanent research team as well.

A third U.S.-Canadian difference has to do with the timing of elections. In the U.S., having federal and state elections every two years means that political campaigning and organizing are on-going. This is heightened in California by the inclusion of initiatives and referenda on the ballots every election day. Compared to Canada, there is a kind of "hothouse" political atmosphere, which requires a certain amount of readiness as well as clear priorities and a solid organizational base (Gifford, 1990).

The initiatives and referenda provide some direct input in decision-making on vital public issues. This is a natural political opportunity for U.S. seniors' organizations, whose members tend to have the time to devote to campaigning if an issue is considered important.

A fourth difference has to do with the relationship of politicians to their parties. In Canada, party discipline is required for the operation of the parliamentary system, while in the U.S. intra-party divisions are quite common (Engelmann

& Schwartz, 1975). The loose connection between elected politicians and their parties in the U.S. makes them somewhat more subject to influence by lobbying than Canada's stronger party discipline allows (Landes, 1991). At the same time, this creates advantages for moneyed interests, since they can and do hire full-time lobbyists to work on many individual politicians. This has long been the strategy of the AARP in the U.S.

A fifth U.S.-Canadian difference is that on some issues, of which medicare was an obvious one, the American organizations have both tradition and massed vested interests to fight, such as the American Medical Association (Gifford, 1990). Much of the American health system is a private enterprise operation--one can buy shares in chains of hospitals, f[illegible]mple. The idea of the market, and that the less government the better (except for spending on the military and bailing out failing corporations) is more deep-rooted in the American system than in Canada (Lipset, 1990). In this sense, the seniors' organizations have greater hurdles to overcome than their counterparts in Canada, at least for the present, but this has developed a greater on-going non-partisan political mobilization of the seniors. The growing numbers of seniors with their vested interest in expanding publicly funded and organized services, is a source of strength for partner movements working to improve the lot of the disadvantaged (Gifford, 1990).

A sixth distinct feature of the American scene is the massive presence of a single organization--the AARP--which far outnumbers and overlaps with all the others. In fact, the AARP is the largest of all the special-interest groups in the U.S., not just the aging-based organizations (Landes, 1991). It is predictable that with its full-time lobbyists, its financial resources, and its millions of members, the AARP can gain visibility far more than the other organizations combined. Historically, this was somewhat problematic, since the AARP took more conservative positions than the others. However, now on fundamental matters like medicare it is in coalition with the others. In Canada, there is no parallel to this, except in Quebec, where FADOQ is in a relatively similar, but by no means identical position (Gifford, 1990). Furthermore, seniors' organizations are far from being the largest special-interest lobby in Canadian politics.

Both in Canada and in Britain, attempts to establish seniors' benefit organizations modelled after the AARP have begun--CARP and BARP. Neither is likely to achieve prominence because so many longer-established organizations exist, and because Canadians are eligible to join the AARP for its benefits. And, in a sense, due to a lack of diversity of organizations, in Manitoba, New Brunswick, PEI, and possibly

Newfoundland and Labrador, the federations dominate the scene as much as the AARP does in the U.S. In the rest of Canada, more diversity of organizations, which are linked in coalitions and networks, is the typical scenario (Gifford, 1990).

It is noteworthy that the U.S. seniors' organizations have had little visible impact on Canada. The NPSCF has occasionally had a leader of the NCSC as a keynote speaker, through the union connection, and the Gray Panthers have looked to Canada for guidance about universal health care (Gifford, 1990).

Overall, the Canadian old-age councils and pensioners' groups have less impact on the legislative process than similar groups in other countries. Kernaghan and Kuper (1983) argue that seniors interest groups are comparatively less influential in Ottawa than is the case with their counterparts in Washington, D.C.. In Britain, too, for example, the national lobby group called Age Concern has been as influential in policy issues as the Gray Panthers and the AARP in the U.S. (Gifford, 1985).

Where political parties or unions have supported and sponsored the pensioners' movement such as they have in Britain, Austria, Sweden, and France, the elderly are likely to have greater political power. Similarly, where organizations such as the Gray Panthers and AARP in the U.S. are able to collect generous membership fees, they can more easily finance research and lobbying efforts. While the Canadian movement lacks this sponsorship and resource base, many feel that the political consciousness of seniors is growing (Gifford, 1990).

According to Novak (1988), Canadian seniors' groups lack the national impact of either the AARP or the Gray Panthers for at least three reasons:

(1) In Canada, the provinces set policies for health care, housing,and social services. As mentioned earlier, this gives lobbying a provincial focus and makes the provincial federations as important as the national federations as advocates of seniors' needs.

(2) Lewis (1986) found that seniors' groups in Canada lack the experience and style to lobby the government successfully.

(3) Pressure group activity in Canada is "more limited, more secretive, and more focused on the bureaucracy than in the U.S." (Kernaghan & Kuper, 1983). The policy system in Canada "tends to be characterized by superficial public deliberations and by the assignment of major responsibilty for policy development to the political executive, the administrative arena, and recognized pressure groups" (Pross, 1975, p.124). This makes it more difficult in Canada than in the U.S. for seniors to influence policymakers. Pratt (1987) notes that seniors' groups in Canada do not play the role of "policy

insiders"; i.e. they do not directly participate in high-level deliberations.

The roles of seniors' groups and bureaucracies in policymaking require some emphasis. These two kinds of actors play different roles in Canada than in the U.S. Bureaucracies can have an impact on the influence that seniors' organizations can exert on policymaking. According to Landes (1991, p.101), a bureaucracy can be defined as "a hierarchically structured organization, which implements public policy on the basis of impartially applied rules". It is comprised of appointed officials or civil servants. The bureaucracy is very important in policy making in Canada. It is intimately involved in initiation, formulation, and implementation of public policy. In the U.S., the bureaucracy is not quite as central; the view that "that government which governs least, governs best" has meant a more limited role for the bureaucracy in the U.S. than in Canada. As such, in the U.S., there appears to be a bit more room for the influence of the seniors' organizations in developing policy that affects seniors.

D. Conclusion

This comparison of "senior power" in the U.S. and Canada demonstrates that there are a number of differences between the two countries that combine to result in an overall difference in the salience of "senior power" on the political scenes. Canadian seniors and their advocacy organizations are not at the forefront of the political sphere, especially on a day-to-day basis, unlike the organizations in the United States. (Although the Canadian groups _can_ make themselves highly visible on certain occasions, such as during the de-indexation discussions and, recently, during the debates on cutbacks to Alberta seniors' benefits). In addition, the U.S. old-age organizations are more firmly entrenched within the policy-making machinery than is true of the Canadian organizations. And, in the States, the power wielded on behalf of the elderly by other groups seems to be a stronger and more continuous and stable phenomenon than what is found north of the border. It can be concluded that, while in both countries the power of the elderly and their organizations on their own is rather modest, the real power of the U.S. organizations appears stronger than that of the Canadian organizations. But, more importantly, the _perception_ of senior power is stronger in the U.S.; the visibility of the groups, their vast memberships, and their intense lobbying allow groups like Americans for Generational Equity to make the statement, despite a lack of evidence, that the seniors' groups appear very powerful. AGE goes a step beyond to say that the appearance is the reality.

It would seem, then, that there is a lack of senior power at the national level in Canada; as a result, potential generational equity proponents can not readily target senior power in the same manner as has been occurring in the U.S.. Consequently, this element of the Canadian scene is likely to be inhibitory to the initiation of generational equity tensions in Canada, at least to the extent that this factor is a root cause of such tensions.

III. PERCEPTION OF FISCAL CRISIS

A. Introduction

Pauline Ragan (1977) has suggested that the economic and political climate is one of the variables important in determining a backlash effect of the type generated by the generational equity campaign. As such, the definition of fiscal crisis of the American economy and the subsequent perception of fiscal crisis are crucial concepts to look at in a discussion of the development of the generational equity issue.

"Fiscal crisis" is an expression that has come into common usage over the past several years, particularly in the United States. What does "fiscal crisis" mean? According to Estes (1983, p.115), fiscal crisis is a term "widely applied to the fiscal difficulties of governments in the U.S. It generally refers to the inability of government to meet current operating expenses, impending or actual fiscal deficits, defaults on government fiscal obligations, or other general fiscal problems of government." A declaration of fiscal crisis was pronounced at the federal level in 1981 (Estes, 1983). This has had a number of detrimental effects on social policy in the U.S..

What is the situation in Canada? Has the Canadian economy been defined in these terms? Are Canadian social policies being determined primarily on the basis of economic concerns? If it is determined that the Canadian economy is being promoted to the public in a "crisis" manner, then there is reason to suspect that Canada can potentially become a site for generational tensions and equity concerns. This section of the thesis will examine the notion of "fiscal crisis" and its implications for social policy, especially social policy directly affecting the elderly. A comparison of Canada and the U.S. on two levels will be instructive: (1) government declarations of fiscal crisis in each country will be discussed and then compared, and (2) the perceptions of the general public and their response to the crisis scenario will also be examined for Canada and the U.S. and then similarities and differences will be discussed. These perceptions will be gleaned from a general overview of Gallup Poll reports.

B. Fiscal Crisis In The U.S.

A fiscal crisis at the federal level was formally declared in 1981 by then-president Ronald Reagan, by other politicians, and by conservative economists (Estes, 1983). The fiscal crisis definition was then repeated over and over again by the media. As this image became widely shared, it took on an appearance of objective reality, irrespective of its basis in fact, because policymakers began to act as though the appearance was reality (Estes, 1983). There is no doubt that when something as vital as the economy is declared in crisis, the social, economic, and political repercussions are substantial.

According to Estes (1979), the declaration of crisis may serve political purposes. The public perception of fiscal crisis may serve important political and economic interests, depending on how it is incorporated into public policy (Estes, 1979). A serious potential threat to the survival of a viable public policy for the elderly is the link, often made by politicians, between the perception of crisis and an aging society. This perception has been promoted by the media as well as by scholarly journals as a major source of America's economic troubles (as noted earlier). Moreover, the declaration of fiscal crisis at the federal level has generated a climate of uncertainty and vulnerability of the American public to proposals to dismantle major social programs (Estes, 1983).

The fiscal crisis definition of the U.S. economy began to take shape shortly after Ronald Reagan was elected president in 1980, when a series of radical shifts in public policy were initiated. According to Lee & Benjamin (1983), these included: (1) decentralization of social programs to the states, along with reduced federal funding for most social programs; (2) decreased government regulation and increased stimulation of market forces and competition;

(3) increased military expenditures;

(4) sizeable tax cuts; and,

(5) an overall down-sizing of the federal government.

Budget cuts directed at every social program hit hard. In 1981, Congress enacted the Omnibus Reconciliation Act which, among other things, removed 400,000 individuals from the food stamp program. Cuts directed at Social Security targeted the politically vulnerable: an end to the minimum benefit for low-income earners, the elimination of death benefits for most recipients, and a phasing out of benefits for older children of deceased workers (Quadagno, 1990). Congress legislated these cuts in mid-1981 with only minimal objections (Quadagno, 1990). This is important, because it reflects the accomplishment of an undeclared goal set by the Reagan Administration: the declaration of fiscal crisis had been made, repeated, and ingrained in the public consciousness by the time the 1981 cuts were announced. The public by this time believed in the crisis message and therefore accepted many of the cuts as reasonable, necessary, and justifiable. This is precisely what the declaration of fiscal crisis was intended to do: generate a climate of vulnerability and then acceptance on the part of the American people.

The crisis definition of the U.S. economy--now incorporated into law through both the Omnibus Reconciliation Act of 1981, through federal budget reductions, block grants and Medicaid cuts, and the Economic Recovery Tax Act of 1981, through massive tax cuts of $750 billion dollars over a 5-year period, as well as the monetary policies of the Federal Reserve Board (high interest and slow growth in money supply)--largely guaranteed the objective condition of a fiscal crisis in many states by bringing on a recession to control inflation and by refusing to provide aid to state and local governments (Estes, 1983). Declining revenues have also been caused by the largest peacetime military buildup ever. Overall, this shift in budget priorities has led to national debt levels of unprecedented size, both in dollar amounts and as a percent of gross national product (Wallace & Estes, 1991).

Spurred by the belief that federal spending on the elderly and poor is a major cause of these U.S. economic problems, proposals to decrease the federal deficit by reducing programs to the elderly and poor gain the appearance of legitimacy; the politicians in power want this solution to be viewed as the only viable solution (Estes, 1983). This is in spite of the fact that over half the current U.S. deficit can be traced directly to the 1981 tax cuts (Wallace & Estes, 1991). While the tax burden in the U.S. is lower than in almost all other industrialized countries, austerity (i.e. budget-cutting) is presented by politicians as the only possible answer to the problem of falling revenues. A result is that austerity, rather than equity, is becoming the underlying ideology behind health and social policy for the

American people, including the elderly (Wallace & Estes, 1991). Funding earmarked for social spending comes to be looked upon as a shrinking pie that will be devoured by the strongest or most vocal groups; in such a scenario, the more money that one group receives, the less there will be available for other groups.

This results in politicians and others trying to point the finger at those they consider to be responsible for the crisis; in recent years, the implicit and often explicit message has been that a good portion of the blame for the perceived crisis should go to the elderly (Minkler, 1986). For example, AGE promotes the opinion that the "excessive" benefits the current elderly receive from the government have played a major role in the ballooning of the U.S. federal deficit. This is misleading at best. For instance, Social Security is not a contributor to the deficit, and in fact, brings in considerably more than it pays out (Minkler, 1986).

On the other hand, the nation's military budget, which is a major contributor to the deficit, is virtually excluded from discussions of the areas necessary for scrutiny if the U.S. is to achieve a balanced budget (Minkler, 1986). The mass media, politicians, and others ignore defense spending in analyses of the costliness of programs for the elderly. This reflects the continuation of a practice, described by Binstock (1985), in which Americans are taught to think in terms of how many workers it takes to support a dependent elderly person, but not how many it takes to support an aircraft carrier (Minkler, 1986; Binstock, 1985). Despite the claims of fiscal austerity and New Federalism, the budget deficit during the Reagan Administration has grown massively, largely as a result of military spending, while domestic programs have experienced unprecedented cuts (Binney & Estes, 1988). In fact, the defense budget doubled between 1980 and 1986, and by the end of 1991 it will have tripled since 1980. Between 1982 and 1985, military spending increased by $90 billion while social expenditures were cut by $75 billion, making military expenditures 55% of the federal budget (and predicted to increase to about 60% in 1992) (see Navarro, 1987). The U.S. federal government has encouraged a trading-off of state benefits for one generation for those of another (when, in reality, all generations--young, old, and middle-aged--are being asked to carry more).

According to Binney & Estes (1988), the rhetoric of the "intergenerational war" is being used in order to encourage the equity debate and to increase the advantage of the wealthy. For instance, Binney & Estes believe that the intergenerational war perspective masks class concerns; that is, debates about intergenerational resource allocation are used to obscure issues of inequities between social classes. While the elderly are being depicted as plunging the nation into debt and inducing economic insecurity among the young, wealthy individuals and large corporations have continued to enjoy the unprecedented profits accruing from new tax advantages. Tax subsidies rose from $197.5 billion in 1981 to $424.5 billion in 1986, and a substantial number of the largest and most profitable corporations paid no income taxes on billions of dollars of profit, and in fact received millions of dollars in tax rebates (Villers Foundation, 1987).

Thus, when a crisis is declared, social programs are seen as the appropriate target for fiscal restraint measures, since other possible means for ameliorating the crisis (e.g. increasing taxes or decreasing military spending) are implicitly assumed to be unacceptable (Minkler, 1986). (It should be noted that social spending cuts are not a mandate by "the people", but by the government--opinion polls indicate that "the people" would rather see cutbacks in defense spending (Minkler, 1984b)).

The end result is that when the plight of the poor children or the baby boomers gains widespread attention, the proposed solutions largely involve discussions about reducing benefit programs for the elderly.

However, it is incorrect to assume (as generational equity proponents do) that reducing current federal benefit levels to the elderly would alleviate the problems experienced by younger generations (Kingson et al., 1986). For one thing, government programs designed to serve poor children and their families (e.g. Aid to Families with Dependent Children) are funded from general tax revenues, whereas the principal programs that serve the elderly (Social Security and Medicare) are funded through a separate payroll tax (Catchen, 1988). Savings generated by cutbacks in these benefits could not be used to fund programs that serve poor children. The primary beneficiary of reductions in the Social Security payroll tax would be corporations which have to match employee contributions to the Social Security trust fund (Catchen, 1988).

C. Public Perceptions Of The Fiscal Crisis In The U.S.

Is there evidence to support the notion that the American public has become vulnerable to ideas not previously entertained: i.e. a dismantling of the social welfare "safety net"? According to Minkler (1984b), a clue to the perceived increase in popular acceptance of the dismantling of the welfare system lies in closer examination of the semantics used by politicians to garner support for this position. She points out that a review of public opinion poll data by Ladd and Lipset (1980) noted that those same polls that found that the public supported reducing welfare also showed <u>negative</u> public reactions to cuts for the elderly, the poor, the handicapped, special education, and services for minorities. Such polls also suggested that the majority of Americans continue to support the very programs (Social Security, Medicare, Medicaid, etc.) that constitute the foundation of the "welfare state" (Minkler, 1984b).

In a more recent and more comprehensive review of national opinion poll data, Navarro (1982) found that there is very little evidence to support the contention that there is a popular mandate for cutting programs for the elderly and poor. Rather, public dissatisfaction with a perceived fiscal crisis has resulted in calls to reduce defense spending and to increase corporate taxes without reducing health and social services.

A general review of Gallup poll data from 1983 through 1987 indicates that these findings have continued to hold true. When asked their opinion on various deficit-reduction measures, the general public has increasingly expressed dissatisfaction with the "cut social spending" option. The percentage approving of this as a viable solution declined from 41% in 1983 and 1984 to 39% in 1985, and 21% in 1987. Likewise, the "cut entitlement programs like Social Security" option has received little support over this period: 12% approved in 1983 and 9% approved in 1985, 1986, and 1987 (Gallup, 1987).

Gallup polls from May and October of 1989 also demonstrate continuing support for social programs. For example, the May Gallup survey shows as much support for an <u>increase</u> in the budget for Social Security (46%) as for maintaining current spending levels (47%). Proposals to decrease benefits would run into a solid wall of opposition.

D. Implications Of A Fiscal Crisis Mentality

The fiscal crisis definition of the U.S. economy has resulted in a mood of scarcity, and the values of individualism and competition are being relied upon as a means for determining who is going to "survive" the effects of perceived scarcity (Williams et al., 1985). Since America has never had a communally oriented theory of distributive justice, the me-first, survival-of-the-fittest ethos is being openly presented as an appropriate sorting-out device. It appears that Americans' benevolence to less well-off peers is most noticeable when perceptions of economic growth abound.

Part of the notion of individualism involves the conceptualization that the problems of aging are individual problems; they appear to occur as a consequence of largely apolitical processes (that is, individual physiological and chronological decline), rather than being shaped by public policies, economic conditions, and the political forces that affect them.

The perception of the aging process as a biological phenomenon lends support to those who argue that society bears little responsibilty for what happens to old people. It is in agreement with the laissez-faire, survival-of-the-fittest notion of society, where each individual theoretically has an equal opportunity to succeed. From this perspective, success is seen as the result of individual effort; failure is not due to race, sex, social class origin, or other structural factors, but to the lack of individual initiative or competence. This view also supports the notion that the problems of older persons have little to do with how society treats the aged (with rejection, denial of status, and work loss due to mandatory retirement), but instead, that aging problems are independent of the economic and social context in which old people reside (Williams et al., 1985).

Evidence of this approach ranges from a "meism" among Americans today to the latent and overt issues of political campaigns during the early 1980s (Williams et al., 1985). For example, much of Ronald Reagan's support came from economically privileged groups--corporate leaders and white male workers--who saw anti-discrimination efforts on behalf of women, minorities, the elderly, and other less-privileged groups as usurping their privileges. This concern with maintaining economic and social privileges was heightened by the usual assumptions and presumed losses for self if others experience gains (Williams et al., 1985).

The media has portrayed the elderly as taking from the young, getting rich from entitlement programs while running up the federal deficit, and jeopardizing the future of the young (Schiffres, 1984). In reality, the elderly are not responsible for the national debt, nor is their major entitlement program (Social Security) currently contributing to it (although there is some realistic apprehension about its solvency come 2010). The OASI (Social Security) trust funds had a $15.6 billion surplus in 1987, which is projected to grow to nearly $55 billion by the early 1990s (if policy-makers do not transfer this surplus to other sectors of the economy) (Binney & Estes, 1988). Indeed, the Congressional Budget Office has revealed that the huge increases in the deficit have been the direct result of the 1981 tax cuts and massive military outlays in the 1980s; domestic cuts, including programs for the elderly and children, actually reduced the deficit by $38 billion (Villers Foundation, 1987).

Generational equity proponents have been trying to undermine faith in the Social Security system, and they have been attempting to portray this program as age-elitist. They perpetuate the assumption that the elderly alone have a stake in Social Security, Medicare, and other government programs that are framed as serving only the elderly; the corollary is the belief that, because of this, the young resent these expenditures (Kingson et al., 1986).

According to Kingson et al. (1986), these views chiefly result from:

1. defining issues in terms of competition between generations over "scarce" resources;
2. examining the flow of benefits from Social Security and Medicare from a cross-sectional perspective rather than longitudinally; and,
3. ignoring or downplaying both the direct and indirect benefits that accrue to nonelderly persons.

The mass media and groups such as Americans for Generational Equity often refer to the amount of the federal budget that "goes" to the elderly as though only the elderly benefit from these programs (Kingson et al., 1986). While a cross-sectional look at the federal budget does indicate that approximately 28% of the federal outlays are for programs whose direct benefits are largely for the elderly, to conclude that these expenditures benefit only the elderly assumes that the elderly do not pay or have never paid taxes and that nonelderly persons receive no direct benefits (Kingson et al., 1986). However the elderly do pay taxes (an estimated $36 billion in 1982, according to Kingson)--and some younger persons do receive direct benefits through survivor benefits, which reached some 10.4 million individuals under age 65 in 1984 (Minkler, 1986).

A short-term perspective is exemplified in articles written by generational equity proponents such as Longman (1987). According to Longman, a future of distressing economic and social realities awaits the baby boom generation as it ages. Since the baby boom generation is having fewer children and will live longer than previous generations, it will become the first generation of seniors to pay more into Social Security than its members will receive in benefits. Longman estimates that today's elderly, by comparison, will receive at least three times as much in benefits as they have contributed (Longman, 1987).

Longman is very concerned about the anticipated changes in the size and significance of the elderly population; these changes (discussed earlier) will be quite substantial. According to Longman, growth trends in the elderly segment of the population mean that the baby boomers must face the prospect of becoming the largest generation of seniors in history, both in absolute size and relative to the number of younger citizens available to support them (Longman, 1987). Longman cites projections by the Social Security Administration which show that starting in 2020 there will be so few workers that they will be forced to pay Social Security taxes equivalent to or higher than federal income taxes (Longman, 1987). Hewitt and Howe (1988) of AGE add that the U.S. will experience an unprecedented growth in the ratio of retirees to workers, so that in fifty years time there will be only 2 workers available to support each retiree (Hewitt & Howe, 1988).

In addition, legislative amendments enacted in 1981 guaranteed that current benefit levels for Social Security recipients were maintained at the expense of future generations (Longman, 1987). Retired persons must now pay taxes on half their Social Security benefits if their income is greater than $25,000 per year. Longman suggests that even if inflation is low for the next few decades, $25,000 will be quite a modest income by the time the baby boom generation reaches retirement. Beginning in 2003, the eligibility age for receiving Social Security will be raised in such a manner that by 2027 the retirement eligibility age to receive Social Security will be 67. Longman is concerned that since the possibility of suffering incapacities or death increases with age, the loss of two years of retirement income will have an extremely negative effect on many baby boomers when they retire (Longman, 1987).

A long-term perspective, according to Kingson (1986), shows that over time, benefits from policies directed largely at the elderly represent flows of resources among different age cohorts; in other words, current workers will eventually be direct recipients of Social Security and Medicare, programs into which current elderly beneficiaries have already contributed through payroll taxes.

Social Security also provides indirect cross-generational benefits to Americans. By providing for the financial needs of the elderly, Social Security frees adult children from the need to provide such support directly (Minkler, 1986; Kingson et al., 1986). This is important, since at precisely the time that adult children are struggling to rear and support their own children, the responsibilty for dependent parents would create enormous family stress, not to mention substantial costs. Indeed, transfering the burden of support back to the family would very likely impoverish more children, since their parents would have to spend large sums of money to support their parents, money they would ordinarily devote to their children's needs (Kingson et al., 1986). Thus, the longitudinal perspective suggests that individuals of all ages have a common stake in these programs (Kingson et al., 1986; Kingson, 1988).

Contrary to recent media claims, there has been to date little outcry from younger taxpayes vis-a-vis the high costs of Social Security and Medicare (Minkler, 1986). Minkler (1986) points out that surveys conducted by Louis Harris and Associates found no support for the generational conflict hypothesis. While the elderly appeared slightly more supportive of programs targeted at them than did younger age groups, and vice versa, the balance of attitudes in all generations was solidly on the same side. For example, both old and young opposed increasing Medicare premiums and the Medicare deductible, and both old and young opposed freezing Social Security cost of living increases. Likewise, both old and young Americans opposed federal spending cuts on education and on programs for women and children (cited in Minkler, 1986). Basically, generational consensus, rather than conflict, seems to be the norm regarding issues of government social spending.

The strong support of younger generations for Social Security and Medicare stands in sharp contrast to the rhetoric that claims that Social Security is merely a monumental transfer of wealth from the struggling young to the well-to-do old. This rhetoric, spouted by proponents of generational equity is not only false, it is divisive and it promotes conflict between generations.

E. Canadian Fiscal Crisis

As in the U.S., much of the debate about social policy in Canada over the last decade has focused on the issue of economic restraint, as though the allocation of dollars was a value-free, objective undertaking and the primary determinant of policy choices (Watt, 1990).

A good point of departure for this discussion is the first federal budget that the Mulroney government released back in 1985. This budget is best-remembered for its ill-fated attempt to partially de-index Old Age Security, a proposal that was withdrawn after a barrage of unexpected criticism from pensioners and many other groups. Yet, despite this setback, the 1985 budget did manage to lay the foundation for a fiscal restraint policy combining social spending cuts and tax increases (Gray, 1990). This restraint policy is characterized by Gray (1990) as "social policy by stealth". What he means by this is that there is a heavy reliance on technical amendments to taxes and transfers that are difficult to explain and understand and whose implications are not made clear to the public. The result is that these amendments are able, in large measure, to escape media scrutiny and public attention (Gray, 1990). This maneuver masks regressive changes in an attempt to convince Canadians that tax increases are tax cuts and that benefit cuts are benefit increases (Gray, 1990).

When criticisms are directed at the measures, then the strategy is to convince Canadians that austerity measures are called for.

Patterson (1990) maintains that government and big business have recently launched a campaign to sell the "national debt crisis" to the Canadian people: daily reminders appear in the media concerning Canada's massive debt and debt service charges, which together are dragging down the country. The implication is clear: if Canadians fail to get their collective affairs in order quickly, the nation's children will be condemned to financial hardship.

It is true that there is little doubt of the debt itself or the interest charges. The problem is the general implication that Canadian citizens, through the government, with greedy fingers scooping up the social program pie, have brought the country to this alarming state of fiscal crisis. Now, government and big business are attempting to make it appear as though they, through generosity, will lead the people out of this situation that they have brought upon themselves. It merely requires quiet acquiescence to new and higher taxes, and acceptance of a massive down-scaling of important social programs to the point where these programs eventually coincide with their American counterparts, which are among the poorest in the developed world (Patterson, 1990).

F. Public Perception Of The Fiscal Crisis In Canada

Prior to the release of the 1989 federal budget, the Conservative government began a concerted effort to convince Canadians that austerity measures were necessary. The government made good use of the media in repeating the economic facts: the annual federal deficit for 1989 was $29 billion and the national debt was some $320 billion (Gallup, Apr.22,1989). With these numbers implanted in the minds of Canadians, the government attempted to justify cuts and clawbacks as a necessary belt-tightening measure to combat the ever-increasing budget deficit.

Gallup data suggest that "reasoned reductions even in the social expenditure domain would gain significant support from Canadians" (Apr.22, 1989). A survey from January of 1989 showed that 70% of adult Canadians were concerned about the size of the government's deficit. The fact that the majority of Canadians admit a degree of worry about the deficit indicated that the public would not be as hostile to the stringent budget as some observers had expected (Gallup, 1989). Figures from 1989 indicated that the Canadian public was willing to sacrifice the universality of certain social programs. For example, only 43% of Canadians believed that family allowance payments should be paid to all citizens with young children; 53% stated that these payments should be made only to needy families.

A Gallup Poll from Mar.15, 1990 echoed this sentiment: less than four in ten polled believed that family allowance should go to all families. It is evident that the public is starting to accept the Tory message that universality is too expensive and should no longer be viewed as a priority. The public does not seem to realize that this is a very disturbing trend toward the erosion of Canada's social safety net.

A Nov. 9, 1989 Gallup poll indicates that when asked to choose between reducing spending or increasing taxes as a deficit-cutting measure, 93% of the citizenry preferred the "reduce spending" option, while only 3% believe that the government should increase taxes. Why are these the only choices? What about trying to boost the economy, become competitive on world markets, etc.? Furthermore, it is also true that the government will ask the public both to pay more taxes and to accept a reduction in social spending.

Gallup Polls conducted throughout 1989 and 1990 show that Canadians are increasingly fearful of economic downswings. This is understandable, since recession was declared last year. Nevertheless, this is a time when social spending and our social safety net is of the utmost importance. Its threatened demise should cause an outcry from the public. Yet, it does not: the polls indicate that Canadians have learned the fiscal crisis message well; the willingness to give up universality shows that the Tories are achieving their goal.

G. Conclusions

It is apparent that concerns about the fiscal health of both the U.S. and Canada have been expressed with respect to the aging population, social programs, etc. In the U.S., the fiscal crisis mentality can be traced back to the Reagan administration's 1981 social program cuts (Minkler, 1986). In Canada, Prime Minister Mulroney's 1985 budget set the stage for declarations of fiscal crisis. This budget laid the groundwork for a shrewd fiscal restraint policy combining social spending cuts and tax increases (Gray, 1990). The strategy of stealth has enabled the Tories to initiate an effective system of automatic social program reductions and tax hikes. The federal government will likely continue to rely largely on the same techniques--complexity, obscurity, technicality--that it refined during its first term in office. The unfortunate problem is that few Canadians will understand the clawback on family allowances and old age pensions or protest the demise of universality--if, in fact, they realize that it is gone (Gray, 1990).

In the U.S., Social Security has been unfairly blamed for the huge deficit, while the real culprit--military spending--has been ignored. As such, the American people are being encouraged by groups like AGE to look upon the elderly as an age group that is responsible for the fiscal decline of the country. AGE can also take credit for promoting the belief that an age war will erupt because of the elderly entitlement programs. The assumption is that the programs are bankrupting the country so that the current elderly can receive more than they ever paid into Social Security. And furthermore, the notion is held that these programs will no longer exist for the future elderly.

The situation is a little different in Canada. As yet, elderly entitlement programs alone have not been blamed for the deficit. And Canada's problems are not a result of masssive military spending. Nonetheless, Canada's social programs in general are seen as appropriate targets for help with deficit reduction.

Both the U.S. and Canada are suffering from a fiscal crisis mentality, and social programs in both countries are in jeopardy as a result. A possible consequence is that generational equity tensions may become heightened in the U.S. and may emerge in Canada as well, insofar as a fiscal crisis mentality is responsible for such tensions.

CHAPTER FOUR

THE COMPARATIVE ANALYSIS: PART TWO: THE YOUNG/OLD POVERTY IMBALANCE AND THE SOCIAL POLICY NET

I. INTRODUCTION

This chapter will address the final two, related, topics. The first of these is the poverty profile of children compared to seniors. This topic is of concern because a great deal of attention has been paid in recent years to the poverty imbalance of these age groups in the United States. This attention has, in part, contributed to debates about generational inequities. An exploration of similarities and differences in the situations of Canada and the U.S. will therefore be instructive. Following this, part two of this chapter looks at the social policy nets of each country; these "nets" are the sum-total of social policies and programs (and the societal values upon which they are based) that are available to deal with the economic needs of North Americans, including the two most economically vulnerable age groups: children and the elderly. It is suggested that these policies and programs are largely responsible for the nature of the poverty trends discussed in the first part of this chapter. It is further suggested that Canada-U.S. differences in the extent of generational equity tensions can at least in part be explained by differences in the size and coverage of the social policy nets in the two countries.

II. THE YOUNG/OLD POVERTY IMBALANCE

A. Introduction

It has become clear in recent years that child poverty is a national problem in the United States. Preston (1984) argues that the economic situation of children in the U.S. has been worsening over the past several years. This he and others (e.g. Longman (1987)) attribute to the aged. U.S. child poverty is a problem of serious proportions.

This thesis suggests that children are being used by generational equity proponents as a comparison group to show how "well-off" and "greedy" elders in the U.S. are. Comparisons will be made of the relative economic positions of children versus the elderly in Canada and the U.S., in an attempt to discover whether children are as much a disadvantaged group in Canada as they are in the U.S. and hence could become a focus for generational equity debates in Canada.

In this section of the thesis, then, the following topics will be discussed:

(1) child poverty rates in the U.S. and the reversal in their position vis-a-vis the elderly;

(2) child poverty rates in Canada; has there been a reversal such as that experienced in the U.S.?

(3) how do the economic positions of children relative to those of adult and elderly groups compare between Canada and the U.S.? i.e. to what extent are children a relatively more disadvantaged group with respect to the elderly population in the U.S. than is true in Canada? Luxembourg Income Study data will be used to answer this question. Conclusions will be drawn as to whether Canadian children could potentially become a focus for groups that would try to show elders as "greedy".

1. Child poverty rates in the U.S. and the reversal in their position vis-a-vis the elderly

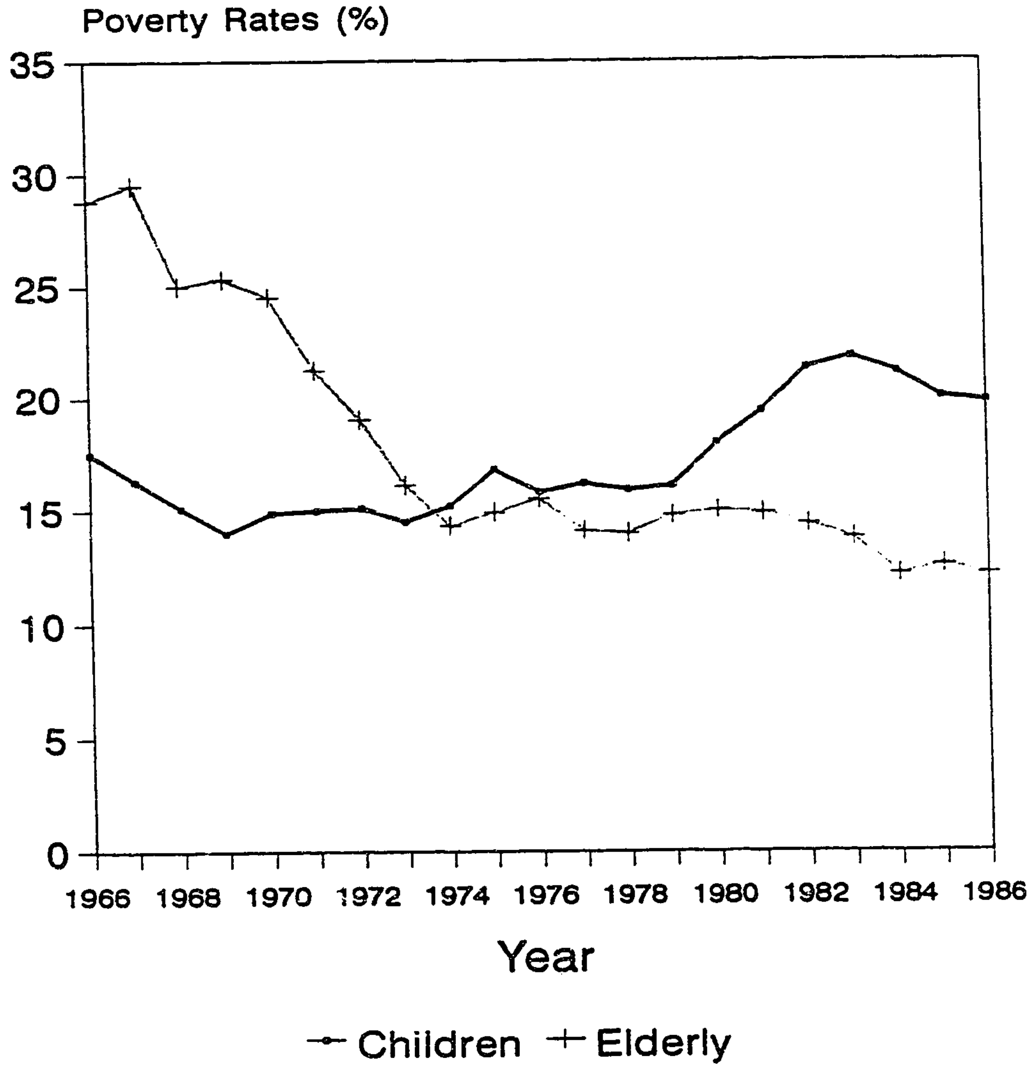
The two major dependent groups in industrial nations, the young and the elderly, put the greatest demand on public resources and receive the largest share of public income transfers and services (OECD, 1988). As such, the economic status of these two groups is of significant concern for policy-makers (Smeeding et al., 1988).

In the United States the economic positions of the young and old changed quite dramatically between 1970 and 1986 (USBC, 1987 cited in Smeeding et al, 1988). The poverty rates of the elderly fell while the rates for children increased. The first trend was welcomed and somewhat anticipated: a major accomplishment of U.S. federal policy over the last decades has been the increased well-being of the elderly. The second trend, on the other hand, has been greeted with great concern (Smeeding et al., 1988).

Tracing the poverty record from 1939, using USBC decennial census information, it is clear that the young and elderly both have experienced substantial and similar gains from the 1940s through the 1960s (Smolensky et al., 1988). The declines in poverty were smaller for the elderly than children between 1939 and 1969. The gains between 1969 and 1979 of all elderly men and women of all ages relative to children were also substantial. Poverty rates rose somewhat for children but dramatically declined for the elderly. While children were less likely than men ages 65 to 69 to be poor in 1969, they were more than twice as likely to be poor by 1979. Furthermore, while children were less likely to be poor than men over age 70 in every year prior to 1979, they were more likely than this group to be poor in 1979 (Smolensky et al., 1988). By concentrating on the recent past the picture is one of great gains by the elderly as compared with the growing impoverishment of children (Preston, 1984).

Preston focused on the period between 1970 and 1983. He noted that the poverty rate for children under 14 grew from 16 percent to 23 percent, while the proportion of elderly poor dropped from 24 percent to only 15 percent. Note the trends in Figure 2 (see p.116). The relatively rapid progress of the

Figure 2: Poor Persons: Children and Elderly, 1966-1986, United States



Source: Smolensky et al. 1988

elderly, who eventually overcame the substantial advantage originally held by the young, is evident (Radner, 1986). In fact, the greatest divergence in poverty rates occurred after 1979 (see Figure 2). Situated within a longer historical context, this divergence is a brief aberration. However, it has occurred, and because the irregularity is quite recent, it may be a reasonably accurately indication of future trends, according to Smolensky et al.(1988).

2. Child poverty rates in Canada: a reversal like the U.S.?

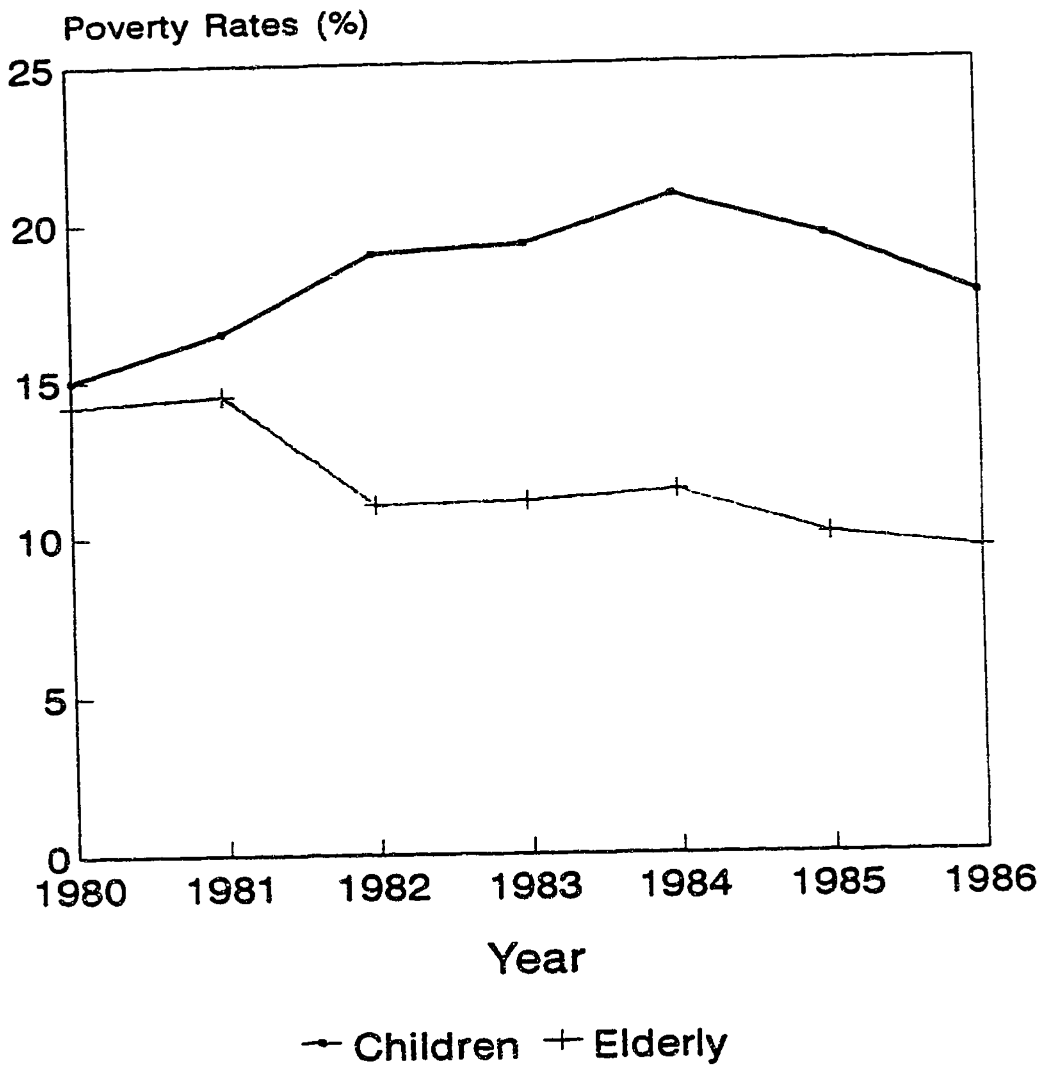
A fundamental question raised by the changing economic fortunes of children and the elderly in the U.S. is whether this is an inevitable feature of aging societies (Smeeding et al., 1988). As seniors become a larger proportion of a society, do they necessarily gain more influence and demand a disproportionate share of social resources? If this is an unavoidable feature of aging democratic societies, then it would seem reasonable to expect to see such reversals of fortune in other industrial countries, not just the U.S.. If, however, the elderly in other countries are not so economically advantaged compared to children, then these age-related economic trends in the U.S. may be a result of social policies and attitudes unique to the U.S. (Smeeding et al., 1988).

Fully-comparable income trend data by age are not available for other countries, but it has been estimated that for the 1970 to 1984 period, Canadian trends were similar to those in the U.S. (Senate report, 1991). The incomes of the elderly increased faster than the incomes of the general population in both countries, but especially in the U.S., where no increase in overall real incomes was recorded. The real incomes of single-parent families with children increased more slowly (Canada) or fell (the U.S.) in real terms over the 1970-84 period. The National Council of Welfare (1988) provides some supplementary poverty statistics for 1980 through 1986. Their calculations provide support for the claim that child and elderly poverty rates have been moving in opposite directions. In 1980, the percentage of children living below the poverty line was 15. It increased until it hit a high of 20.8 in 1984; it then declined slightly to 19.5% in 1985 and 17.6% in 1986. The trend for Canada's seniors has been very different. From a 1980 figure of 14.2%, the poverty rate declined quite steadily to 9.5% in 1986 (National Council of Welfare, 1988). (See Figure 3 , p.119).

3. Children and the elderly in Canada versus the U.S.

International income comparisons in the past have been hampered by a shortage of comparable data for pre- and post-tax/ post-transfer income and for the demographic unit (i.e.

Figure 3: Poor Persons: Children and Elderly, 1980-1986, Canada



Source: National Council of Welfare 1988 household vs. individual income). Comparable income and demographic data did not exist for most countries until the Luxembourg Income Study (LIS) created comparable cross-sectional income data files for nine developed nations, including Canada and the U.S. (Smeeding et al., 1988). This data base thus offers an opportunity to compare countries directly. The first results were reported in 1985, and much of the following discussion is based upon a secondary analysis of LIS results.

a) Poverty comparisons:

Cross-national poverty comparisons raise both definitional and methodological issues (Rein, 1970). Various defintions of poverty exist. Poverty may be defined in terms of absolute income; but deprivation is a relative concept. Smolensky et al. (1988) define relative low income as the percentage of individuals or families whose disposable income (adjusted by the U.S. poverty line equivalence scale) falls below one-half the national median adjusted income. Absolute poverty, meanwhile, is defined as the percentage of people whose adjusted disposable income is below the U.S. poverty line converted into national currencies using the purchasing power equivalencies developed by the OECD (OECD, 1985). The U.S. poverty standard is 42% of the adjusted median income in the U.S.

It is clear from the LIS figures reported by Smeeding et al. (1988) (see Table 2, p.122) that in the U.S. a larger proportion of children live in low-income families, by either the relative or the absolute measure, than in Canada. The relative measures are 15.5% for Canada and 22.4% for the U.S. The corresponding absolute measures are 9.6% and 17.1%. In addition, the U.S. has a higher proportion of elderly in low-income families by either the relative or absolute measure than Canada. The relative measures are 17.2% for Canada and 23.9% for the U.S. The corresponding absolute measures are 4.8% and 16.1%. Overall, then, both age groups are less likely to live in poverty in Canada than in the U.S.. But what about within-country comparisons? Are children at more of a disadvantage vis-a-vis the elderly in the U.S. than in Canada? From the above statistics, apparently not. The relative child-to-elderly poverty rate ratio is approximately the same for both countries; 0.90 for Canada and 0.94 for the U.S. The absolute child-to-elderly poverty rate ratio is actually higher for Canada than the U.S.; 2.00 to 1.06. However, the absolute rates in Canada are so much lower than the U.S. rates that it would be misleading and inaccurate to characterize Canada as having a more serious child poverty problem than the U.S.. Nevertheless, the notion that disadvantage (as measured by poverty rates) is greater for children in the U.S. than in Canada is not born out by this data. Still, Canada's lower poverty rates for both age groups may mean that groups and

TABLE 2
RELATIVE LOW INCOME[a] AND ABSOLUTE POVERTY[b] AMONG CHILDREN, ADULTS, AND THE ELDERLY, CANADA AND THE U.S.

Country and Poverty Measure	% IN POOR FAMILIES				Child-to-Elderly Poverty Ratio
	Children	Adults	Elderly	Overall	
Canada					
relative	15.5	10.7	17.2	12.6	0.90
absolute	9.6	7.5	4.8	7.4	2.00
U.S.					
relative	22.4	13.4	23.9	17.1	0.94
absolute	17.1	10.1	16.1	12.7	1.06

Source: adapted from Smeeding et al. (1988) "Patterns of income and poverty: the economic status of children and the elderly in eight countries", in J. Palmer (ed.) <u>The Vulnerable</u>, Wash., D.C.: The Urban Institute Press; computations from the Luxembourg Income Study Data File

[a] relative low income includes all individuals with adjusted incomes less than half the median adjusted national income

[b] absolute poverty includes all individuals with adjusted incomes below the official U.S. government poverty line using OECD purchasing power parities

their advocates have not felt the need to try for a bigger share of the pie, nor have they felt the need to attempt to discredit other age groups, since both groups are doing comparatively well.

It should also be pointed out that the U.S. has more severe poverty among both age groups than in Canada. In Canada, the percentage of poor persons classified as severely poor was 45.8% for families with children and 35.3% for elderly families. The corresponding U.S. figures are 57.3% and 42.3% (see Table 3, p.124).

b) <u>Income comparisons</u>:

A standard measure is necessary in order that meaningful income comparisons of various groups within a country can be generated. The national average adjusted (disposable) income is the measure used by LIS researchers (Smeeding et al., 1988).

LIS data demonstrate that in Canada, the overall adjusted incomes of elderly families and families with children are nearly equal (0.90 vs. 0.91, respectively). (See Table 4, p.124). In the U.S., elderly families are better off on average than are families with children (0.94 vs. 0.90, respectively). By this measure, there appears to be a greater disparity between children and the elderly in the U.S. than in Canada.

TABLE 3
POOR PERSONS CLASSIFIED AS SEVERELY POOR[a] (%)

	Families with Children	Elderly Families
Canada	45.8	35.3
U.S.	57.3	42.3

Source: see Table 2

[a] "severely poor" is defined as at or below 75% of the U.S. poverty line

TABLE 4
RATIO OF ADJUSTED DISPOSABLE INCOME TO NATIONAL MEAN FOR FAMILIES WITH CHILDREN AND ELDERLY FAMILIES, CANADA AND THE U.S.

	Families with children; age of head						Elderly families		
Country	<25	25-34	35-44	45-54	55-64	tot.	65-74	75+	tot.
Canada	0.65	0.84	0.93	1.02	0.96	0.91	0.94	0.81	0.90
U.S.	0.62	0.82	0.93	1.02	0.94	0.90	0.99	0.84	0.94

Source: see Table 2

c) Family structure in comparison:

The decline in the relative financial well-being of children is intensified by the steady increase in the share of children living in single-parent families since 1959 and the exceptionally high poverty rates of those families (Smolensky et al., 1988). LIS data indicate that Canada has a lower proportion of children in single-parent families than the U.S. (9.6% versus 14.7%). Further, the poverty rate for children in single-parent families is substantially higher in the U.S. than in Canada: 51.0% versus 38.7%, respectively (Smolensky et al., 1988).

The U.S. is the exception among most industrial nations surveyed for the LIS data set, with both a high percentage of children in single-parent families and high single-parent poverty (Smeeding et al., 1988). This combination has a significant effect on overall child poverty rates. If Canada had the same percentage of children in single-parent families as the U.S. in 1980 but its own child poverty rate, the poverty rate among all children would increase (Smolensky et al., 1988). Nevertheless, even with the U.S. demographic structure, Canada's child poverty is considerably lower than that of the U.S.: it would only jump from 9.6 to 11.2, still substantially below the U.S. rate of 17.1 (Smolensky et al., 1988).

What differentiates the situation in the U.S. from that in Canada is that the single-parent families are so much more vulnerable to economic insecurity. They have lower relative incomes and their low-income rates are higher.

Comparisons of Canada with the U.S. suggest that the relative economic advantage of the elderly in the U.S. over the young is shared by Canada. But in Canada, the rate of poverty is much lower than the rate in the U.S.; therefore, while children are still at a relative disadvantage vis-a-vis the elderly in Canada, the overall economic situations of the young and old are considerably better than in the U.S. and this seems to be an important factor.

d) Race in comparison:

Race appears to be a factor that causes Canada's poverty rates for both children and the elderly to be somewhat lower than the U.S. rates. The racial compositions of the two countries differ, and poverty rates vary by race. Black Americans are the largest minority group in the U.S., numbering over 28.5 million and representing just under 12% of the total population (Robertson, 1989). In contrast, Canada is largely Caucasian; only about 5% of Canadians are non-white. Canadian Indians (1.7%) and Chinese (1.2%) are the largest of the non-white groups (Driedger, 1986). Because of their numerical dominance as a minority group, and their much higher poverty rates, blacks in the U.S. are in a unique position. Despite the inclination on the part of some individuals to compare Canadian Indians with U.S. blacks, such comparisons would be misleading. For example, their respective proportions of the population are substantially different, as are their histories and many other factors. In any event, overall, black poverty has an effect on child and elderly poverty rates in the U.S.. In Canada, on the other hand, no non-white group is large enough to have this same kind of effect on poverty rates.

Race and ethnicity contribute significantly to the poverty of children, and they also contribute to the poverty of the elderly. In the U.S., black families with children are particularly economically disadvantaged relative to comparable white (non-black, non-hispanic) families. The low-income and poverty rates among black children are almost four times as high as the rates among white children (Smeeding et al., 1988). Hispanic rates for children are double the rates for non-black non-hispanics. The combination of female headship with race is extremely formidable--two-thirds of children living in households headed by black and hispanic women are poor. In 1985, these children were five times as likely to be poor as the average American (Smolensky et al., 1988). The low income and poverty rates among the black elderly are more than two and a half times the rates for white elderly; elderly hispanics are twice as likely to be indigent as non-black non-hispanics. For all black and hispanic subgroups of the population, except persons living in households headed by men between the ages of 18 and 64, the prevalence of poverty exceeds the national poverty rate of 20% that prompted President Johnson to "declare war on poverty" in the 1960s (Smolensky et al., 1988)

Some analysts maintain that U.S. poverty rates are high because the U.S. population is so heterogeneous. The idea is that if poverty rates vary by race or ethnicity, as they do in the U.S., countries with a more diverse population may have higher poverty rates than the more ethnically homogeneous countries (Smeeding et al., 1988). Canada and the U.S. both have populations that are culturally diverse enough that a number of separate minority subgroups can be identified. If the heterogeneity-of-population hypothesis were correct, the poverty rates of whites in the U.S. compared to whites in other countries would be much more similar than the overall rates. However, it turns out that this is not the case. When the poverty rates of the non-minority populations in Canada are compared, the poverty rates for young and old American whites are still higher. The poverty rates of native-born Canadians of all ages are lower than the rates of whites in the U.S. (See Table 5, p.129).

B. Conclusions about the likelihood of Canada developing generational equity tensions

This examination of poverty rates for the young and elderly suggests that Canada's poverty picture is not

TABLE 5
POVERTY RATES AMONG SELECTED SUB-GROUPS
IN CANADA AND THE U.S. (%)

	Children	Elderly
Canada, Total	9.6	4.8
Native-born	9.6	4.8
Foreign-born	9.6	4.6
(Arrival after 1971)	(10.4)	(17.6)
U.S., Total	17.1	16.1
Blacks	40.5	38.7
Hispanics	28.9	27.0
White (non-black and non-hispanic)	11.4	14.0

Source: see Table 2

overwhelmingly different than that of the U.S. In both countries a poverty imbalance exists between young and old; the poverty rates of children are higher than the rates of the elderly. Yet, in Canada, the absolute rates are substantially lower for both age groups. Race and family structure play important roles in the higher American poverty rates for children; race is also a factor in the poverty picture of the elderly. In addition, national average adjusted income figures show that only in the U.S. are elderly families better off than families with children. It seems, therefore, that Canada may have some protection from generational tensions, insofar as both age groups in Canada have reasonably low poverty rates and neither group need feel that age-group inequities are so salient that conflicts must ensue.

While the condition of children in the U.S. demands attention, reducing benefits to the elderly (a solution proposed by AGE) would not end the long-range economic trends that have given rise to the appalling child poverty statistics. Addressing these issues directly would involve radical changes in the style of American life and the structure of American industry. It is far easier to find a convenient scapegoat such as the elderly to blame for the current problems (Binstock, 1983).

According to Smolensky et al. (1988), the tax and transfer systems of each country plays the largest role in determining how much pre-tax/ pre-transfer poverty is reduced and hence the ultimte pattern of post-tax/ post-transfer poverty both within and across countries. Fundamental factors underlying child and elderly poverty that must be examined include the social policies and programs and values that are the distal causes of the poverty rates and their trends that were examined in this section. The following section endeavors to provide an analysis of these very basic factors.

III. A NARROW SOCIAL POLICY NET

A. Introduction

Preston (1984) has argued that, beginning in the 1970s, various public programs for American children were cut back at the same time that programs for the so-called politically powerful elderly were expanded. While Preston is incorrect to imply that the elderly were responsible for cutbacks to childrens' programs, he is correct in pointing out that there is a serious shortage of programs available to meet the needs of children in the U.S.. Quadagno (1990) suggests that this lack of public programs to which Preston (1984) has pointed, is important in explaining why the U.S. is the only industrialized nation debating generational equity. She argues that other nations have an array of social policies that support families across the entire life cycle, including national health insurance and family allowances, among others. Such programs reduce poverty over the life course for all age groups. Quadagno suspects that Social Security stands out so distinctly in the U.S. national budget, and is therefore a visible target for attacks by generational equity proponents, precisely because the American social policy net is so narrow.

In this section, the following items will be addressed: (1) the role of the social policy net in the economic situation of children in the U.S. and Canada versus its role for the elderly in these two countries. This involves an examination of the relevant policies and programs for each country. These include: social security; child benefit programs; and, health care (particularly with respect to children and the elderly).

(2) The policies and programs are a reflection of the underlying social philosophies and values of Canada and the U.S., and this will be briefly discussed.

(3) Conclusions are drawn regarding the similarities and differences between Canada and the U.S., and an assessment is made about the probability of generational equity tensions developing in Canada in the foreseeable future.

B. Social Policies

As discussed in the previous section, the economic situation of both children and the elderly in the U.S. is worse than the situation of children and the elderly in Canada. Since social programs and policies are important in helping determine the economic well-being of citizens in the "welfare state", it is necessary to examine them, particularly as they apply to the most vulnerable groups: children and the elderly.

"Welfare states" can be defined as "sets of social practices organized by political authorities to regulate the distribution of income and wealth" (Schulz & Myles, 1990, p.104). In other words, the well-being of citizens does not solely rely on market forces and mechanisms. As Mishra (1990, p.220) says, "the general principle behind the welfare state is that governments both could and should assume responsibility for maintaining a decent minimum standard of life for all citizens." Among other things, this involves (1) public provision of a range of universal social services, particularly education, income security, medical care, and housing, and a variety of personal social services in order to meet the basic needs of citizens. Universality of social services is an important aspect implying the state services are meant for all citizens and not just for low-income individuals; (2) a safety net of assistance services based on a test of income or means to meet exceptional cases of need and to alleviate poverty. Together these components give expression to the idea of collective responsibility for maintaining a national minimum standard of living as a matter of social right.

This is the ideal; this is the basis upon which programs are ideally designed in the welfare state. Both Canada and the U.S. fall into this category. Both countries offer a mix of universal and means-tested programs. As one observer notes, the provision of welfare differs in societies that are similar in their high standard of material wealth (Rose, 1989). They rely variously on household, market, and state, and the nature of the "welfare mix" depends on culture, family traditions, economy, the country's political alignments, and other factors. The U.S., although below the OECD mean in total public expenditure and in public expenditure for social programs as a percentage of GNP, does not spend absolutely less in some fields (because of its higher GNP). Moreover, in some areas, U.S. public expenditures are relatively high, whereas in others (such as medical care), tax expenditures, employee benefits, and consumer expenditures compensate for reduced direct intervention by the state. An arena of considerable ongoing concern is that of family benefits or public transfers for families with children (Kamerman & Kahn, 1988).

Kahn & Kamerman (1983) researched the core public income transfer programs of a number of western nations. They found that Canada has many of the same programs as the U.S.; these include social assistance ("welfare"), unemployment insurance, and refundable tax credits. Canada also provides a couple of programs not available in the U.S.: family allowance and maternity benefits. In addition to these income transfer programs, Canada is fortunate enough to be home to a universal health system, which is acknowledged by many to be a key aspect of Canada's social safety net.

1. Social Security

It is beyond the scope of this thesis to describe in any depth the social security systems of the U.S. and Canada. Others have done this (see, for example, Schulz & Myles, 1990). Nonetheless, the salience of the Social Security system in the U.S. is mentioned as a possible reason for attacks against it by groups such as Americans for Generational Equity. Social Security (or Old Age and Survivors Insurance) is the largest social program in the U.S.. About 38 million people received benefits from OASI in 1987, with a total yearly expenditure of around $210 billion. OASI is a completely federal program administered by the Social Security Administration.

Is Canada's system that singular and massive? As mentioned in the section on child benefits, Canada, at least up until now, has had a reasonable array of programs in place aside from programs for the elderly.

2. U.S. child benefits programs

What programs are in place to look after the economic needs of children in the U.S.? The U.S. has no universal child cash benefit. While it does have a family tax allowance, this only helps families with incomes above the appropriate tax threshold (Kamerman & Kahn, 1988). Poor families must rely primarily on Aid to Families with Dependent Children (AFDC), the largest public assistance program in the U.S..

AFDC (commonly known as "welfare") is a federal and state program. In order to qualify, families must demonstrate deprivation of the parental care of one parent due to death, desertion, separation, or divorce. Benefits are based on a family's countable income and needs as determined by state law; each state establishes its own needs standards on which it bases payment (Karger & Stoesz, 1990). Payment standards are typically well below the needs standards. The federal share of these payments ranges between 50% and 78%, plus half of administrative costs (Kamerman & Kahn, 1988).

In 1984, over 10 million Americans received AFDC benefits. Approximately 70% of these recipients were children

(Karger & Stoesz, 1990). Furthermore, AFDC benefits were only received by one-third of all poor persons in the country; it is evident, therefore, that the coverage of this program is quite limited. The AFDC program is also a "passport" benefit to Medicaid, food stamps, and school meals. Benefits from AFDC are not adjusted for inflation and this failure to correct for cost of living increases and an increasingly insensitive public response to recipients have led to substantial erosion in AFDC benefits since 1970 (Richman & Stanger, 1986). Between 1970 and 1987, benefits actually decreased by 31.4% (Karger & Stoesz, 1990). AFDC, it should be noted, in the majority of states only covers children of single parents, further limiting its value as a social saftey net.

Approximately 83% of AFDC families also receive food stamps. About 69% of all poor children received food stamps in 1982, including those receiving AFDC; the proportion has since declined. The 1985 average monthly food-stamp benefit per person was $45, and the maximum allotment to a four-person family was $264.

In theory, food stamps are designed to offset the difference between 30% of a family's countable cash income and the U.S. Department of Agriculture's "Thrifty Food Plan"; as such, the allotment varies by family size and cash income. The means test for eligibility is less stringent than that for AFDC, and food stamps are available to qualified persons irrespective of marital status or presence of a child. In many parts of the U.S., food stamps are the only financial aid available to two-parent poor families with children (Kamerman & Kahn, 1988). Nevertheless, Ruggles (1985) found that for 1983, 70% of recipient units were families headed by a woman and almost 20% were elderly.

Federal spending for food stamps totaled $11 billion in 1987, compared with less than $9.3 billion for the federal share of AFDC in 1986. State expenditures for AFDC amounted to $8.2 billion. Both these figures are small compared with social insurance expenditures ($256.3 billion in 1987) (Kamerman & Kahn, 1988).

Social insurance benefits for families with children in the U.S. are limited to dependents' benefits for children of retirees, survivors' benefits, benefits for the disabled, and unemployment insurance benefits (UI), all of which exist in all of the major industrial countries. Unemployment insurance benefits are much less generous in the U.S. than in the other major western countries.

Understandably, the combination of meagre food stamp benefits and eroded AFDC benefits results in most recipient families receiving the maximum AFDC grant below the poverty threshold (Kamerman & Kahn, 1988).

Finally, it is particularly noteworthy that the U.S. has always stressed a sharp distinction between work and receipt of benefits. With the exception of food stamps and a small earned income tax credit for families, there are no benefits designed to supplement low wages. From the late 1960s public assistance policy endeavored to create incentives for work by encouraging the use of AFDC as an earnings supplement (with little success), but the policy since 1981 has largely discouraged such use of AFDC. Only 4.6% of AFDC recipients had earned income in 1986, and of these most worked part time (Kamerman & Kahn, 1988).

Overall, unlike Social Security, AFDC has not been a great success story. Its stated goal of strengthening families by providing financial assistance to needy families with children has not been accomplished. Most of these families continue to live well below the poverty line; moreover, AFDC fails to provide coverage to the majority of poor American families with children.

Kamerman and Kahn (1988) have compared social policy in Europe and the U.S.. In attempting to explain the better economic situation of children in several other countries, they conclude that the European countries, in varying degrees, provide income transfers to all children or at least to all poor children, while the U.S. provides benefits only to a fraction of poor children (and at levels that vary from state to state); that social insurance benefits for children in Europe are more generous and more comprehensive than in the U.S.; and that the European countries have emphasized the importance of income transfers to supplement earnings and family income, especially families with children, while the

U.S. has maintained a separation between earned income and transfer income. Canada falls somewhere in between the Europe and the U.S., closer to the U.S., in terms of the "safety net" of programs available for children.

This analysis certainly supports Quadagno's (1990) contention. The generational equity debate is not heard in "old" countries like Sweden, Germany, and Austria, and the size and coverage of the social policy net may be why this is so.

In accounting for why the U.S. has not developed alternative child policy strategies, Kamerman and Kahn (1988) conclude that the U.S. began the development of its national income transfer programs much later than the other European countries, and that policy development was hindered by the need to deal first with racial issues such as unequal access to social benefits by blacks. Unlike the situation in several other countries, the economic well-being of children has never been a top priority of either political party in the U.S., nor has any one party been known as a special advocate of children. Kamerman & Kahn (1988) argue that the U.S. cannot make much progress in dealing with the economic situation of poor children without a larger public investment in income transfer programs.

Knowledgeable observers believe that child benefits programs can take much of the credit for the reversal in child and elderly poverty trends. The financial well-being of children and the elderly depend on different sources of income. In general, the financial well-being of children has depended overwhelmingly on access to the earnings of prime-age workers, whereas the financial well-being of the elderly has relied primarily on the level of Social Security benefits and hence the long-term trend in earnings. There is no necessary connection between the rate of growth of wages and Social Security benefits in the short run; hence the financial well-being of the elderly and the young can diverge (Smolensky et al., 1988).

Trends in mean earnings affect the incidence of poverty among children and the elderly in quite different ways; changes in earnings affect poverty differently for children and the elderly. For example, if nominal earnings are rising but real earnings are falling, as occurred during much of the 1970s, the incidence of poverty rises because the poverty lines are indexed to prices.

Poor children in intact families are more dependent on real earnings than are the elderly. Hence, large fluctuations in the growth rate of earnings such as those the U.S. has experienced, especially recently, have a greater impact on the incidence of poverty and financial well-being among children. The elderly are less affected because benefit levels under Old Age and Survivors Insurance (OASI) and wage income in the short term are not necessarily connected. Thus, the financial well-being of children relative to that of the elderly depends not only on rates of growth of earnings, but also on rates of growth of earnings compared to rates of growth of OASI benefits (Smolensky et al., 1988).

The situation of children who are not in intact families is also of great concern. Children who live in female-headed single-parent households are particularly at risk of being or becoming poor (Garfinkel & McLanahan, 1986). It should be noted that the U.S. has a relatively high percentage of children living in this type of arrangement (Smeeding et al., 1988).

From 1940 to 1970, earnings growth was more rapid than Social Security growth and children benefited more than the elderly. In the 1970s growth in Social Security benefits accelerated while earnings fell. As a result, poverty among the elderly fell, and poverty among children increased. Social Security benefits rose relative to cash benefits for children in recent years. Benefits from the transfer program most important ot children--Aid to Families with Dependent Children--were always lower than Social Security benefits, but they grew at a similar rate up to 1970. However, since 1970 Social Security benefits have increased in real terms, whereas AFDC benefits have remained static.

Basically, as Richard Easterlin (1987) argues, the divergent trends in poverty rates of children and the elderly primarily reflect two different and independent causes.

Whereas the improved status of the elderly is, for the most part, attributable to government action, especially advances in Social Security, the rise in the poverty rate of children is largely a result of market forces, and would have occured even in the absence of programs improving the lot of the elderly (Easterlin, 1987). In short, market forces shape the financial situations of the parents on whom children depend for support; on the other hand, the state assumes a larger share of the responsibility for elderly dependents. This, however, may change, as there seems to be a strong conservative push toward reducing government involvement in the care and support of the elderly.

Hugh Heclo (1988) suggests that if the entire complex history behind various outcomes (e.g.the reversal of child and elderly poverty rates) could be examined, it would probably be determined that few that have been the direct result of broadly-based, self-conscious political choices. In the post-WWII period, Heclo suggests, there is almot no evidence that any country has framed its social policy choices in terms of the comparative well-being of children and the elderly, much less choices about children versus the elderly (Heclo, 1988). Nonetheless, deliberate policy choices have been made that have had profound effects on the two groups. An example of this is the issue of the Family Assistance Plan. This was a program originally proposed to provide an income floor for children, with universal coverage. The legislation was later amended to include the elderly, the blind, and the disabled. However, the whole FAP package failed to pass the Senate; only the part that aided elderly, blind, and disabled persons--Supplemental Security Income (SSI)--was enacted (Smolensky et al., 1988).

3. Canadian child benefits programs

What is the Canadian equivalent of AFDC? How is it similar and how is it different? What are the ranges of Canadian benefits available?

Are all poor children taken care of in the Canadian system? This system seems to rely a little more on income transfers than is the case in the U.S. (Family allowance is a public income transfer program).

Canada has no direct equivalent to AFDC. However, the Canadian federal government has three major income transfer programs which benefit poor families with children: the Family Allowance; the Refundable Child Tax Credit; and, the Canada Assistance Plan.

The Family Allowance Program, established in 1944, was introduced with the recognition that wages and salaries are not sensitive to family size and the costs associated with raising children (Senate report, 1991). Since Family Allowance is treated as taxable income, this program is redistributive in nature, granting greater benefits per child to poorer families. This effect is quite small, however, and the program continues to be broadly based. Its main feature is to deliver a financial benefit only to those families with children. The Family Allowance has also come to be regarded as a symbolic gesture towards aiding all families, regardless of their financial situation, with childraising expenses (Senate report, 1991). Provinces may vary the amount the federal government pays to their residents according to the age and/or number of children in a family; there is therefore variation from province to province in the payments (National Council of Welfare, 1987).

The Refundable Child Tax Credit, first put into place in 1979, was designed to provide low to middle-income families with additional assistance in meeting the costs of supporting children (Senate report, 1991). Any parent who receives the Family Allowance may apply for the Refundable Child Tax Credit when filing an income tax return. Eligibility depends upon annual net family income, and benefits vary according to family income and number of eligible children. This credit also reduces the tax which must be paid by families with taxable income. Families who owe no tax at all, or whose taxes are less than the credit, receive a non-taxable lump sum payment from the federal government. The Refundable Child Tax

Credit is the only component of the federal child benefits package which is uniform across Canada.

It has become increasingly clear that employment-related income, combined with the Family Allowance and the Refundable Child Tax Credit do not provide a sufficient income for many families with children. More and more families are turning to the benefits provided under CAP, commonly regarded as the program of "last resort" (National Council of Welfare, 1987).

The Canada Assistance Plan (CAP) is the basis for the "welfare system". Implemented in 1966, it was an attempt to unite and streamline a variety of existing programs for individual categories of need (e.g. unemployment, age, and disability). CAP provides a minimum income for Canadians in need of financial assistance regardless of the particular source of that need (Senate report, 1991).

4. Comparison of child benefits programs

As indicated in the previous section of this thesis, in the U.S. as well as in Canada, the economic well-being of children is closely linked to the income of their parents and therefore to the earnings, labor force status, and number of earners in their families.

Kamerman and Kahn (1988) have surveyed various statistics such as employment rates, female labor force participation, etc., and conclude that there is nothing unique in any of these statistics or in the family situation of children in the U.S. that by itself would explain fully the distinctly poorer U.S. economic situation for children, even though they do not rule out several elements of the picture. They find that the key difference is in the readiness or reluctance to create, through government, a safety-net of income or to supplement earned income or other benefits on behalf of children.

Canada's system to this point in time has offered at least some benefits to all families with children, irrespective of income, through the Family Allowance. Other programs, under CAP, focus only on low-income families. The Refundable Child Tax Credit offers benefits to both low- and middle-income families. Compared to the U.S. system, the Canadian system is more broadly-based. This enhances general public support for the programs and it reduces the stigma attached to being a recipient of government benefits.

5. Health care in the U.S. and Canada

Health care policies in the U.S. and Canada are very different, and this thesis argues that they may have a differential impact on the generational equity debate in the two countries. This is due to the fact that age-based access to health care in the United States may have important implications regarding the formation of generational tensions.

Medicare provides free health care to those over age 65. Everyone else who wishes to obtain any health care coverage at all must pay high premiums to private insurers or else be so poor as to qualify for Medicaid. As a result, the elderly are looked upon by some as being unfairly advantaged. In Canada, the situation is very different. No one age group is considered to be at an extreme advantage over other age groups with respect to health care coverage. Universal access is the hallmark of the Canadian health care system.

a. <u>general description and comparison of the two health care systems</u>:

Canada and the U.S. have much in common. Until recently, the countries' medical care systems, too, were very similar, in terms of both structure and financing. In both countries, medical services were traditionally provided on a fee-for-service basis by private practitioners both inside and outside acute care hospitals, most of which were owned by nonprofit organizations and run by individual boards of trustees (Hiatt, 1987).

Until the late 1960s medical care was financed in both countries by a combination of insurance from government, non-profit and for-profit sources, and by individuals out of pocket, while government insurance covered mainly acute care hospitalization. Similar fractions of the health care dollar--approximately 55 to 60 percent--were consumed by hospital and physician bills. Both nations experienced health care cost inflation in the same period. Between 1950 and 1971, Canadian health expenditures rose steadily, from 2.95 to 7.5 percent of the GNP, while those in the U.S. increased from 4.4 to 7.8 percent (Hiatt, 1987).

By the 1970s, however, vast differences had developed in the health care pictures of the two nations. First, in 1966, a universal entitlement program in Canada made ambulatory, acute and chronic hospital, and long-term care available to the entire population without direct charge. Nursing home care at a modest cost was later added. In other words, a one-class system of medical care characterized by universal coverage and government-financing was introduced throughout the country. Second, the rate of medical cost inflation in Canada was slowed to a rate similar to other sectors of society, so that the fraction of the GNP consumed by medical services remained under 7.6 percent throughout the 1970s. These changes occurred while the costs were rising to 9.5 percent (in 1980) in the U.S., and efforts to meet the health care needs of the entire American population were failing (Hiatt, 1987). Throughout the 1980s and into the 1990s, the U.S. system has continued to experience more rapid health cost escalation than Canada's system. By 1987, U.S. health care costs exceeded 11% of GNP, compared with 8.5% of GNP in Canada (Conklin, 1990). The U.S. experience indicates that greater reliance on market mechanisms does not always result in efficiency and cost containment. The two achievements in Canada, universal access to medical services and cost control, are among the most attractive and, thus far, most difficult to achieve social goals of the United States.

Americans participate in a wide variety of insurance plans, many of which involve deductibles, ceilings, and other complexities and limitations. In the U.S., government programs do provide limited assistance for the poor and the aged but these programs are not uniform across the country, and they exclude a significant number of Americans (Conklin, 1990). Since 1966, Medicare has provided certain health care benefits to the elderly, but many Americans do not qualify for complete coverage under this program. Also since 1966, the Medicaid program has provided limited coverage for the poor, but each state has its own program with its own eligibility requirements and its own list of included services. Those who do not qualify for Medicare or Medicaid (i.e. the majority of Americans), are entirely responsible for full payment of health care costs and insurance premiums. This diversity of insurance arrangements leaves many people with no coverage or with inadequate coverage, often resulting in unexpected financial crises due to health care problems.

U.S. health care costs more (but this is not to be taken as an indication that the U.S. provides more or better care than Canada). Indicators of the health of a nation's citizens include infant mortality rates and life expectancy; both of these rates are more favorable in Canada than in the U.S.. Canada's infant mortality rate is only 7.2 compared with the U.S. rate of 9.1. Life expectancy at birth is 77 years in Canada and 75 years in the U.S. (Population Reference Bureau, 1991).

Canadians, unlike Americans, receive complete coverage, for physician and hospital services, without deductibles. Canadian health care is provided through a combination of many types of arrangements and practices--with a mixture of public and private elements--that are linked together in an interdependent system. The Canadian health care system has virtually eliminated market signals. Instead of responding to price changes and profit incentives, it is guided by political and regulatory decisions. Canada's system is generally subject to far more government direction than is U.S. health care, and there is strong public support for this kind of government involvement. Yet, in Canada, individuals generally do have freedom in regard to choice of physician. In the U.S., the growth of the Health Maintenancee Organizations (HMOs) and other prepaid plans may have restricted some patients' choice among health care providers (Conklin, 1990).

b. <u>health care: implications for young and old</u>:

How are the differences between the two health care systems relevant to the elderly? To the young? Children and the elderly are two groups in the population that require a great deal of medical care. In the U.S., both these groups contain a number of individuals who have no medical coverage. However, this problem is particularly severe among children, since Medicare takes care of at least some of the needs of a good deal of the elderly. A much higher proportion of poor children are not covered by Medicaid than is true of the elderly and Medicare.

The U.S. public-private health insurance system has three major gaps. First, an estimated 31 to 37 million people, about one in seven Americans, lack health insurance altogether. Of great concern is the fact that a substantial number of children are included in this group--11.1 million in 1985 (Meyer & Moon, 1988). Of this total, 4.3 million lived in poverty and another 3.6 million lived in households with incomes between the poverty line and 150% of the line. Furthermore, of the 11 million children who were not covered by health insurance in 1985, 3.2 million lived in a household where the household head had employer-based health insurance. This situation results from the common practice of employers offering insurance to workers but not their dependents. Consequently, even when a child lives with a family member who is part of a work-based health insurance plan, there is a good chance that the child is still at risk (Meyer & Moon, 1988).

It is noteworthy that as of 1980, poor children had less coverage than any other group (Jencks & Torrey, 1988).

Second, a significant portion of the insured working population is underinsured; very often, insurance policies lack protection against catastrophic illness (Meyer & Moon, 1988).

Third, although all the elderly are covered by Medicare, this program covers only about 45% of all health outlays (Minkler, 1986). That is, Medicare protection, even for acute care, is generally less comprehesive than private health insurance held by full-time workers.

The U.S. is unique among developed countries in segmenting the youth population for purposes of health care assistance (Meyer & Moon, 1988). Although there are some children in all countries who fail to receive necessary care (the homeless for example), only in the U.S. is a substantial segment of the under-15 population systematically denied access to care (Meyer & Moon, 1988). Canada, along with other countries, provides health insurance protection to children as part of a universal system. Thus, one fundamental difference in U.S. public health policies for children and the elderly is that the U.S. uses a categorical approach for children and a universal approach for the elderly.

Overall, government support for the health care of older Americans is much stronger than support for children and their families. So, how does this compare with Canada? In Canada, virtually the entire population is covered. Individuals who have sufficient incomes, pay premiums (in Alberta and B.C.; payment procedures vary by province), and those who do not are subsidized by the government. The elderly are eligible to receive free health care as well as services that vary by province. Therefore, in Canada, the elderly are not at a particular advantage compared to the young as far as receiving health care: everyone who needs care gets it, regardless of income.

In the U.S., the elderly are at an advantage compared to the young. And both the old and young in the U.S. are relatively deprived of health care in comparison to Canadian youth and elders. In the U.S., the lack of affordable health care for citizens of all ages and the differential access (by age groups) to health care has contributed to tensions between age groups. If an attempt is made to dismantle the Canadian health care system, it is almost certain that the severe disequities present in the U.S. system will become present in Canada. Unfortunately, recent Canadian reports suggest that Canada is heading in this regressive direction. The Government Expenditures Restraint Act, Bill C-69, which became law on February 1, 1991, calls for progressively deeper cuts in federal transfer payments to the provinces for health care.

The formula freezes federal contributions between 1990 and 1992, then cuts them back incrementally until the year 2004, by which time they will have disappeared completely (Edm. Journal, Feb.12, 1991). This will result in the erosion of the ability to enforce and maintain national standards for the health care system such as the principles of universality, accessibility, comprehensiveness, and portability. This suggests that Canada is starting to follow the path the U.S. has taken; this is occurring at a time when American policy-makers are looking toward Canada's universal health care system as a model to use in combatting their system's serious inadequacies (Edm. Journal, May 4, 1991).

6. Some conclusions about Canada/ U.S. social policies/ programs

In the U.S., children are at a disadvantage compared to the elderly both in terms of poverty rates (as discussed earlier) and social programs. The types of programs available for children are primarily means-tested social assistance programs, while those dealing with the economic security needs of the elderly are primarily social insurance progams. This is a very important difference in terms of its effects on the success of the programs and in terms of the effects on the way the public views the programs.

Beneficiaries of social insurance programs are required to make contributions to the program before claiming any benefits. Another difference is that social insurance is universal; in other words, people receive benefits as legal entitlements regardless of their personal wealth (Karger & Stoesz, 1990). Significantly, because the benefit structure is linked to occupationally-defined productive work, social insurance programs tend to be less stigmatized. Public assistance programs, on the other hand, are generally financed out of general tax revenues, tend not to be occupationally linked, and are not based on a previous record of productive work. In addition, the recipients must be determined indigent through a means or income test. Public assistance recipients are often stigmatized as compared to social insurance beneficiaries (Karger & Stoesz, 1990). As such, American children suffer because of their status as recipients of social assistance benefits.

The dissimilar treatment of the young and the elderly in health care is symptomatic of a much broader disparity in U.S. social policy. Basically all the programs assisting the elderly in the U.S. cross income lines, providing universal benefits. With the exception of public education, however, programs for children are typically means-tested and, within the low-income group, administered in ways that exclude substantial numbers of poor children (Meyer & Moon, 1988).

It has been suggested that American children are the casualties of social policy that differentiates between "deserving" and "undeserving" recipients of aid (Meyer & Moon, 1988), moreso than are Canadian children. Although most Americans consider children as deserving of assistance, assistance for children depends upon public judgments of the worthiness of their parents to receive government aid. This is also true for Canadian children whose families receive welfare benefits. However, no such judgments are made concerning Family Allowance. U.S. policymakers have never applied notions of "worthiness" to certain benefits (such as health care) received by the elderly, all of whom have been (thus far) considered deserving.

The SSI (Supplemental Security Income) program, implemented in 1974, sharpened the contrast between treatment of children and the elderly. While welfare reform initiatives featuring a federal minimum for adults and children were foundering, SSI managed to establish a uniform national standard for the elderly and disabled. Policy-makers decided that it was no longer appropriate to let states set cash assistance benefits for the elderly and disabled at arbitrary levels. Yet even today, states determine their own AFDC benefit levels, and this results in severe regional disequities (Meyer & Moon, 1988). The Canadian child benefits program for needy families is also plagued by problems of regional disparities, but not to the extent or magnitude present in the U.S..

7. Values of the U.S. and Canada

Underlying provision of social programs in any country are a set of values that help determine the nature of the services, their provision, who the recipients are, etc.

According to Lockhart (1989), in the U.S., the largest social insurance program by far is Social Security (OASI); smaller insurance programs include: Medicare, unemployment insurance, workers compensation, and veterans' benefits. If American public provision is measured against the programs of many other industrial advanced societies, universal medical-care insurance and general child-care assistance are the most obvious gaps in American social policy.

One explanation for these gaps is the widely accepted notion that American political culture supports a peculiarly strong preference for market as opposed to public solutions to social problems.

S.M. Lipset discusses value differences among the political cultures of the U.S. and Canada. Lipset (1985) cites Kudrle & Marmor (1981), who noted that the differences in ideology between Canada and the U.S., though not large on a world-wide scale, appear to have resulted in considerably different welfare state developments. Canadian programs were adopted earlier, exhibited a steadier development, and are financed more progressively and/or are more income-redistributive in the areas of old age security, unemployment insurance, family allowances (non-existent in the U.S.), and medical care.

Lipset (1990) has an explanation for why Canada and the U.S. vary. Lipset argues that while both countries began as colonies of England, Canada and the U.S. evolved from opposite processes, which have led to different sets of values in the two countries. The U.S. emerged from a liberal democratic revolution, in which British rule and the institutions designed to protect it, were rejected; Canada, Lipset maintains, evolved not out of a revolution but a counterrevolution, in which the people remained loyal to the monarchy and respectful of the hierarchies of authority that characterized the British system. Thus, even though both countries eventually developed into democracies, Lipset claims that because the two countries differ in their basic organizing principles, the predominant values associated with democratic systems--individualism, equalitarianism, and universalism-- are more tentatively held in Canada than in the U.S. (Lipset, 1990).

Lipset (198[illegible], pp.144-145) expects that

" nations which rank high with respect to the value of achievement, 'equality of opportunity', will be less concerned with reducing inequality of condition. If the U.S. is more achievement-oriented and less elitist than Canada, then the U.S. should place more emphasis on educational equality as the primary mechanism for moving into the higher socioeconomic positions. Canada, on the other hand, should be more favorable to redistributive proposals, thus upgrading the lower strata, as in fact she is."

Lockhart (1989, p.17) notes that in the U.S. cultural climate of preference for market solutions, "private insurance flourishes, but it is inherently unable to meet all the basic needs of many individuals and remain profitable." He points out, for example, there are no realistic private counterparts for public benefits for dependent children, support for single-parent households, and unemployment insurance. Private insurance companies, in order to maintain high profit margins, must place restrictions on eligibility and/or on the magnitude and duration of benefits. Further, contributions are primarily risk-related; in other words, participants who face the greatest risks must pay the highest premiums. This type of system almost guarantees that the citizens most in need of such insurance are the least likely to find it affordable. This is a severe problem in the U.S., where government intervention is viewed with distaste and market forces are the preferred solution for dealing with all economic matters, including social welfare.

Value differences between Canada and the U.S. can be said to underlie the differences in the nature and array of social programs offered. While these value differences have been important, historically, in the development of the rather different social policy nets of Canada and the U.S., it is also important to note that recent changes to social programs in Canada have been occurring that follow a U.S. pattern.

C. Conclusions

Significant changes in Canada's family benefits system have reduced their support value for all but a few families (Vanier Institute, 1989). The refundable child tax credit and the family allowance have been partially de-indexed, and the value of the tax exemption for dependent children is now reduced. Recent changes in the federal income tax system mean that most families with children will pay more tax. Despite the government's committment to promoting fairness in tax reform, high income families are seeing smaller tax increases than low- and middle-income families (Vanier Institute, 1989). The Senate report on child poverty (1991) echoes these sentiments. It says that changes made during the 1980s have significantly altered the child benefits system. Partial de-indexation is whittling away all child benefits. Partial de-indexation of the threshold for the refundable child tax credit will target this program further and further below the poverty line. Furthermore, the clawback on family allowances will reduce and eventually remove the baby bonus from increasing numbers of middle-income families. Universal family allowances are targeted for discontinuation in 1992, at that time, Canada's child benefits system will become entirely income-tested. This is how the system is in the U.S..

The savings that are being accrued through the partial de-indexation of child benefits are huge, although hidden from public view (Senate report, 1991). More than $3.5 billion was removed from the child benefits system between 1986 and 1991. These savings are being used for deficit reduction and are not being re-distributed to low-income families (Senate report, 1991).

In general, it appears that Canada is heading toward a restructuring of the child benefits system, such that it is becoming more like the one in the U.S. This is unfortunate, since the American system is extremely inadequate. Age-group conflicts may come into play if one vulnerable age group suffers massive program cuts. In Canada, de-indexation of pensions was successfully avoided in 1985; unfortunately, the same is not true for child benefits.

Perhaps the most visible difference in the social policy nets of Canada and the U.S. is in the realm of health care policy. Canada's health care "safety net" has traditionally been much broader than that of the U.S.; this is likely one reason for the absence of a generational equity debate in Canada. However, as previously mentioned, with the passage of Bill C-69, this may change in the foreseeable future.

CHAPTER FIVE

CONCLUSIONS

I. INTRODUCTION

This exploratory comparative study has examined and analyzed some of the main factors that are believed to have contributed to the generational equity debate in the United States. The previous chapters have attempted to isolate these factors and develop them conceptually, in order, ultimately, to compare and contrast them for Canada and the U.S.. This was done to determine the extent to which there are:

(a) conditions in Canada similar to those in the U.S. which are likely to increase the possibility of generational equity tensions; and,

(b) conditions existing in Canada which are likely to inhibit the development of such tensions.

The five important factors examined are population aging, senior power, perception of fiscal crisis, the young/old poverty imbalance, and a narrow social policy net. This chapter will summarize the conclusions drawn about the likelihood that a debate about generational equity will begin in Canada, based on the results of each of the five parts of the comparative analysis. The importance of each of the five factors in relation to one another will be discussed as well, so that some overall conclusions can be drawn regarding the importance of each element and of certain combinations of elements and their conduciveness to generational equity tension formation. The existence of inhibitory factors will also be addressed.

II. POPULATION AGING

It is clear from an assessment of population aging trends that the U.S. is getting older and will continue to do so, at increasing rates over the next few decades. The presumed consequences of this demographic fact--lack of retirement funds available for the baby boomers' retirement, etc.--have been given much attention by the media, and several crisis scenarios have been envisioned. Predictions have been made by some observers that an "age war" is likely to erupt in the U.S. within the next few decades. Americans for Generational Equity, among others, maintains that this will occur when individuals in the labor force are no longer willing or able to support a rapidly expanding elderly population.

Population projections indicate that Canada's pattern of population is aging is very similar to that of the U.S.. And, like the U.S., the presumed social, economic, and political consequences of population aging have also been of increasing concern in Canada. For example, questions have been raised about the solvency of publicly-administered pension funds, and discussions have begun about ways to avoid an aging "crisis".

Nevertheless, so far, these concerns have not been framed in terms of age-group conflicts.

To date, population aging has been gradual. This will change in some twenty years time. The projected acceleration of population aging may contribute significantly to future generational equity tensions.

In the U.S., population aging is not the only contributor to generational equity tensions, nor could it be expected to be a sufficient factor in Canada. It is notable that countries older than Canada and the U.S. have not fallen victim to the threat of age group conflicts, nor to any actual such conflicts. Other factors, then, are clearly involved in the initiation of concerns about generational equity.

III. SENIOR POWER

The promotion of the belief that seniors are an incredibly powerful segment of the population, bent on gaining benefits at the expense of other age groups, has been an important factor in the initiation and development of generational equity tensions in the United States.

It can be concluded that the magnitude of senior power in the U.S. is overstated. However, it does appear that seniors' organizations have more influence on policymaking than their Canadian counterparts. More importantly, perhaps, is the fact that the <u>perception</u> of senior power in the U.S. is significantly stronger than in Canada, and this is a reason why the U.S. has been a more fertile territory for the growth of the generational equity debate than has Canada.

The perceived strengthening of the senior power movement in recent years has been a double-edged sword; on the one hand, seniors have been the recipients of some beneficial policy changes. On the other hand, the down-side is that seniors and their advocates have become targets for those who would like to show the elderly as "too" strong. In some respects, the media have had a role in this; they have often sensationalized portrayals of seniors' groups and their political activities by playing up the picture of feisty, well-heeled seniors demanding action and getting it. A consequence is that the general public is given the impression that seniors get what they want, without regard for other groups, even against opposition--this is a commonly-accepted definition of "power".

Canada is in a different position than the U.S. with respect to the senior power issue, due to at least seven cross-national differences, which are as follows:

(1) Seniors' organizations, lobbying, and seniors' political activities have a provincial focus in Canada, in contrast to the more national focus in the U.S..

(2) Canadian seniors' organizations are less sophisticated and more reliant on volunteers than the more professional U.S.

organizations. They also have considerably smaller memberships and smaller budgets than the U.S. groups.

(3) The timing of elections and the inclusion of initiatives on ballots is more conducive to seniors' action in the U.S. than in Canada.

(4) The loose connection between elected politicians and their parties in the U.S. makes them somewhat more subject to influence by lobbying than Canada's stronger party discipline allows.

(5) A larger number of powerful interests to fight has resulted in a greater non-partisan political mobilization of U.S. seniors than is true in Canada.

(6) The massive presence of the American Association of Retired Persons (AARP) is a very salient feature of the U.S. political scene; Canada has no real counterpart.

(7) A less powerful bureaucracy on aging in the U.S. has left more room for the seniors' organizations to maneuver within; Canada's greater reliance on a bureaucracy in terms of policymaking allows for less influence by seniors' organizations.

Each of these seven differences contributes greatly to the likelihood that the perception of senior power in the U.S. will continue to be heightened in comparison with Canada.

To summarize, the perception of senior power in the U.S. and its salience on the political scene is stronger than in

Canada. As such, the U.S. has tended to be ~~e~~ receptive to the idea (promoted by AGE, for example) tha ~~er~~ .ors wield too much power.

The absence of a strong, stable senior power movement in Canada has likely had a dampening effect on the potential for generational tensions. However, this could change. As social programs are cut back, and as seniors benefits begin to erode, seniors' groups may become motivated to begin organizing for political change on a nation-wide scale. Nevertheless, the continuing importance of the bureaucracy in Canada, as well as the provincial focus of most lobbying, likely mean a limited role for seniors' organizations in Canada, compared to the U.S..

IV. PERCEPTION OF FISCAL CRISIS

The perception of a fiscal crisis in the U.S. has been essential in the creation of generational equity concerns and tensions. The promotion of a fiscal crisis mentality by the government in power and by conservative business interests advances the belief that social spending needs to be "streamlined"; along with this the suggestion is made that Social Security is the main program recipient. Hence, the elderly are made to appear as a group that is getting "too much". Their major entitlement program, Social Security, is (unfairly) blamed for the ballooning U.S. deficit. All of this results in increased vulnerability of the public to cuts in social services; the citizens start to accept the idea that there is a need for spending reductions. Budget reductions are made and are seen by many as necessary and justified. Social Security programs and other elderly entitlement programs seem to have been more protected than programs geared toward other age groups (i.e. Aid to Families with Dependent Children). Cuts to programs like AFDC have intensified economic hardships among the nation's children. These cuts are seen as justified because they are cuts to "welfare"; welfare has been presented to the American people as a stigmatizing, undesirable, program under the assumption that individuals need to be discouraged from applying for government aid. Semantics are involved in the vulnerability to program cuts. The public accepts cuts to "welfare"; they are taught to think of welfare as a negative program. However, "social welfare" and the "welfare state" encompass all those programs that polls show the people want. They do not want cuts in Social Security, Medicare, Medicaid, etc.

In Canada, the same sort of crisis scenario has been promoted by the Mulroney government. The clawback bill passed--this means cuts to Old Age Security and the Family Allowance.

This factor is one which might contribute to generational equity tensions in Canada, particularly if cuts in benefits occur differentially by age groups. However, cuts made recently (i.e. the clawback) hurt both the elderly and the young. Ironically, this type of policy change, in which both young and old face reduced benefits, may discourage generational equity tensions by making sure that both groups, rather than one or the other, become subject to tougher economic circumstances. The weight of opinion poll evidence suggests, however, that the majority of Canadians would probably not view this type of austerity measure as an acceptable way of dealing with potential generational equity tensions.

A likely consequence of the scarcity mentality that is becoming evident in the U.S., and which could have future implications for Canada, is an increase in competition among single-issue lobbying groups for government resources along with dissatisfaction about revenues targeted for others. This reluctance to share resources with others is going to intensify the government's fiscal problems (Minkler, 1984). In the short run, this atmosphere of scarcity could result in some political defeats for old persons as they become scapegoats for these fiscal problems. Moreover, there is the likelihood that ageism is going to continue and perhaps intensify at the same time.

V. THE YOUNG/OLD POVERTY IMBALANCE

Child poverty in the U.S. is a serious problem and has been for many years. At one time, poverty among elders was more severe than among any other age group. However, in recent years elderly poverty rates have been declining while child poverty rates have been increasing. Despite the fact that these two trends are not causally linked (i.e. seniors' better living conditions did not cause increased child poverty rates), the discrepancy between the situations has been pointed to by Americans for Generational Equity, among others, as an indication that seniors are wielding a great deal of power and that they have been able to increase their economic position relative to other age groups. This is, in other words, the promotion of an age-group conflict perspective.

It appears that in Canada, similar shifts in poverty rates have occurred, and it is possible, to some extent, for groups like AGE (if any were to form in Canada) to point to the economic discrepancies between age groups as generational inequities.

Nevertheless, in Canada, overall poverty levels for each of the two vulnerable age groups are substantially lower than for the same two groups in the U.S.. Since neither Canadian group in the aggregate is living in extreme poverty, it seems reasonably unlikely that one age group (or groups claiming to advocate for one age group) will blame the other age group for causing inordinately high poverty rates. Furthermore, any groups that could possibly have something to gain by promoting an "age wars" perspective (like AGE in the U.S.) cannot, at this point in time, use poor Canadian children as a comparison group to show how greedy Canadian elders are.

However, social policies may undergo changes such that the elderly and young may come to be perceived as "pitted against one another". Social policies and programs are important contributors to a nation's poverty picture, and the role of social policy/ programs needs to be considered.

VI. A NARROW SOCIAL POLICY NET

At present, Social Security in the U.S. is a visible target for generational equity proponents because it stands out so distinctly in the national budget and because of the absence of public programs directed toward combatting poverty at all stages of the life cycle. As such, the suggestion has been made that the existence of a too-narrow social policy net is why the U.S. has been alone in debating generational equity.

The absence of a generational equity debate in Canada thus far can at least in part be explained by the existence of a greater array of programs dealing with income security for Canadians of all ages (i.e. a wider social policy net). As far as income transfer programs are concerned, Canada has the Family Allowance program, which the U.S. does not have. This is a program that has given benefits to families with children regardless of income. There is nothing comparable in the U.S.;

the only child benefits program is Aid to Families with Dependent Children--for poor children, and in most states only for single-parent families. On a world-wide scale, however, Canada lacks the broad array of programs available in the Scandinavian countries. Still, Canada does comparatively better than the U.S..

However, changes in Canada in recent years are resulting in an end to universality in child benefits. An erosion of the social safety net is now underway.

One program that has probably been quite instrumental in inhibiting the emergence of generational equity tensions in Canada is the universal health care system. While in the U.S. access to health care differs by age groups (i.e. the elderly are covered by Medicare, the rest of the population must purchase private expensive insurance unless they are so poor as to qualify for Medicaid), in Canada, medical care is affordable for all age groups. This is very important. Unfortunately, recent changes (i.e. Bill C-69) are threatening to restructure the Canadian health care system along the lines of the American system. If that happens, and if seniors become the only group with good access to affordable health care, age group conflicts could ensue (or at the very least, <u>discussion</u> about age-group conflicts could ensue).

VII. GENERATIONAL EQUITY: CANADIAN PROJECTIONS

Based upon trends now underway, what combination of factors, overall, is Canada likely to experience in the near future? The Canadian population is aging, like that of the U.S. and most western industrial nations. Alone, this is not a crucial factor. It provides an opportunity for generational equity tensions to develop, but it is not a sufficient factor. The Canadian econony is discussed in terms of fiscal crisis, as is the case in the U.S. In combination with an aging population, this factor increases the likelihood of generational tensions. A scarcity mentality encourages the public to think in terms of cutting back social programs, which are characterized as a very expensive national expenditure. Canadian social programs are being cut back as a result of the perceived need to curtail spending and reduce the federal deficit. The universal health care system is in jeopardy. These factors are common to both Canada and the U.S., and their presence on the Canadian scene could result in Canada's developing the generational equity debate.

Some differences between the two countries exist that are potentially inhibitory to the debate. These differences include:

--lower overall poverty rates for both the vulnerable age groups, young and elderly, in Canada; Canadian youths cannot validly be looked upon as a comparison group to show how relatively advantaged the elderly are economically.

--lack of the perception of a strong senior power movement as a target for potential generational equity proponents

Both of these factors could change as social programs are cut, universality is threatened, etc... Seniors could possibly become organized for change as economic circumstances become harsher due to cutbacks. Threats to senior programming may be exacerbated by population aging, especially if the Mulroney government and/or conservative economic and business interests try to blame economic problems on the elderly or on population aging per se.

Canada seems to be moving closer to the current American style of dealing with social welfare. The consequences of this could range from counter-productive to <u>disasterous</u> as the evidence indicates the system is rife with inequities, and is inadequate, especially for those most in need.

It can be argued that many of the factors that have been the foundation for generational equity tensions in the U.S. are already present in embryonic form in Canada. They could develop further. As it stands, the Canadian system seems somewhat vulnerable, and more vulnerable this year than five or ten years ago to the same or similar unnecessary, fruitless, inflammatory generational equity debates that are occurring in the U.S..

VIII. POLICY IMPLICATIONS

The acceptance of a generational equity framework has important implications for policy discussions. Generational equity proponents are supportive of a reshaping of the parameters of policy discussions such that age-group inequities are the foremost consideration. This would have the unfortunate effect of masking the more severe structural inequities that currently exist in North American society. Furthermore, generational equity supporters adhere to the belief that radical changes need to be made to the Social Security system, such that it would be transformed into a "social assistance" system. This means income-tested programs doling out subsistence-level benefits would be instituted under this plan. Many older persons, particularly indigent females, would be forced under these circumstances to return to the labor force, where predominantly low-paying service-sector jobs are available. In short, a move in the direction suggested by generational equity proponents is a regressive move, indeed. The generational equity debate encourages a red-herring approach to discussions of inequity. Focusing on age-group inequities masks fundamental gender, class, and ethnic inequities. It is essential that policymakers begin formulating appropriate policy initiatives in order to redress some of the severe inequities present in Canadian society. Cutting back on crucial social programs and encouraging policy trade-offs between age-groups are not answers. Avoiding the real issues by framing the discussions in terms of age-group inequities as an excuse to "justify" cutbacks to seniors' benefits is not an answer either. Furthermore, a fiscal crisis mentality in policymaking only serves to create more poverty among those already in need. In the U.S., where generational equity has been debated for several years now, a focus on intergenerational policies is in order. Canada would do well to consider this possibility, as well, as a preventive measure. A renewed interest in the social welfare of all North Americans is called for, particularly as the population continues to age.

IX. LIMITATIONS OF THE STUDY

The exploratory nature of this study has several inherent limitations. For example, the five factors deemed essential to the analysis of generational equity are not exhaustive; there may well be other factors that have encouraged the initiation and development of the generational equity debate. In addition, the results of this study are not meant to be generalizable, nor should they be considered definitive and conclusive. Also, the nature of this study precluded the possibilty of testing hypotheses. This study was an attempt to contribute a Canadian perspective to the study of what has thus far been an American phenomenon.

X. FUTURE DIRECTIONS FOR RESEARCH

Much work still needs to be done on the topic of generational equity, particularly from a cross-national perspective. The concept requires further refinement. In addition, each of the factors analyzed in this thesis would benefit from further study, particularly senior power. Too little Canadian research on this subject is available at the present time for scholars to really examine the generational equity issue in sufficient depth. Finally, a cross-national empirical study would be of great use in this area of gerontology to further our understanding of the conditions under which generational tensions are likely to become heightened and age-specific programs put at risk.

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