Intergenerational Economy in Canada: A tale of two countries?

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Marcel Mérette, University of Ottawa
Julien Navaux, Research Chair in Intergenerational Economics, HEC Montréal
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Borrowed from:

A Tale of Two Countries
How the Great Demographic Imbalance is Pulling Canada Apart

Richard Sallant
Foreword by Donald J. Savoie
Intergenerational Economy in Canada: A tale of two countries?

• Comparing Quebec & the rest of Canada

• Update of NTA for Canadian region:
  • 1997-2013: NTA 2018 in Mexico; MPIDR Seminar series (2019).
Two different countries in one country?

<table>
<thead>
<tr>
<th></th>
<th>Quebec</th>
<th>Canada outside Quebec</th>
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<tr>
<td>French as the first official language spoken</td>
<td>85%</td>
<td>3,8% (from 0.5% to 32%)</td>
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<td>Dependency ratio 65+/25-64</td>
<td>0.37</td>
<td>0.33</td>
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<tr>
<td>Net interprovincial public transfers</td>
<td>+3.8% of GDP</td>
<td>-0.9% of GDP</td>
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<tr>
<td>GDP growth in 2020 (COVID crisis)</td>
<td>-6.5%</td>
<td>-5.9%</td>
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Issues

• How did per capita consumption evolved at young, working, and elder ages in Quebec VS other provinces.

  Is there any imbalance over time between provinces & between age groups within each province (spoiler alert: yes).

• How this imbalance between age groups and provinces is explained: public transfers? Labour income? Other?

• Future impacts the Canadian Federation.
Per capita consumption by province & age group (all figures in Constant C$)

Québec
Other provinces
Per capita consumption by age group & province (Index 1 in 1997)
Per capita public transfers by province & age group

0-24

25-64

65+

Québec

Other provinces
Per capita public labour income by province & age group
Participation rate

### 60-64

- Quebec: [Line Graph]
- Other provinces: [Line Graph]

### 65-69

- Quebec: [Line Graph]
- Other provinces: [Line Graph]
Dependency ratio

Dependency ratio 65+ / 25-64

Québec

Other provinces
A tale of two countries?

- Population aging is faster in Quebec.
- Labour income for working-age groups and older workers is lower in Quebec + increasing gap for older workers due to the low participation rate.
- Per capita public transfers stagnates in Quebec after 65 years old while it decreases slowly in the rest of Canada.
- Future: more needs in public transfers to Quebec, while population aging impacts all provinces → more pressure on the Canadian Federation.

PLUS: two PAYG systems in Canada and in Quebec: CPP/QPP.

Risk of two tales within one country.