

The boom is fading:

The generation that was never going to grow old has discovered that nature had other plans, and its influence is finally starting to wane

Reprinted from *The Ottawa Citizen*, October 19, 2006. p. A17

By David K. Foot

Can you believe it? The first boomers in Canada will soon be turning 60. The baby boomers have become Botox boomers. Wrinkles have replaced rattles and arthritis has replaced alcohol as the cause of sleepless nights.

The boomer focus has moved from night clubs to investment clubs as they struggle with the financial demands of a future life of semi-retirement. Of course they still believe that they are much fitter than the 60-year-olds who preceded them, so they can continue to work while they golf and travel.

Being such a force in Canada, the boomers spawned products and services suited to each phase of their lives. Baby food in the 1950s, schools in the 1960s, colleges and universities in the 1970s, houses and minivans in the 1980s, stocks and mutual funds in the 1990s, and spas and cosmetic surgery in the 2000s have all benefited from the aging of the boomers. They drove interest rates up in the 1970s and 1980s as they borrowed for their mortgages and chattels, and then drove them back down in the 1990s as they began paying off their debts. Over the past decade they have precipitated an explosion in financial-planning products and services as the ever-expanding group (pun intended) moved into its pre-retirement planning ages.

Of course the Americans got the jump on us, with their first boomers born in 1946 - the likes of Bill Clinton, George W. Bush, Cher and Steven Spielberg -- turning 60 this year. As a result, all of North America has been under the boomer spell. The baby boom in Europe was delayed into the mid-1950s in most countries because of post-war reconstruction, with the result that it was of shorter duration and less powerful on the other side of the Atlantic.

The peak of the boomer generation in Canada was born around 1960. They will

not be retiring for at least another 15 to 20 years. We can expect to hear their voices in the workplace for many years to come, to the chagrin of many, especially those post-boomers born after 1966 who see the boomers blocking their career advancements and burdening them with obsolete attitudes.

Not surprisingly given their numbers, the boomers have been described as the most self-indulgent generation in history. Yet the only really unique characteristic of the boomer generation is their numbers. There are simply so many of them that they have appeared to dominate the economy and society for many decades. What the boomers have needed, they have received.

Yet the boomers have never formed a majority of the population. In fact, the boomers' share of the population was highest at the end of the baby boom in 1966, when they accounted for 42 per cent of the Canadian population. Since then, while their influence may have increased as they matured, their population share has been waning. In 2006 they account for 30 per cent of the Canadian population; by 2031 their share will be around 20 per cent.

Those fit boomers were never going to get old, an attitude that seems to have accompanied them into their 40s and even their 50s. However, "nature" had other plans. As the boomers have reached their mature years they have discovered that they are not immune from such maladies as arthritis and adult-onset diabetes. Unfortunately, increasing numbers have been felled by cancers, strokes and heart attacks. Undoubtedly more are on the way.

As the boomer generation enters the higher health-risk ages, their numbers start to dwindle. Most immigrants are much younger, so immigration is no longer augmenting the boomer numbers. This does

not mean that they are no longer a power in the economy or society, but it does imply that their powers are starting to wane.

The rapidly growing numbers of boomers entering their 60s over the coming decade will spawn further growth opportunities for appropriate products and services. Now is the time to get into RV rentals and orthotics. In the political arena, "seniors' rights" is likely to be an emerging power, especially since older people are more likely to vote. Nonetheless, the generations following the boomers will be gradually becoming more powerful in terms of numbers and their voices will be heard with increasing frequency and authority.

Not that the issues will be any different for the post-boomers as they move through the different stages of their lives. But with the returns on their financial investments being reduced by the boomers gradually cashing in some of their equities, they may be less inclined to fund the costs associated with boomer retirement, especially pensions and health care. They will have long forgotten that their mortgage and other loans were at much lower interest rates than the boomer borrowings.

This does not mean a crisis. Canada has already been one of the most proactive countries in dealing with future public pension obligations. By raising contribution rates and investing the funds in a more diversified (and more risky) portfolio that includes private-sector securities as well as government bonds, the government has banked on a strategy borrowed from the private sector to generate higher future revenues. With more money earning more money, Canadians' future public pensions look more secure than most.

The same cannot be said of health care. Boomers will likely be called on to fund the future health-care needs that they generate, through higher premiums in the public and/or private sectors. Many are aware and concerned about this eventuality. Fewer are preparing for it. But as the debate and decisions unfold in future years let us not forget that the boom is waning and that a

growing economy and population will make this a more manageable task.

Avoiding intergenerational conflict along the way is likely to be an important challenge. As members of the boomer generation enter their 60s in the years ahead, their influence on Canadian society will continue to wane. But it would be a mistake to count them out too soon. The last boomer reaches 85 in 2051, so they still have many years of influence in private markets and public policies ahead of them.

Denial will be futile, both by the post-boomers who covet their jobs and influence and by the boomers who feel that they will rule forever.

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